IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR (2) PURCHASING THE SECURITIES DESCRIBED IN THE ATTACHED PRELIMINARY OFFERING MEMORANDUM OUTSIDE OF THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR WITHIN THE MEANING OF ARTICLE 2(1)(E) OF DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING DIRECTIVE 2010/73/EU) AND ANY RELEVANT IMPLEMENTING MEASURE IN EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary offering memorandum, and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached preliminary offering memorandum. In accessing the attached preliminary offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED PRELIMINARY OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: in order to be eligible to view this preliminary offering memorandum or make an investment decision with respect to the Notes, you must either (i) be a qualified institutional buyer (as defined in Rule 144A under the Securities Act) or (ii) be purchasing the Notes outside of the United States in an offshore transaction in reliance on Regulation S; provided that investors resident in a Member State of the European Economic Area must also be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU and any relevant implementing measure in each Member State of the European Economic Area)). You have been sent the attached preliminary offering memorandum on the basis that you have confirmed to the initial purchasers set forth in the attached preliminary offering memorandum (the "Initial Purchasers"), being the sender or senders of the attached, that either: (A)(i) you and any customers you represent are outside the United States (and if you are resident in a Member State of the European Economic Area, you are a qualified investor); and (ii) the e-mail address to which this preliminary offering memorandum has been delivered is not located in the United States, its territories and possessions, any state of the United States or the District of Columbia; "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; or (B) you and any customers you represent are qualified institutional buyers and, in either case, that you consent to delivery by electronic transmission.

Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes will be relying on the exemption from the provisions of Section 5 of the Securities Act pursuant to Rule 144A under the Securities Act.

This preliminary offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Initial Purchasers, any person who controls an Initial Purchaser, Banijay Group S.A.S. (the "Issuer"), or any of their respective subsidiaries, nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession this preliminary offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this preliminary offering memorandum to any other person. You may not transmit the attached preliminary offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers. If you receive this document by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering of the Notes do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering of the Notes shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

Restrictions: Recipients of this preliminary offering memorandum who intend to subscribe for or purchase Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in this preliminary offering memorandum.

Any securities to be issued will not be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This preliminary offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Articles 49(2)(a) to (d) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This preliminary offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this preliminary offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this preliminary offering memorandum or any of its contents.

SUBJECT TO COMPLETION, DATED JUNE 26, 2017

PRELIMINARY OFFERING MEMORANDUM
STRICTLY CONFIDENTIAL

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

Banijay Group S.A.S.

€350,000,000 % Senior Secured Notes due 2022

Banijay Group S.A.S., a *société par actions simplifiée* incorporated under the laws of France (the "Issuer"), is offering €350.0 million in aggregate principal amount of its % senior secured notes due 2022 (the "Notes") to (i) repay all amounts outstanding under its existing senior credit facilities; (ii) repay a portion of its shareholder debt; (iii) pay the consideration payable for the acquisition of Castaway Television Productions Limited; and (iv) pay certain fees and expenses in connection with the foregoing.

The Notes will mature on , 2022. The Issuer will pay interest on the Notes semi-annually in arrears on and of each year, commencing on , 2018. Prior to , 2019, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus a "make whole" premium as described under "*Description of the Notes—Optional Redemption*." In addition, at any time prior to , 2019, the Issuer may, on one or more occasions, redeem up to 40% of the aggregate principal amount of the Notes with the proceeds from specified equity offerings at the redemption prices set forth herein, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption, provided that at least 60% of the original principal amount of the Notes (including any additional Notes) issued under the Indenture (as defined herein) remain outstanding. At any time on or after , 2019, the Issuer may redeem all or part of the Notes at the redemption prices set forth in this offering memorandum. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes. If we undergo certain changes of control, each holder may require the Issuer to repurchase all or a portion of its Notes at 101% of their principal amount. See "*Description of the Notes—Optional Redemption—General*."

The Notes will be senior obligations of the Issuer and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not subordinated in right of payment to the Notes, including the Issuer's obligations under the New Senior Credit Facilities Agreement (as defined herein), and will rank senior in right of payment to all of the Issuer's existing and future debt that is subordinated in right of payment to the Notes.

The Notes will be guaranteed on a senior secured basis by the Guarantors (as defined herein). Each of the Guarantees (as defined herein) will rank *pari passu* in right of payment with such Guarantor's existing and future debt that is not subordinated in right of payment to such Guarantee, including such Guarantor's obligations under the New Senior Credit Facilities Agreement, and will rank senior in right of payment to the applicable Guarantor's existing and future debt that is expressly subordinated in right of payment to such Guarantee. The Notes and the Guarantees will be structurally subordinated to any existing and future debt of the Issuer's existing and future subsidiaries that are not Guarantors. The Notes will be secured on the Issue Date (as defined below) by the Issue Date Collateral (as defined herein), subject to the Agreed Security Principles (as defined herein). In addition, no later than 20 business days following the Issue Date, the Notes will be secured by first-priority security interests over all the shares of Magnolia SpA (the "Post-Completion Date Collateral" and together with the Issue Date Collateral, the "Collateral"). The Collateral will also secure the New Senior Credit Facilities (as defined herein), certain hedging obligations, if any, and certain other future indebtedness permitted to be incurred and secured on the Collateral, each on a *pari passu* basis. See "*Summary—The Offering—Security*." The validity and enforceability of the Guarantees and the Collateral will be subject to the limitations described in "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*."

This offering memorandum includes more detailed information on the terms of the Notes and the Guarantees, including redemption and repurchase prices, security, covenants, events of default and transfer restrictions. There is currently no public market for the Notes.

Application has been made to The International Stock Exchange Authority Limited for the listing of the Notes on the Official List of The International Stock Exchange (the "Exchange"). There can be no assurance, however, that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

The Notes will be in registered form and will initially be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof and will only be transferable in minimum principal amounts of €100,000 and integral multiples of €1,000 in excess thereof. Each series of Notes will be represented on issue by one or more Global Notes (as defined herein), which we expect will be delivered through Euroclear SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream") on or about , 2017 (the "Issue Date").

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 27.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Notes may not be offered or sold within the United States, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act ("Rule 144A") and in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Notice to Investors*" for additional information about eligible offerees and transfer restrictions.

Issue price of the Notes: % plus accrued interest, if any, from the Issue Date.

Joint Global Coordinators and Joint Physical Bookrunners

Natixis **Société Générale** **Credit Suisse**

The date of this offering memorandum is , 2017.

The information in this preliminary offering memorandum is not complete and may be changed. We may not sell these securities until the preliminary offering memorandum is delivered in final form. This preliminary offering memorandum is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

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In making an investment decision, you should rely only on the information contained in this offering memorandum. None of the Issuer, the Guarantors or any of the Initial Purchasers (as defined herein) has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Issuer, the Guarantors or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this Offering (as defined herein) is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

This Offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Notice to Investors*."

This offering memorandum is being provided (i) to U.S. investors that the Issuer reasonably believes to be qualified institutional buyers under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (ii) to investors outside the United States in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. The Notes and the Guarantees described in this offering memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other securities commission or regulatory authority of any jurisdiction, nor has the SEC, any state securities commission in the United States or any such other securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

In making an investment decision regarding the Notes offered pursuant to this offering memorandum, you must rely on your own examination of the Issuer and the terms of this Offering, including the merits and risks involved. This Offering is being made on the basis of this offering memorandum only. Any decision to purchase Notes in this Offering must be based on the information contained in this offering memorandum.

We have prepared this offering memorandum solely for use in connection with this Offering. You may not distribute this offering memorandum or make photocopies of it without our prior written consent other than to people you have retained to advise you in connection with this Offering.

You are not to construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to the legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of the Issuer and your own assessment of the merits and risks of investing in the Notes. None of the Issuer or the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you under appropriate legal investment or similar laws.

The information contained in this offering memorandum has been furnished by the Issuer and other sources we believe to be reliable. This offering memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents for the complete information contained in those documents. You should contact the Issuer or the Initial Purchasers with any questions about this Offering. All summaries contained herein are qualified in their entirety by this reference. Copies of certain documents and other information relating to the issuance of the Notes will be available at the specified offices of the Issuer.

The Initial Purchasers will provide prospective investors with a copy of this offering memorandum and any related amendments or supplements. By receiving this offering memorandum, you acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision on whether or not to invest in the Notes.

The information set forth in relation to sections of this offering memorandum describing clearing arrangements, including in the sections entitled "*Description of the Notes*" and "*Book-Entry, Delivery and Form,*" is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While we accept responsibility for accurately summarizing such information, we accept no further responsibility in respect of such information.

By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed this offering memorandum and have had an opportunity to request, and have received all additional information that you need from us. No person is authorized in connection with this Offering to give any information or to make any representation not contained in this offering memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer or the Initial Purchasers. The information contained in this offering memorandum is accurate as of the date hereof. The Issuer's and the Issuer's subsidiaries' business, financial condition or other information contained in this offering memorandum may change after the date hereof. Neither the delivery of this offering memorandum at any time nor any subsequent commitment to purchase the Notes shall, under any circumstances, create any implication that there has been no change in the information set forth in this offering memorandum or in the business of the Issuer since the date of this offering memorandum.

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this offering memorandum is true and accurate in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held, and that it is not aware of any facts the omission of which would make this offering memorandum or any statement contained herein misleading in any material respect.

The Initial Purchasers make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or the future.

In accordance with normal and accepted market practice, none of the Trustee, the Security Agent, the Paying Agent, the Registrar or the Transfer Agent (each as defined herein) is responsible for the contents of this offering memorandum or expresses any opinion as to the merits of the Notes under this offering memorandum.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "*Plan of Distribution*" and "*Notice to Investors*."

We intend to list the Notes on the Official List of the Exchange, and have submitted this offering memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this offering memorandum. We may also be required to update the information in this offering memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application to list the Notes on the Official List of the Exchange will be approved as of the settlement date for the Notes or any date thereafter, and settlement of the Notes is not conditioned on obtaining such listing or approval.

We reserve the right to withdraw this Offering at any time. We are making this Offering subject to the terms described in this offering memorandum and the purchase agreement between the Issuer and the Initial Purchasers relating to the purchase and sale of the Notes. The Issuer and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

The distribution of this offering memorandum and the offer and sale of the Notes are restricted by law in some jurisdictions. This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Initial Purchasers shall have any responsibility therefor. See "*Plan of Distribution*" and "*Notice to Investors*."

If you are in any doubt about the contents of this offering memorandum you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor. It should be remembered that the price of securities and the income from them can go down as well as up.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, NATIXIS (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL OTHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE

STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THIS OFFERING IS MADE AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*."

NOTICE TO INVESTORS IN THE UNITED STATES

The Notes will be sold outside the United States pursuant to Regulation S and within the United States to qualified institutional buyers pursuant to Rule 144A. The Notes and the Guarantees have not been and will not be registered under the Securities Act and the Notes and the Guarantees may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Notice to Investors*."

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Articles 49(2)(a) to (d) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), from the requirement to produce a prospectus for offers of the Notes. In relation to each member state of the European Economic Area (the "EEA") (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State no offer of Notes to the public in that Relevant Member State may be made other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or any Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

For the purposes of this section, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

NOTICE TO INVESTORS IN FRANCE

This offering memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of article L. 411-1 of the French *Code monétaire et financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* the French financial markets authority, (the "AMF"). Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offre au public de titres financiers*), and neither this offering memorandum nor any offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes may only be offered or sold in France to qualified investors (*investisseurs qualifiés*), other than individuals, and/or to providers of investment services relating to portfolio management for the accounts of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*), all as defined in and in accordance with articles L. 411-2, D. 411-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*.

Prospective investors are informed that:

(i) this offering memorandum has not been and will not be submitted for prior approval and clearance procedure to the AMF;

(ii) in compliance with articles L. 411-2, D. 411-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*, any qualified investors (*investisseurs qualifiés*) subscribing for the Notes should be acting for their own accounts; and

(iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 of the French *Code monétaire et financier*.

NOTICE TO INVESTORS IN BELGIUM

This offering memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the Notes. The Offering has not been and will not be notified to, and this offering memorandum has not been and will not be approved by, the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian laws and regulations applicable to the public offering of notes. Accordingly, this Offering, as well as any other materials relating to this Offering, may not be advertised, the Notes may not be offered or sold, and this offering memorandum or any other information circular, brochure or similar document may not be distributed, directly or indirectly, to (i) any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Belgian Law of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market (the "Belgian Prospectus Law") or pursuant to the Belgian Law of August 3, 2012 on certain forms of collective management of investment portfolios or (ii) any person qualifying as a consumer within the meaning of the Belgian Code of Economic Law (*Wetboek van 28 februari 2013 van economisch recht/Code du 28 février 2013 de droit économique*). This offering memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the Offering. Therefore it may not be used for any other purpose, nor passed on to any other person in Belgium.

Each investor who in Belgium acquires Notes shall by so doing be taken to have represented and warranted to the Issuer and the Initial Purchasers that it is a qualified investor within the meaning of the Belgian Prospectus Law and/or that it has complied with any other restrictions applicable in Belgium.

NOTICE TO INVESTORS IN CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

NOTICE TO INVESTORS IN GERMANY

The Notes may not be offered and sold to the public, except in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or any other laws applicable in Germany governing the issue, offering and sale of securities. This offering memorandum has not been and will not be submitted to, nor has it been nor will it be approved by, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). The Issuer has not obtained, and does not intend to obtain, a notification from the German Federal Financial Supervisory Authority or from another competent authority of a member state of the EEA, with which a securities prospectus may have been filed, pursuant to Section 17(3) of the German Securities Prospectus Act. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this offering memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany, the Notes will only be available to, and this offering memorandum and any other offering material in relation to the Notes are directed only at, persons who are "qualified investors" (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. This offering memorandum and other offering materials relating to the offer of Notes are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

NOTICE TO INVESTORS IN LUXEMBOURG

The Notes are not offered to the public in or from Luxembourg and each Initial Purchaser has represented and agreed that it will not offer the Notes or cause the offering of the Notes or contribute to the offering of the Notes to the public in or from Luxembourg, unless all the relevant legal and regulatory requirements concerning a public offer in or from Luxembourg have been complied with. In particular, this offer has not been and may not be announced to the public and offering materials may not be made available to the public in Luxembourg.

NOTICE TO INVESTORS IN THE NETHERLANDS

The Notes may not be offered, sold or delivered in the Netherlands to anyone other than persons who qualify as Qualified Investors (*gekwalificeerde beleggers*) as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

NOTICE TO INVESTORS IN THE REPUBLIC OF ITALY

The Offering has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation. Each Initial Purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in the Republic of Italy must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of February 24, 1998, CONSOB Regulation No. 16190 of October 29, 2007 and Legislative Decree No. 385 of September 1, 1993 (in each case as amended from time to time); and

(ii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or any other Italian authority.

NOTICE TO INVESTORS IN SWITZERLAND

The Notes are being offered in Switzerland on the basis of a private placement only. This offering memorandum does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains and refers to certain forward-looking statements with respect to our financial condition, results of operations and business. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among others, statements concerning the potential exposure to market risks and statements expressing management's expectations, beliefs, plans, objectives, intentions, estimates, forecasts, projections and assumptions. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

Forward-looking statements are typically identified by words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "objectives," "outlook," "probably," "project," "will," "seek," "target" and other words of similar meaning in connection with a discussion of future operating or financial performance. All of these forward-looking statements are based on estimates and assumptions made by such entities that, although believed to be reasonable, are inherently uncertain. Therefore, undue reliance should not be placed upon any forward-looking statements. There are important factors that could cause actual results to differ materially from those contemplated by such forward-looking statements. In addition, even if our actual results are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods. For example, factors that could cause our actual results to vary from projected future results include, but are not limited to:

- our ability to retain key personnel or creative talents or to attract new creative talents;
- requests from customers to obtain intellectual property rights on the formats we create and programs we produce;
- intellectual property infringements;
- our dependency on positive reception by audiences, which is difficult to predict and impacted by various factors that we do not control;
- fluctuations of our revenues from period to period;
- failure to honor our obligations under the terms of our agreements with broadcasters;
- inaccurately anticipating changes and trends in popular culture, media or technology;
- the need for additional capital to fund our growing operations, especially for the production of scripted programs;
- changes in global or regional economic conditions;
- our ability to adapt to new customers or to changes in viewer behavior resulting from the development of new technologies;
- increased employment costs;
- our ability to compete effectively with existing or new competitors;
- currency mismatches;
- risks associated with content piracy;
- default of counterparties in respect of money owed to us;
- we are subject to risks associated with acquisitions and joint ventures;
- litigation;
- risks from doing business internationally;

- our ability to exploit secondary rights on the content we produce;
- labor disputes;
- our shareholding structure;
- our ability to implement our business strategy;
- changes in tax laws or challenges to the Group's tax position;
- uncertainties and risks in connection with the Castaway Acquisition;
- goodwill impairment; and
- other risks associated with our indebtedness, the Notes, the Guarantees and the Collateral.

The foregoing factors should not be construed as exhaustive. We urge you to read this offering memorandum, including the sections entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

Each forward-looking statement speaks only as of the date of the particular statement. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements are expressly qualified in their entirety by the cautionary statements referred to in this section and contained elsewhere in this offering memorandum, including those set forth under "*Risk Factors*." In light of these risks, our results could differ materially from the forward-looking statements contained in this offering memorandum.

TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the Offering. See "*Certain Tax Consequences*."

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this offering memorandum is the property of its respective holder.

CERTAIN DEFINITIONS

Unless indicated otherwise in this offering memorandum or the context requires otherwise, all references to:

- "**Agreed Security Principles**" means the Agreed Security Principles as set forth in an annex to the New Senior Credit Facilities Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.
- "**Banijay Entertainment**" refers to Banijay Entertainment S.A.S., a *société par actions simplifiée* incorporated under the laws of France;
- "**Banijay Group Holding**" refers to Banijay Group Holding S.A.S., a *société par actions simplifiée* incorporated in France, having its registered office 5, rue François 1er, 75008 Paris, France, registered with the *registre du commerce et des sociétés de Paris* under registration number 829 295 138;
- "**Banijay Group Holding Shareholder Loan**" refers to the €104.1 million shareholder loan entered into on June 22, 2017, between Banijay Group Holding, as lender, and the Issuer, as borrower, pursuant to which Banijay Group Holding on-lent the proceeds from the issuance of the New ORANs to the Issuer;
- "**Banijay Holding**" refers to Banijay Holding S.A.S., a *société par actions simplifiée* incorporated in France, which was merged into Zodiak as part of the Banijay Zodiak Merger;
- "**Banijay Rights Limited**" refers to Banijay Rights Limited, a company incorporated under the laws of England and Wales, fully owned by the Issuer;
- "**Banijay Zodiak Merger**" refers to the reverse merger between Banijay Holding and Zodiak, which was completed on February 23, 2016.
- "**CAGR**" refers to compound annual growth rate;
- "**Castaway**" refers to Castaway Television Productions Limited;
- "**Castaway Acquisition**" refers to the acquisition of all the issued and outstanding share capital of Castaway pursuant to the Castaway Acquisition Agreement;
- **"Castaway Acquisition Agreement"** refers to the share purchase agreement entered into on March 8, 2017, among, *inter alios*, LOV Group Invest S.A.S., DeA and Banijay Rights Limited, collectively as buyers, and Castaway Holdings Limited, as seller;
- **"Collateral"** has the meaning ascribed to it under "*Summary—The Offering—Security*";
- "**DeA**" refers to DeA Communications S.A., a Luxembourg *société anonyme*, having its registered office at 9-11, Grand Rue L-1661 Luxembourg, Grand Duchy of Luxembourg, registered under number B116877;
- "**DeA Loan**" refers to a loan note entered into between the Issuer, as borrower, and DeA, one of our shareholders, for an aggregate principal amount of €5.5 million, which will be repaid in full on the Issue Date pursuant to the Refinancing;
- "**distribution channels**" refers to the ways an audience can view a program, either traditionally by watching television or through digital platforms;
- "**EEA**" refers to the European Economic Area;
- "**Equity Conversion**" has the meaning ascribed to it under "*Summary—Recent Developments—Equity Conversion*";
- "**EUR**," "**euro**" and "**€**" refer to the single currency of the participating member states in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
- "**European Union**" and "**EU**" refer to the European economic and political union;
- "**Exchange Act**" refers to the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

- "**Existing ORANs**" refers to €100.0 million of subordinated notes (*obligations remboursables en actions ou en numéraire*) issued by the Issuer to an affiliate of Vivendi Content on February 23, 2016, and which were refinanced in full by the issuance of the New ORANs on June 22, 2017;
- "**Existing Revolving Credit Facility**" refers to a €25.0 million revolving credit facility available under the Existing Senior Credit Facilities Agreement which will be repaid in full pursuant to the Refinancing;
- "**Existing Senior Credit Facilities**" refers to, collectively, the Existing Revolving Credit Facility and the Existing Senior Term Loan;
- "**Existing Senior Credit Facilities Agreement**" refers to the agreement governing the Existing Senior Credit Facilities dated February 23, 2016, among, *inter alios*, the Issuer, Banca IMI S.p.A., London Branch, Natixis and Société Générale Corporate & Investment Banking, as mandated lead arrangers, bookrunners and underwriters, and Société Générale, as agent and security agent;
- "**Existing Senior Term Loan**" refers to a €275.0 million term loan available under the Existing Senior Credit Facilities Agreement which will be repaid in full pursuant to the Refinancing;
- "**format**" refers to the original idea and all the elements that comprise the format, including, without limitation, the title of the format, the production bible, the program and concept description, the story structure, the setting, characters, themes, games, catch phrases, logos and theme music, as well as the role of the host and/or the participants, when such elements are provided as part of the format;
- "**GBP**," "**pounds**," "**pounds sterling**" and "**£**," refer to the lawful currency of the United Kingdom;
- "**Guarantees**" has the meaning ascribed to it under "*Summary—The Offering—Guarantees*";
- "**Guarantors**" has the meaning ascribed to it under "*Summary—The Offering—Guarantees*";
- "**IFRS**" refers to International Financial Reporting Standards as adopted by the European Union, as issued by the International Accounting Standards Board;
- "**Indenture**" refers to the indenture to be entered into on the Issue Date that governs the Notes, by and among, *inter alios*, the Issuer and the Trustee;
- "**Initial Purchasers**" refers collectively to Natixis, Société Générale and Credit Suisse Securities (Europe) Limited;
- "**Intercreditor Agreement**" refers to the intercreditor agreement to be entered into on or about the Issue Date, among, *inter alios*, the Issuer, Banijay Group Holding, the facility agent with respect to the New Senior Credit Facilities, certain hedge counterparties, certain creditors thereunder and the Security Agent and to which U.S. Bank Trustees Limited will accede as trustee for the holders of the Notes, as amended, supplemented and restated from time to time, which is described in more detail in "*Description of Other Financing Arrangements—Intercreditor Agreement*";
- "**IPTV**" refers to internet protocol television, which allows consumers to watch television over the internet, such as Orange, AppleTV, Roku and MAG254;
- "**Issue Date**" refers to the date of original issuance of the Notes;
- "**Issue Date Collateral**" has the meaning ascribed to it under "*Summary—The Offering—Security*";
- "**Issuer**" refers to Banijay Group S.A.S., a *société par actions simplifiée* incorporated under the laws of France, having its registered office at 5, rue François 1er, 75008 Paris, France, registered with the *registre du commerce et des sociétés de Paris* under registration number 499 797 041;
- "**LDH**" refers to LDH S.A.S., a *société par actions simplifiée* incorporated under the laws of France, having its registered office at 5, rue François 1er, 75008 Paris, France, registered with the *registre du commerce et des sociétés de Paris* under registration number 817 471 402;
- "**LOV Banijay**" refers to LOV Banijay S.A.S., a *société par actions simplifiée* incorporated in France, having its registered office at 5, rue François 1er, 75008 Paris, France, registered with the *registre du commerce et des sociétés de Paris* under registration number 814 601 522;
- "**Member State**" refers to a member state of the European Union;
- "**New ORANs**" refers to €104.1 million of subordinated notes, or *obligations remboursables en actions ou en numéraire*, issued by Banijay Group Holding to an affiliate of Vivendi Content on June 22, 2017 (the proceeds of which have been used to refinance in full the Existing ORANs), €39.1 million in

aggregate principal amount of which will be repaid with a portion of the proceeds from the Offering, and €40.0 million in aggregate principal amount of which will be repaid with the proceeds from the New Vivendi Equity Injection, in each case on or about the Issue Date;

- "**New Vivendi Equity Injection**" refers to the contribution by Vivendi Content or one of its affiliates, on or about the Issue Date, of €40 million to the share capital of Banijay Group Holding, the proceeds of which will be used for the concurrent reimbursement of €40.0 million in aggregate principal amount of New ORANs; see "*Certain Relationships and Related Party Transactions—New ORANs and Banijay Group Holding Shareholder Loan*";
- "**New Revolving Credit Facility**" refers to the €35.0 million (equivalent) revolving credit facility to be made available under the New Senior Credit Facilities Agreement;
- "**New Senior Credit Facilities**" refers to the New Senior Term Loan and the New Revolving Credit Facility to be made available under the New Senior Credit Facilities Agreement;
- "**New Senior Credit Facilities Agreement**" refers to the senior facilities agreement to be dated on or about the Issue Date, between, *inter alios*, the Issuer as an original borrower and the lenders as defined therein, pursuant to which the New Senior Term Loan and the New Revolving Credit Facility will be made available;
- "**New Senior Term Loan**" means the €60.0 million senior term loan under the New Senior Credit Facilities Agreement;
- "**Nordic Countries**" refers to, collectively, Denmark, Finland, Norway and Sweden;
- "**Notes**" refers to the €350.0 million % Senior Secured Notes due 2022 offered hereby;
- "**Offering**" refers to the offering of the Notes pursuant to this offering memorandum;
- "**OTT**" refers to over-the-top services such as iTunes, Amazon Video or Netflix, which allow consumers to view television content without subscribing to a television provider;
- "**Paying Agent**" refers to Elavon Financial Services DAC, UK Branch;
- "**Post-Completion Date Collateral**" has the meaning ascribed to it under "*Summary—The Offering—Security*";
- **"program"** refers to a produced television or multimedia content ready to be broadcasted to viewers;
- "**Refinancing**" refers to, collectively, the repayment of all amounts outstanding under the Existing Senior Credit Facilities and under the DeA Loan as well as the repayment of €39.1 million in aggregate principal amount of New ORANs through the repayment of an equivalent amount of the Banijay Group Holding Shareholder Loan. See "*Use of Proceeds*";
- "**Registrar**" refers to Elavon Financial Services DAC;
- "**Regulation S**" refers to Regulation S under the Securities Act;
- "**Rule 144A**" refers to Rule 144A under the Securities Act;
- "**Securities Act**" refers to the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
- "**Security Agent**" refers to Elavon Financial Services DAC, UK Branch;
- "**Security Documents**" refers to the security agreements creating the security interests in the Collateral;
- "**SVOD**" refers to Subscription Video-On-Demand services;
- "**Transactions**" has the meaning ascribed to it under "*Summary—The Transactions*";
- "**Transfer Agent**" refers to Elavon Financial Services DAC, UK Branch;
- "**Trustee**" refers to U.S. Bank Trustees Limited;
- "**U.S. dollars**," "**USD**," "**US$**," "**dollars**" and "**$**" refer to the lawful currency of the United States;
- "**U.S. GAAP**" refers to generally accepted accounting principles in the United States;
- "**United States**" refers to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

- "**Vivendi Content**" refers to Vivendi Content S.A.S., a *société par actions simplifiée* incorporated in France, having its registered office at 1, place du Spectacle, 92130 Issy-les-Moulineaux, France, registered with the *registre du commerce et des sociétés de Nanterre* under registration number 789 568 797;
- "**we**," "**us**," "**our**," "**Group**," "**our Group**" and other similar terms refer to the Issuer and its consolidated subsidiaries after giving effect to the Castaway Acquisition and, prior to the Banijay Zodiak Merger, to Banijay Holding and its subsidiaries, except where the context otherwise requires;
- "**Zodiak**" refers to Zodiak Media S.A.S. (prior to December 18, 2015: Zodiak Media S.A.), which was renamed Banijay Group S.A.S. following the completion of the Banijay Zodiak Merger; and
- "**Zodiak Group**" refers to Zodiak and its subsidiaries.

INDUSTRY AND MARKET INFORMATION

In this offering memorandum we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain market data and economic and industry data and forecasts used in this offering memorandum were obtained from governmental and other publicly available information and other external sources. These external sources include an industry study conducted by Apex Insight Ltd. In considering the industry and market data included in this offering memorandum, prospective investors should note that this information may be subject to significant uncertainty due to differing definitions of the relevant markets and market segments described. Neither we nor any of the Initial Purchasers make any representation as to the accuracy of such information.

While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under "*Risk Factors*." As far as we are aware and have been able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this offering memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information Included in this Offering Memorandum

On February 23, 2016, we completed the Banijay Zodiak Merger, a reverse merger pursuant to which Banijay Holding, the holding company of the Group prior to the Banijay Zodiak Merger, was merged into Zodiak, which was renamed Banijay Group S.A.S. upon completion of the reverse merger. However, under reverse acquisition accounting principles, Banijay Holding is treated as the accounting acquirer and Zodiak is treated as the accounting acquiree. As a result, the audited consolidated financial information of the Issuer as of and for the year ended December 31, 2016 includes (i) the operations of the accounting acquirer (Banijay Holding) from January 1, 2016 to December 31, 2016, and from January 1, 2015, to December 1, 2015 and (ii) the operations and purchase accounting of the legal parent (the Issuer, formerly Zodiak) from February 23, 2016, the date of the completion of the Banijay Zodiak Merger, to December 31, 2016. See note 6.2 to the Issuer's audited historical consolidated financial statements for the year ended December 31, 2016 included elsewhere in this offering memorandum.

Therefore, the Issuer's financial statements presented in this offering memorandum, other than the Pro Forma Financial Information and the Unaudited Interim Financial Statements (each as defined below), do not fully represent the results of operations and financial condition of the entire business and the comparability of the Issuer's financial statements with the financial statements of Banijay Holding or Zodiak over each of the periods presented is significantly limited. In order to aid the comparability of the financial condition and results of operations of our business after giving effect to the Banijay Zodiak Merger, we have presented the Pro Forma Financial Information in this offering memorandum. The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and, therefore, does not represent the Issuer's actual financial position or results for the periods indicated.

This offering memorandum contains:

- The unaudited historical interim consolidated financial statements and the notes thereto of the Issuer as of and for the three months ended March 31, 2017, prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") (the "Unaudited Interim Financial Statements"). The Unaudited Interim Financial Statements include unaudited comparative information for the three months ended March 31, 2016, which gives effect to the Banijay Zodiak Merger from February 23, 2016, and therefore is not comparable with the financial information as of and for the three months ended March 31, 2017. The Unaudited Interim Financial Statements have been reviewed by our statutory auditors, Ernst & Young et Autres.
- The unaudited interim pro forma condensed combined consolidated financial information (the "Unaudited Interim Pro Forma Financial Information") derived by the application of pro forma adjustments to the unaudited historical interim consolidated financial information of the Issuer and its subsidiaries as of and for the three months ended March 31, 2016, included in the Unaudited Interim Financial Statements. The Unaudited Interim Pro Forma Financial Information has been prepared for illustrative purposes only and does not purport to represent what the results of operations or other financial information of the combined business would have been if the Banijay Zodiak Merger had occurred as of January 1, 2016, or what such results will be for any future periods. The pro forma adjustments are based on the preliminary assumptions and information available at the time of the preparation of this offering memorandum.
- The audited historical consolidated financial statements and the notes thereto, prepared in accordance with IFRS, of the Issuer for the years ended December 31, 2016 and 2015, and of Banijay Holding as of and for the year ended December 31, 2014 (the "Banijay Audited Financial Statements"). The Banijay Audited Financial Statements have been audited by our statutory auditors, Ernst & Young et Autres for the years ended December 31, 2015 and 2016, and Ernst & Young Audit and Cabinet Hayot for the year ended December 31, 2014. Their audit reports are included elsewhere in this offering memorandum, together with these audited consolidated financial statements.
- The unaudited pro forma condensed combined consolidated financial information (the "Unaudited 2015/2016 Pro Forma Financial Information" and together with the Unaudited Interim Pro Forma Financial Information, the "Pro Forma Financial Information") derived by the application of pro forma adjustments to the audited historical consolidated financial information of the Issuer as of and for the years ended December 31, 2015 and 2016, included in the Banijay Audited Financial Statements. The Pro Forma Financial Information has been prepared for illustrative purposes only

and does not purport to represent what the results of operations or other financial information of the combined business would have been if the Banijay Zodiak Merger had occurred as of the dates indicated or what such results will be for any future periods. The pro forma adjustments are based on the preliminary assumptions and information available at the time of the preparation of this offering memorandum.

- The audited historical consolidated financial statements and the notes thereto of Zodiak prepared in accordance with IFRS, as of and for the years ended December 31, 2014 and 2015 (the "Zodiak Audited Financial Statements"). The Zodiak Audited Financial Statements have been audited by Ernst & Young et Autres. Their audit reports have been included in this offering memorandum, together with the Zodiak Audited Financial Statements.

The financial information for the twelve months ended March 31, 2017, is unaudited and has been calculated by taking the results of operations for the three months ended March 31, 2017, and adding it to the difference between the pro forma results of operations for the year ended December 31, 2016, and the three months ended March 31, 2016. The financial information for the twelve months ended March 31, 2017, has not been audited or reviewed by our auditors, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results of operations for such a period or any future period or any financial position at any past or future date.

The contents of any website, including the websites of the Issuer or any member or affiliate of the Group, do not form any part of this offering memorandum.

Pro Forma Financial Information

The Issuer completed the merger with Zodiak on February 23, 2016. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Acquisitions and Joint Ventures*." The Banijay Zodiak Merger has had a significant impact on the Issuer's financial position and results of operation and as a result (i) the Issuer's results of operations for the year ended December 31, 2015, are not directly comparable with the Issuer's results of operations for the year ended December 31, 2016, and (ii) the Issuer's results of operations for the three months ended March 31, 2016, are not directly comparable with the Issuer's results of operations for the three months ended March 31, 2017.

We have included in this offering memorandum the Unaudited 2015/2016 Pro Forma Financial Information to apply pro forma adjustments to the financial information as of and for the year ended December 31, 2015, as if the Banijay Zodiak Merger had occurred on January 1, 2015, and to the financial information as of and for the year ended December 31, 2016, as if the Banijay Zodiak Merger had occurred on January 1, 2016. We have also included in this offering memorandum the Unaudited Interim Pro Forma Financial Information to apply pro forma adjustments to the financial information as of and for the three months ended March 31, 2016, as if the Banijay Zodiak Merger had occurred on January 1, 2016.

The Pro Forma Financial Information has been prepared for illustrative purposes only and does not represent what our actual results would have been had the Banijay Zodiak Merger occurred on January 1, 2015, or on January 1, 2016, as applicable, nor does it purport to project our results of operation at any future date. The Pro Forma Financial Information included in this offering memorandum has not been prepared in accordance with the requirements of Regulation S-X or the Prospectus Directive. Neither the adjustments nor the resulting Pro Forma Financial Information have been audited under any generally accepted auditing standards. In evaluating the Pro Forma Financial Information, you should carefully consider our audited historical consolidated financial statements included elsewhere in this offering memorandum.

The Pro Forma Financial Information is based upon available information and assumptions that we believe are reasonable but are not necessarily indicative of the results that would have actually been achieved if the merger had been completed on the dates indicated, or indicative of the results that may be achieved in the future. The Pro Forma Financial Information is provided for information purposes only.

Non-IFRS Financial Measures

This offering memorandum contains non-IFRS measures and ratios, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, Adjusted Free Cash Flow, Pro Forma Adjusted EBITDA (each as defined herein) and other measures and ratios that are not required by, or presented in accordance with, IFRS. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable with other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. These non-IFRS measures and ratios, such as EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, Adjusted Free Cash Flow, Pro Forma Adjusted EBITDA and other measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating profit or profit for the year or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

The non-IFRS measures we present may also be defined differently from the corresponding terms under the Indenture. Some of the limitations of these non-IFRS measures are that:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt; and
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements.

Rounding

Certain numerical figures set forth in this offering memorandum, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this offering memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in the consolidated financial statements of the Issuer or the tabular presentation of other data (subject to rounding) contained in this offering memorandum, as applicable, and not using the numerical data in the narrative description thereof.

As Adjusted Financial Information

We present in this offering memorandum certain as adjusted financial information for the Issuer, which is based on the consolidated financial information for the Issuer on an as adjusted basis to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense of the Issuer as of and for the twelve months ended March 31, 2017. See "*Summary—Summary Historical Financial and Other Information—Other Financial and Pro Forma Data*." This adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Offering occurred on April 1, 2016, or what our actual cash position, indebtedness or secured indebtedness would have been had the Transactions occurred on March 31, 2017, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X or the Prospectus Directive. Neither the assumptions underlying the pro forma adjustments nor the resulting adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Currency Presentation

In this offering memorandum, all references to "euro," "EUR" and "€" are to the single currency of the Member States participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time; all references to "pounds," "GBP" or "£" are to pounds sterling, the lawful currency of the United Kingdom; and all references to "U.S. dollars," "USD," "US$," "dollars" and "$" are to the lawful currency of the United States of America.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

The tables below set forth, for the periods indicated, the period end, average, high and low exchange rates published by Bloomberg (London Composite Rate). The Bloomberg (London Composite Rate) is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg (London Composite Rate) is a mid-value rate between the applied highest bid rate and the lowest ask rate. The average rate for a year means the average of the Bloomberg (London Composite Rates) on the last day of each month during a year. The average rate for a month, or for a partial month, means the average of the daily Bloomberg Composite rate during that month, or partial month, as the case may be. The below rates may differ from the actual rates used in the preparation of our financial statements and other financial information appearing in this offering memorandum. Our inclusion of these exchange rates is not meant to suggest that the U.S. dollar amounts actually represent such euro amounts, or that such amounts would have been converted at a particular rate, if at all.

On June 23, 2017, the exchange rate between the U.S. dollar and the euro was $1.1197 per €1.00.

	U.S. dollar per €1.00			
	High	Low	Average	Period End
Year				
2012	1.3463	1.2053	1.2858	1.3197
2013	1.3804	1.2772	1.3283	1.3789
2014	1.3925	1.2100	1.3283	1.2100
2015	1.2010	1.0492	1.1096	1.0866
2016	1.1527	1.0384	1.1067	1.0547
Monthly				
December 2016	1.0767	1.0384	1.0542	1.0547
January 2017	1.0784	1.0427	1.0637	1.0784
February 2017	1.0788	1.0544	1.0640	1.0608
March 2017	1.0864	1.0506	1.0684	1.0697
April 2017	1.0949	1.0599	1.0711	1.0901
May 2017	1.1237	1.0867	1.1055	1.1237
June 2017 (through June 23, 2017)	1.1273	1.1125	1.1204	1.1197

SUMMARY

This summary highlights only selected information contained elsewhere in this offering memorandum. It is not complete and does not contain all the information you should consider before investing in the Notes. You should carefully read this entire offering memorandum. Certain information in this summary and elsewhere in this offering memorandum includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this offering memorandum. This summary should also be read in conjunction with the financial statements appearing elsewhere in this offering memorandum, including the notes thereto, "Selected Historical Financial Information," "Unaudited Pro Forma Condensed Combined Financial Information" and "Summary—Summary Historical Financial and Other Information."

Overview

We are the world's leading independent producer of television programs based on revenues for the year ended December 31, 2016. We create, develop, sell and distribute television programs for a wide range of customers and operate across 16 countries. We produce both scripted and non-scripted content across all genres, including reality shows, entertainment and talk shows, game shows, adventure shows and drama. We have produced successful long-running programs such as *Keeping Up with the Kardashians*, *Beat the Star*, *71 Degrees North* and *Fort Boyard*, and recent popular programs such as *Undressed* and *Versailles*. We have also produced the French version of the *Survivor* format, *Koh-Lanta*, and will own the intellectual property rights to this format, including distribution rights, following the completion of the Castaway Acquisition.

We generate revenues through the sales of the programs we create and produce and the distribution of programs on which we retain intellectual property rights. Our customer base includes approximately 250 broadcasters and digital platforms, including approximately 130 broadcasters in Europe and the United States, our main geographic markets. These broadcasters include France Télévisions, TF1, the BBC, Channel 4 Television, Fox and MTV, and digital platforms such as Netflix and Amazon Video. No single broadcasting group represented more than 9% of our production revenues for the year ended December 31, 2016. We employ creative talents in the countries in which we operate to develop original formats and produce television programs based on our analysis of trends in the industry and the demands of our customers. We approach broadcasters with our concepts and formats, time lines and budget plans for production. Broadcasters pay us a fee which generally finances the production costs in full, at least for non-scripted programs. Only once a format has been developed and sold to a broadcaster, which typically funds the production budget, do we start the production process, whereby a program based on the format sold is produced. We retain intellectual property rights for most of our formats and programs, which are assets that we distribute worldwide, when possible, to continue to generate revenues through various channels, in addition to the initial sales to broadcasters. Following the Banijay Zodiak Merger, we own intellectual property rights for a broad and diversified portfolio of formats and programs with more than 20,000 hours of content. We distribute and license the content we own and control through our subsidiary Banijay Rights Limited to a traditional customer base of broadcasters and to global digital platforms.

For the twelve months ended March 31, 2017, we generated revenues of €819.5 million. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), we generated pro forma revenues of €776.6 million and, over the same period, we generated production revenues of €695.0 million (89.5% of our revenues) and our programs generated distribution and secondary revenues of €81.6 million (10.5% of our revenues). For the twelve months ended March 31, 2017, we generated Adjusted EBITDA of €122.0 million and, assuming the Castaway Acquisition closes, we would have generated Pro Forma Adjusted EBITDA of €127.6 million on a pro forma basis giving effect to the Castaway Acquisition as if it had closed on April 1, 2016. See "*Summary—Summary Historical Financial and Other Information—Other Financial and Operating Data*."

Our Strengths

We believe that the following strengths differentiate us from our competitors and provide us with competitive advantages in the markets in which we operate:

World's Leading Independent Producer of Television Programs in a Growing but Fragmented Television Content Production Market

We are the world's leading independent producer of television programs based on revenues for the year ended December 31, 2016. We are among the top three production companies in terms of revenues in seven of the 16 countries in which we operate.

We are an independent producer, exclusively focused on providing innovative content to our broad customer base, including broadcasters and digital platforms. Our independence from broadcasters enables us to continue to innovate, to deliver original, differentiated programs, and to work with a diversity of creative talents around the world. We have developed best-in-class format-sharing practices within our Group and, due to our size and decentralized organizational structure, are more flexible than larger production groups. Our independence from customers allows us to sell our programs to any broadcaster, providing us with a competitive advantage in the industry. In addition, our shareholders are industry experts who understand the television production business and are focused on developing original content. Six of the eight largest content producers (in terms of revenues) in the world are affiliated with an entertainment group or a distribution network, while we are not controlled by a specific entertainment group or distribution network. We have also strengthened our bargaining power with customers since our merger with the Zodiak Group in February 2016, which improved our scale of revenues from €367.5 million prior to the Banijay Zodiak Merger (as of the year ended December 31, 2015), to €819.5 million as of the last twelve months to March 31, 2017 and our program portfolio to 20,000 hours of content.

We are one of the few independent producers with the scale, geographical coverage, diversified programs portfolio and expertise to be able to benefit from a global increase in demand for new content. As an independent producer, we benefit from regulations in certain markets that require broadcasters to commission a quota of their programs from independent producers. We believe that we are well positioned to take advantage of the growing television production market, which is ultimately a function of television viewership levels. Viewership levels drive our customers' revenues and therefore impact their level of spending on the content we produce.

The television production market has grown at a CAGR of 2.3% between 2011 and 2016 in our key markets. This market is expected to continue to grow, fueled by higher viewership levels due to the rise in the number of channels and the use of video multiple devices to view content. In particular, we believe that digital platforms such as Netflix or Amazon Video will demand an increasing number of new programs in order to reach as many viewers as possible. In addition, the television production market remains fragmented, with no group having a global market share higher than 10% as of 2016, while we operate a fully integrated business with a distribution capacity. We benefit from the fragmentation of the television production market because some of our competitors do not have a distribution capacity or the scale to negotiate directly with broadcasters. Our size has also allowed us to develop internal policies and standardized production processes that we can offer to our customers, while smaller producers are required to take more financial risks to produce their programs and satisfy customers.

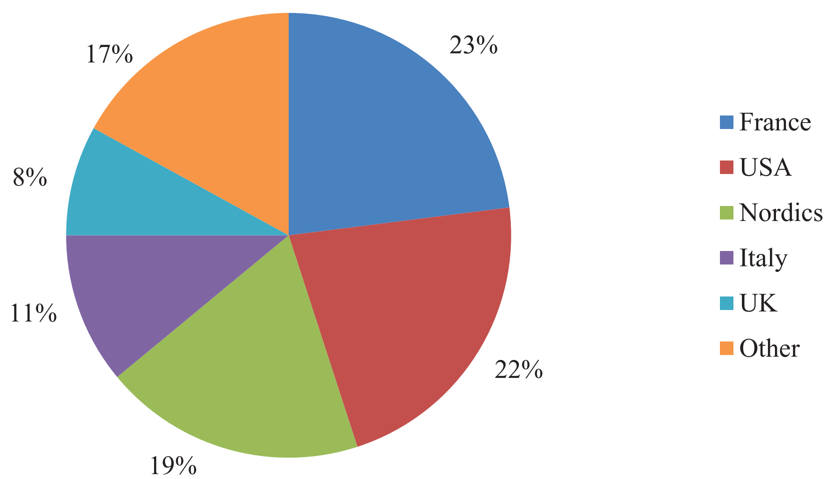
Integrated Business Model with an Entrepreneurial Spirit to Foster Creativity

We operate an integrated business with a complete array of resources to source, develop and distribute television content. We have resources dedicated to every stage of the content production business. We have key partnerships with successful and creative talents around the world who work with us to produce original content at local and international levels. Our distribution network then allows us to distribute our formats and programs and monetize our successful formats and programs by generating secondary revenues. As a result, we are able to cost-effectively control each stage of television content development, production, sale and distribution. In addition, we face minimal potential for a loss from our productions because broadcasters provide full financing for our non-scripted programs, exposing us to little risk. We have developed various policies at the Group level to ensure that if one of the formats or programs for which we own or control intellectual property rights is sold in a country in which we have a presence, it must be produced by one of our production companies which have a total exclusivity on our catalogue. These policies enable us to maximize the circulation of our formats within the Group, preserve our integrated business model and benefit from a competitive advantage over our competitors in the markets in which we operate.

Our business is constructed as a group of talents and entrepreneurs, operating at the local level and in specific geographic markets, to foster creativity and innovation within the Group. This approach enables our employees and partners to easily exchange ideas and rapidly respond to demands from customers or new trends in the industry. We provide advice and support at the Group level to help our subsidiaries negotiate the best terms possible with customers around the world. This decentralized approach also benefits production companies that we acquire because they are able to retain their creative autonomy while benefiting from shared services at the Group level. To ensure cohesion and consistency throughout the Group, we provide our production companies with guidelines and policies to ensure control over our intellectual property rights that are designed to monitor creation risks, establish employee incentive schemes, focus on the most profitable genres and time slots and maximize cash generation while promoting financial discipline. Furthermore, we have entered into incentive arrangements with some of our key managers and creative talents, in the form of earn-outs or put options, to ensure that their interests and our interests in creating value remain aligned.

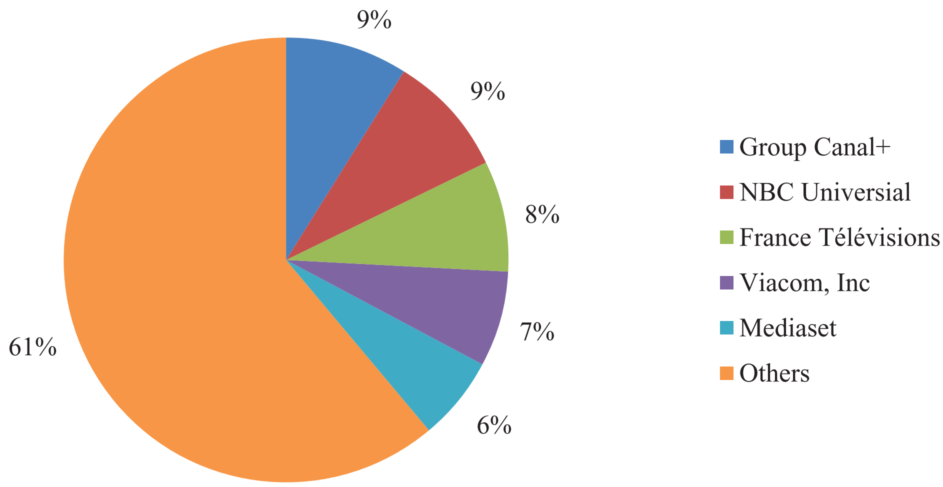
High Degree of Diversification Across Geographies and Customers

We are a global producer of television programs and we generate revenues in 16 countries, none of which represented more than 23% of our revenues for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger). We strive to continuously increase our geographic presence, including through acquisitions or joint-ventures. The following chart shows the breakdown of our revenues by geography for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger):



We are currently among the three largest production companies in terms of revenues in seven of our markets: France, Italy, the Nordic Countries and New Zealand. Thanks to our portfolio of successful formats and programs that adapt to a variety of audiences, we believe we are well positioned to maintain and grow our market shares in each of our current markets. We have been successful in acquiring reputable production companies in these markets and we believe that we have already established ourselves among the top three production companies in New Zealand, a market we entered in 2012. We have also in the last several years entered into important new markets, including India and Australia.

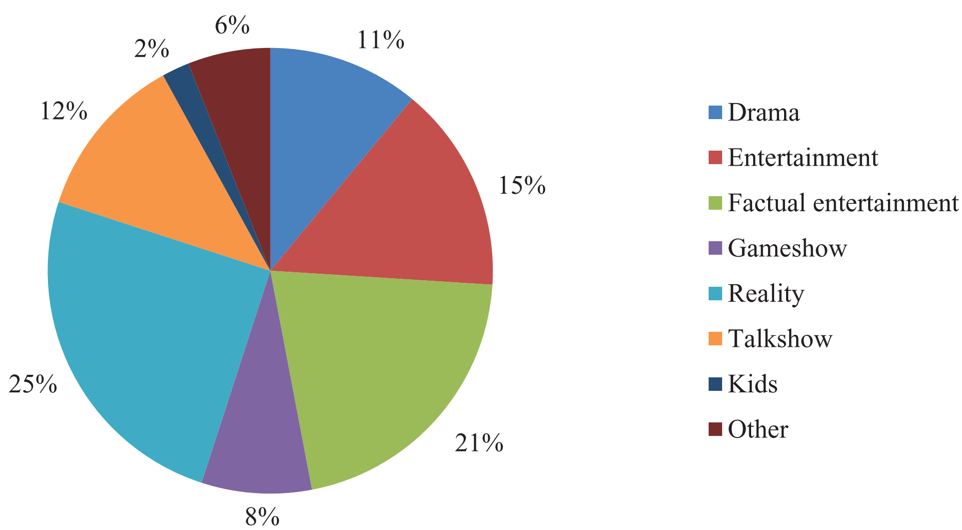
The following chart shows the breakdown of our production revenues by broadcasting group (each of which includes several broadcasters affiliated with the same group or network) for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger):



Even though the Group was established in 2007, some of our production companies have produced television content for more than 15 years and benefit from long-standing relationships with broadcasters. We believe that our ability to propose original formats with a cost-efficient production process has increased customer loyalty. We are also focused on developing relationships with new customers, particularly digital platforms such as Netflix and Amazon Video. Our distribution business enables us to license our portfolio of formats and programs around the world, including to customers located in markets in which we do not currently maintain production operations.

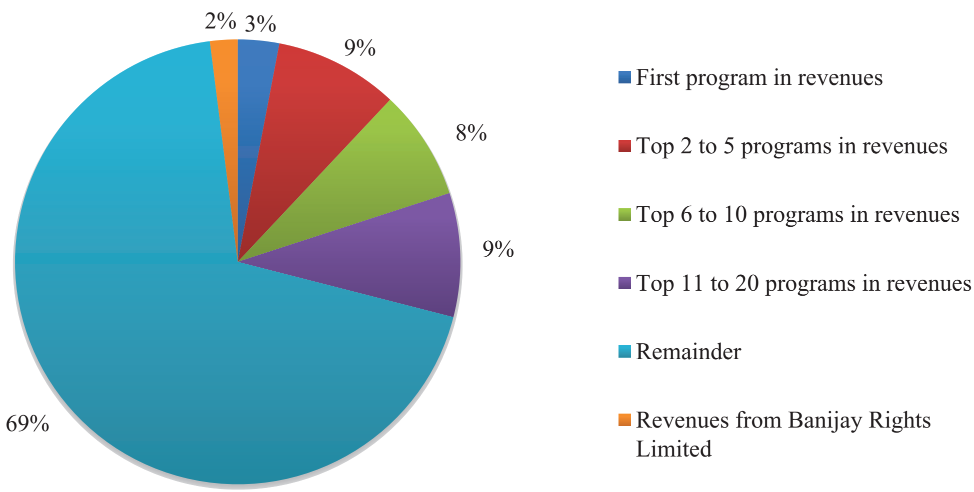
Broad and Diversified Portfolio of Formats and Programs Generating Primary and Secondary Revenues

We believe our broad and diversified portfolio of formats and programs makes us less vulnerable to decreases in demand for a particular format or program. We have historically focused on producing non-scripted content across various genres, such as reality shows, game shows, entertainment and talk shows. Since the Banijay Zodiak Merger, we have further diversified our business with the production and distribution of scripted content. Viewership levels of non-scripted programs, our core market, have sharply improved in the last decade. Non-scripted programs are more cost-effective to produce than scripted programs; related production costs are fully covered by broadcasters. Scripted programs, on the other hand, require a longer development period and higher production costs but can generate significant secondary revenues, especially if such programs are in English because they can be sold to a broad base of customers around the world, including local or global digital platforms that are increasingly demanding new programs ready to be aired. We produce most genres of non-scripted programs and one genre of scripted content (drama). The following chart shows the breakdown of our production revenues by genre for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger):



In addition, our diverse portfolio allows us to capitalize on different formats and programs, thereby limiting our exposure to the success of certain blockbusters. Even though we benefit from the revenues of long-running programs, such as *Real World, The Challenge, Keeping Up with the Kardashians*, *Don't Forget the Lyrics*, *71 Degrees North* and *Fort Boyard*, no single program accounted for more than 3.0% of our revenues for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger).

The following chart shows the breakdown of our revenues attributable to our top 20 shows for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger):



The complementary nature of our formats and programs also creates its own benefits for our business. We have increasingly focused on formats that, once produced for a local market, can be licensed internationally to customers in other markets. For example, our reality show format *Undressed* was originally developed in Italy and then adapted internationally in eight countries. Once we have developed a format in a country we have a better understanding of the production process and the associated costs. We also leverage this expertise to assess production costs when negotiating with broadcasters in other countries to develop the format. We also systematically try to retain intellectual property rights in the formats and programs we produce, which is key to maximizing distribution and other secondary revenues. This business model enables us to generate additional revenues from the licensing of the format in other markets as well as from the production of local adaptations by other production companies in the Group in markets in which we operate. Our revenues from our distribution business complement revenues from sales to broadcasters and produce higher margins because our costs are limited once a format has been developed and a program has been produced.

Cash Generative Business Model Supported by Strong Financial Performance

Over the last three years, we have achieved a significant improvement in the generation of our Adjusted EBITDA, which has grown from €41.2 million for the year ended December 31, 2014, to €122.0 million for the twelve months ended March 31, 2017, as the result of external growth when we completed the Banijay Zodiak Merger, and in our Adjusted EBITDA margins, which have grown from 13.5% for the year ended December 31, 2014, to 14.9% for the twelve months ended March 31, 2017, higher than the 11% average EBITDA margin of the producers of television programs that we consider to be our main competitors.

Our strong financial track record is further underpinned by the development of our revenues, which grew at a CAGR of 59.5% between the year ended December 31, 2014, and the year ended December 31, 2016 (pro forma the Banijay Zodiak Merger), and by the generation of approximately €12 million of annualized synergies resulting from the Banijay Zodiak Merger in 2016 (over a total of approximately €17 million of expected annualized synergies by the end of 2017). During this time, we maintained strong cash generation, with our Adjusted Free Cash Flow ranging from €40.1 million for the year ended December 31, 2014, to €64.5 million for the year ended December 31, 2016. Our cash conversion ratio (defined as Adjusted Free Cash Flow divided by Adjusted EBITDA) for the same period ranged between 97.3% and 62.4% and, we believe, will stabilize in the short term, supported by our low capital expenditures (which represented 4.3% of revenues on average from the year ended December 31, 2014, to the year ended December 31, 2016) and our limited cash interest expense due to our acquisition schemes based on earn-outs and put options. Moreover, we benefit from low fixed costs, representing 23.0% of our costs for the year ended December 31, 2016, and low working capital requirements, with changes in working capital of €19.2 million for the year ended December 31, 2016.

Highly Experienced Management Team with Proven Track Record of Retaining Key Managers and Creative Talents

We have a highly experienced and professional senior management team, consisting of Stéphane Courbit, our Chairman and founder of the Group, Marco Bassetti, our CEO, and Sophie Kurinckx, our CFO. Stéphane Courbit and Marco Bassetti both have a successful track record of television content production, having held senior positions in Endemol Group. Since 2007, we have become the world's leading independent content producer in terms of revenues and our management team has a strong track record of delivering on their budget. In addition, we benefit from the support and network of our shareholders, including DeA and Vivendi, two groups that have invested in the distribution of content and broadcasters. Unlike some of our competitors, our Group is led by industry experts who understand our creative talents and local production managers. This common culture and vision between our management team and our creative talents have allowed us to attract and retain the most successful managers, employees and partners. For example, some of our key managers and creative talents have managed to enter into framework production agreements with broadcasters, which cover several programs and are usually difficult to obtain from broadcasters. We have entered into earn-outs or put option agreements with the founders and key managers of companies we have acquired to ensure the commitment of local management teams and to discourage their departure by rewarding them based on their respective production companies' performance.

Our Strategies

We intend to further strengthen our business by focusing on the following key strategic objectives.

Continue to Attract and Retain Key Personnel and Talents

We rely on our management team to implement our growth strategies and on our creative talents to produce formats that address our customers' needs. Attracting, cultivating and retaining talents has been, and will remain, critical to our success. We plan to continue to attract and retain highly skilled personnel, particularly for their creative talents. We intend to strengthen our entrepreneurial culture by further incentivizing our local managers to foster the high flexibility, independence and autonomy of each of the Group's subsidiaries. For example, we are currently implementing a new long-term incentive plan that will reward key personnel and talents based both on the performance of their production company and on the performance of the Group. We also believe that since the Banijay Zodiak Merger, our Group has become more attractive for new talents because we are the only independent producer with a true entrepreneurial culture.

We continuously and proactively seek new talents. One of our strategies is to offer such individuals the possibility of entering into joint venture agreements with us. This is especially attractive to talents who would like to maintain their independence in the short-term but are interested in a strong partnership with our Group because they cannot develop their business on a stand-alone basis. With the joint venture, they benefit from our talents network, access to financing, information, contacts and, most importantly, our distribution capacity. In addition, they are able to sell us their remaining shareholding once the business has developed and is successful. If a joint venture were to be successful, we may acquire the remaining share capital in the production company on pre-agreed financial terms. As of March 31, 2017, we had established two joint ventures with local partners. This allows us to be involved in the early stages of potential successes and, in the long term, to secure the possibility of acquiring a controlling interest for a price based on a pre-existing formula that takes into account our investment and support. We also have talent management systems in place in order to anticipate departures and plan for successions in the event of upcoming departures.

Sustain a Solid Pipeline of New Formats and Programs and Develop our Scripted Business

We have a successful track record of developing popular new formats and programs and intend to continue creating formats and programs that address major trends in the markets in which we operate, such as trends in entertainment shows and scripted programs. For example, in 2016, we produced *Undressed*, a successful non-scripted format in the reality genre, and *Versailles*, a scripted drama. We focus our strategy on developing the most profitable formats, such as game shows or talk shows that can be broadcast daily with the potential for high returns, and formats for the most profitable time slots and prime-time access. We also have several entertainment formats in our pipeline that we believe have a strong international appeal because of their subject matter and the current viewers' demand. These include *Child Support*, *The Bravest* and *All Against 1,* which we believe could generate significant production and secondary revenues in the future.

In 2016, we merged with the Zodiak Group partly in order to reinforce our scripted format and program production capacity. We produce scripted programs in 13 of the 16 countries in which we operate and, for the year ended December 31, 2016, production revenues from our scripted programs represented 11.2% of our revenues. We intend to leverage our merger with the Zodiak Group and its creative talents to further diversify our scripted programs portfolio. We also aim to build revenues on Zodiak's track record for premium scripted drama, with programs such as *Versailles* and *Millennium*. Our goal is to focus on high premium potential scripted formats and programs that can be distributed easily worldwide to broadcasters and digital platforms. We mainly target scripted programs with high profitability that can run for a long period of time, such as *Occupied*, and maximize tax rebates by producing such formats in countries that offer the most significant tax credits and rebates and access to all required resources. Our library of scripted programs is an intangible asset that generates recurring revenues every time the program is run, and we intend to maximize its profitability.

Continue to Expand our Distribution Business

For the year ended December 31, 2016, we generated 2.5% of our revenues from our distribution business. Our distribution business, through Banijay Rights Limited, has been successful in selling or licensing our catalogue of more than 20,000 hours of programs, including to customers in markets where we do not produce content. We intend to increase the size of our program portfolio to reach new customers in emerging markets, such as India, where there is great potential for growth in terms of viewers and where the same program can be produced for different regions in different languages. We aim to further develop our distribution business to market formats and programs internationally and by sourcing partnerships and deals that generate best returns, for example by licensing popular formats that will benefit from exposure to new customers through our distribution affiliates, such as *The Legacy* and *SAS Who Dares Wins*. Formats that have already been developed and that have already been produced, together with existing programs, can be distributed with high margins. The Castaway Acquisition is part of this strategy because we are acquiring the intellectual property rights for *Survivor*, a successful and profitable format that will be integrated in our catalogue. We also intend to focus on addressing the demands of digital platforms because they are important customers of our distribution business.

Selective External Growth and Geographical Expansion

We are currently among the top three production companies in seven of the 16 countries in which we operate in terms of revenues. We aim to become part of the top three production companies in all of our markets. We seek to grow our business through selective acquisitions, investments and joint ventures. While we plan to continue to monitor our business and consider investment opportunities as they arise, we believe that our current geographic diversification is a strength of our business, and we intend to selectively participate in the consolidation of the markets in which we are active and to seek to continue our international expansion. To further improve our geographical diversification, we will continue to analyze potential opportunities in markets in which we are not yet established. We also plan to leverage our extensive know-how and experience to optimize creativity as we expand our network of production companies and hire new talents, and we also intend to maintain our profitability in the process through the realization of synergies, economies of scale and the continued implementation of efficiency measures.

Following the Banijay Zodiak Merger, we gained access to the United Kingdom, a market where we were not previously present. We intend to increase our presence in the United Kingdom, which is one of our key markets. The United Kingdom television and digital content market is large for the size of the country, partially due to the international premium on English-language content, which means that productions in the United Kingdom have greater distribution potential than those from other countries. We intend to increase creative output on entertainment formats and to develop our production of scripted content in the United Kingdom. We also intend to enter or further develop our activity in fast-growing emerging markets such as Poland, India and Southeast Asia.

In addition, we believe that Spain and Germany are two key markets for the development of our business in Europe. We already have a presence in these countries but we believe there is further growth potential in these countries. We are currently the fourth largest production company in Spain in terms of hours of production. Germany is a dynamic TV market with a high level of viewers. Our production activities in Germany have focused on large-scale entertainment shows, some comedy shows and a talk show with Stefan Raab, a popular television host in Germany. Our market positions in Germany and Spain were negatively impacted due to the retirement of Stefan Raab from his television activities at the end of 2015 and the departure of certain managers of our Spanish production company in 2015. In order to increase our market share in Germany, we intend to further align the interests of local creative talents and management. In addition, we will continue to invest in producing scripted content in Germany by hiring new talents or through targeted acquisitions. In Spain, we plan to focus on a dedicated customer for each of our production companies.

As we look to expand into new markets through external growth, we focus our acquisition strategy on defensive deals that will allow us to protect our market share from competitors while seeking scarce and valuable assets, such as blockbuster formats. By expanding, we secure our revenues, improve our margins and bring our know-how and capabilities to new markets.

The Transactions

The Castaway Acquisition

On March 8, 2017, LOV Group Invest S.A.S., DeA and Banijay Rights Limited entered into the Castaway Acquisition Agreement to acquire from Castaway Holdings Limited all of the issued and outstanding share capital of Castaway (the "Castaway Acquisition"). Castaway owns the intellectual property rights of the format *Survivor*, one of the first and, we believe, one of the most successful reality television formats in the world. *Survivor* was first broadcast in Sweden in 1997. The program currently airs in 16 countries and we have long-standing license agreements with Castaway to produce *Survivor* in France (under the name *Koh-Lanta*) and in Italy (under the name *Isola dei Famosi*). We have also produced *Survivor* in other countries, such as Spain and Sweden. The Castaway Acquisition will enable us to add the *Survivor* blockbuster to our catalogue of formats and to the portfolio of programs of our distribution business through our subsidiary Banijay Rights Limited. *Survivor* will benefit from our broad distribution business through which we aim to develop *Survivor* in new markets, either by producing *Survivor* through one of our production companies or by licensing it to a third party. We will also be able to start producing *Survivor* ourselves in countries where it is currently produced by one of our competitors. In addition, owning the intellectual property rights on the *Survivor* format will significantly improve our negotiation position with broadcasters in countries where we currently produce the *Survivor* format.

We currently expect the Castaway Acquisition to complete in July 2017. The consummation of the Castaway Acquisition is, however, subject to the satisfaction of certain conditions and the performance of certain closing actions. Under the terms of the Castaway Acquisition Agreement, we have agreed to take all necessary steps to satisfy all customary closing conditions. If these conditions are not satisfied on or prior to July 31, 2017, and such date has not been extended by the parties, the Castaway Acquisition Agreement may be terminated. The Castaway Acquisition Agreement contains customary warranties and indemnities given by Castaway Holdings Limited and its shareholders as to capacity, title and certain disclosure matters as well as customary covenants given by Castaway Holdings Limited regarding, among other things, the conduct of the business and the affairs of the Castaway pending closing of the Castaway Acquisition. Castaway Holdings Limited's liability for any breach of a warranty is subject to certain thresholds and limitations.

Following the completion of the Castaway Acquisition, we will use commercially reasonable efforts to cause Castaway to guarantee the Notes and grant a pledge of all its material assets in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities and to cause Banijay Rights Limited to grant a pledge over the share capital of Castaway in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities. Based on Castaway's financial statements for the twelve months ended March 31, 2016, which are the most recent full-year financial statements available for Castaway, after giving effect to the Castaway Acquisition, Castaway would have represented approximately 4.7% of our consolidated total assets as of December 31, 2016, and would have generated approximately 1.1% of our pro forma revenues and approximately 5.4% of our pro forma EBITDA for the year ended December 31, 2016. There can be no assurance that we will be able to complete the Castaway Acquisition, that Castaway will be able to guarantee the Notes or grant security over its assets or that Banijay Rights Limited will be able to grant a pledge over the share capital of Castaway in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities. You are cautioned not to rely on our ability to cause the guarantees and collateral described immediately above to be provided in making your investment decision with respect to the Notes. See "*Risk Factors—Risks Related to Our Business—The Castaway Acquisition is subject to uncertainties and risks*."

The Refinancing

On the Issue Date, we will use the proceeds of the Offering, together with drawings under the New Senior Credit Facilities, to: (i) repay all amounts outstanding under the Existing Senior Credit Facilities; (ii) repay €39.1 million outstanding under the New ORANs through the repayment of an equivalent amount of the Banijay Group Holding Shareholder Loan; (iii) pay the consideration payable for the Castaway Acquisition; (iv) repay all amounts outstanding under the DeA Loan; and (v) pay estimated fees and expenses in connection with the Transactions. See "*Use of Proceeds*."

We refer to the Offering, the Castaway Acquisition, the Refinancing, the entry by the Issuer and certain of its subsidiaries into the New Senior Credit Facilities Agreement and the Intercreditor Agreement and the New Vivendi Equity Injection collectively as the "Transactions." See "*Use of Proceeds*," "*Capitalization*," "*Description of Other Financing Arrangements*" and "*Description of the Notes*."

Sources and Uses of the Transactions

The expected estimated sources and uses of the funds necessary to consummate the Transactions are shown in the table below, assuming that the Castaway Acquisition and the Refinancing complete on or about the Issue Date. Actual amounts may differ from estimated amounts depending on several factors, including accrued interest on the debt being repaid and differences between our estimates of fees and expenses and the actual fees and expenses incurred and the actual date of repayment of the Existing Senior Credit Facilities and of the consummation of the Castaway Acquisition.

Sources of Funds	(in € millions)	Uses of Funds	(in € millions)
Notes offered hereby	350.0	Repayment of the Existing Senior Term Loan	267.5
New Senior Term Loan	60.0	Repayment of Existing Revolving Credit Facility	18.0
		Repayment of New ORANs	39.1
		Consideration payable for the Castaway Acquisition(1)	52.1
		Repayment of DeA Loan	5.7
		Excess cash on balance sheet	15.2
		Estimated fees and expenses(2)	12.4
Total sources	**410.0**	**Total uses**	**410.0**

(1) Represents the majority of the consideration payable for the Castaway Acquisition, which is in addition to a deposit we paid on the signing date of the Castaway Acquisition Agreement.

(2) Represents the estimated fees and expenses associated with the Transactions, including placement, financial advisory and other transaction costs and professional fees.

The Issuer

The Issuer was incorporated on September 4, 2007. It is a *société par actions simplifiée*, incorporated and established under the laws of France, registered with the *registre du commerce et des sociétés de Paris* under registration number 499 797 041 and having its registered office at 5, rue Francois 1er, 75008 Paris, France.

Our Principal Shareholders

LOV Group

LOV Group owns indirectly 50.1% of the share capital of LDH, which in turn owns, following the New Vivendi Equity Injection, 68.6% of the share capital of Banijay Group Holding, the parent company of the Issuer. LOV Group was created in 2007 by Stéphane Courbit with the ambition to position itself at the heart of growing markets such as audiovisual production, luxury hotels, online sports betting and alternative electricity and gas supply. LOV Group currently operates in over 25 countries and is the main shareholder in almost all of its subsidiaries, such as Betclic Everest Group, LOV Hotel Collection and the

Issuer. LOV Group's mission is to identify growing markets, develop new businesses as well as seek investments in innovative and high growth potential companies. LOV Group provides its subsidiaries with human, financial, legal and strategic support.

DeA

DeA owns 49.9% of the share capital of LDH. De Agostini, founded in 1901, is a family-owned group active worldwide through four business areas: publishing; content production and distribution; gaming services; and private equity investments. De Agostini S.p.A. is controlled by B&D Holding di Marco Drago and C. S.a.p.a., a limited partnership of the Boroli and Drago families. De Agostini S.p.A. is the holding that coordinates the strategic operating companies (De Agostini Editore, De Agostini Communications, IGT and DeA Capital) and makes financial investments, among which the main investment is a minority stake in Assicurazioni Generali.

Vivendi

Following the New Vivendi Equity Injection, Vivendi Content owns 31.4% of the share capital of Banijay Group Holding. Vivendi is an integrated media and content group. Vivendi operates businesses throughout the media value chain, from talents discovery to the creation, production and distribution of content. The main subsidiaries of Vivendi comprise Canal Plus Group, Universal Music Group and Vivendi Content. Canal Plus Group is engaged in pay-TV in France, as well as in Africa, Poland and Vietnam. Universal Music Group is engaged in recorded music, music publishing and merchandising. It owns more than 50 labels covering all genres. Vivendi Content is engaged in investing in content production for television and movies.

Recent Developments

Equity Conversion

On June 22, 2017, (i) certain of our key managers, such as Marco Bassetti, our Chief Executive Officer, converted their rights to receive payments from the Group under various incentive agreements, including earn-outs and, for one key manager, a vendor loan, into ordinary shares of the Issuer; and (ii) the key managers who held shares of Banijay Entertainment contributed these shares to the Issuer in exchange for ordinary shares of the Issuer (collectively the "Equity Conversion"). Following the completion of the Equity Conversion, these key managers own 9.7% of the share capital of the Issuer. These key managers have agreed that their ordinary shares in the Issuer will be subject to a lock-up period expiring on June 30, 2024 with, for certain of these key managers, a three-month sales window in 2022 during which they can put their shares in the Issuer (up to 0.5%) to Banijay Group Holding. These key managers benefit from specific sales windows for up to, but no more than, 50% of their respective shareholding of the Issuer in the event of a change in control or an initial public offering of the Issuer or Banijay Group Holding.

Following the completion of the Equity Conversion, we expect to record on our balance sheet as of June 30, 2017, approximately €98.3 million of other long-term liabilities to reflect earn-outs and put option agreements that remain outstanding, compared to €131.4 million as of December 31, 2016 (see note 6.7.14 to our audited financial statements for the year ended December 31, 2016, included elsewhere in this offering memorandum) and €127.0 million as of March 31, 2017. Payments of approximately €95.6 million in cash remain due under these earn-outs and put option agreements following the Equity Conversion, of which €89.6 million will be due prior to the maturity date of the Notes, and excluding €15.0 million that one of our key managers has committed to convert into ordinary shares of the Issuer in May 2018, together with 45% of his right to receive a payment in May 2020 under an earn-out agreement. Earn-out payments in an amount of approximately USD27.6 million due in March 2018 are secured over shares, assets and a portion of the cash flows of some of our U.S. subsidiaries. We expect to continue entering into additional earn-outs and put option agreements with key managers in the future. See "*Corporate and Financing Structure*."

New ORANs

On June 22, 2017, Banijay Group Holding entered into a subscription agreement with an affiliate of Vivendi Content, Société d'Investissements et de Gestion 116—SIG 116 ("SIG 116"), a *société par actions simplifiée* incorporated and established under the laws of France, for the issuance of €104.1 million aggregate principal amount of subordinated notes (the "New ORANs"). The proceeds of the New ORANs were on-lent to the Issuer through the Banijay Group Holding Shareholder Loan and the Issuer will use the proceeds from the Banijay Group Holding Shareholder Loan to repay the Existing ORANs (including €4.1 million of accrued and unpaid interest under the Existing ORANs) issued on February 23, 2016, by the Issuer to SIG 116 in connection with the Banijay Zodiak Merger and the acquisition of shares in the Issuer by Vivendi Content. On or about the Issue Date, €39.1 million in aggregate principal amount of New ORANs will be repaid following the repayment of an equivalent amount of the Banijay Group Holding Shareholder Loan with the proceeds from the Offering, and Vivendi Content or one of its affiliates will contribute €40.0 million to the capital of Banijay Group Holding, the proceeds of which will be used by Banijay Group Holding to reimburse a corresponding principal amount of New ORANs. Following the completion of the Transactions, €25.0 million in aggregate principal amount of New ORANs will remain outstanding, and €65.0 million will remain outstanding under the Banijay Group Holding Shareholder Loan. The Banijay Group Holding Shareholder Loan satisfies the conditions to constitute "Subordinated Shareholder Funding" under the Indenture. For a description of the New ORANs and the Banijay Group Holding Shareholder Loan, see "*Certain Relationships and Related Party Transactions—New ORANs and Banijay Group Holding Shareholder Loan*."

Current Trading

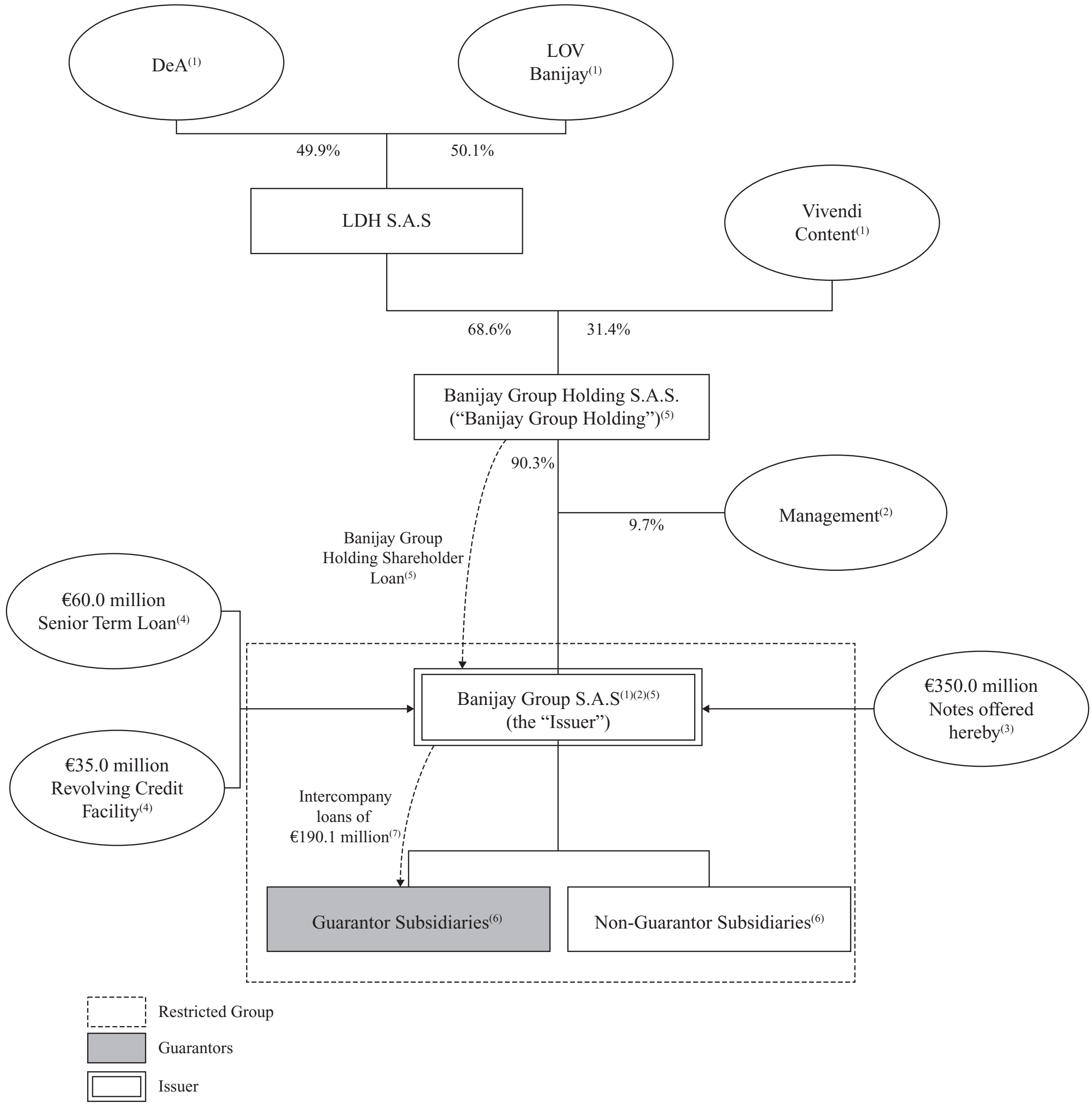
Based on the preliminary draft of our internal management accounts, we currently expect our revenues for the two months ended May 31, 2017, to be slightly higher than for the two months ended May 31, 2016. We also currently expect our Adjusted EBITDA to be slightly higher than for the two months ended May 31, 2016. These increases in revenues and Adjusted EBITDA for the two months ended May 31, 2017, were primarily due to an increase in activity in the two months ended May 31, 2017, and the positive impact in timing of the delivery of new productions. In addition, in April and May 2017, we made payments in an aggregate amount of €10 million to one of our key managers under an earn-out agreement.

The preliminary results and estimates presented above have not been audited, are derived from internal management accounts, are the responsibility of management and are subject to our financial closing procedures. These procedures have not been completed. While we believe these preliminary results and estimates to be reasonable, our actual results could vary from these estimates and these differences could be material. As such, you should not place undue reliance on this information. This information may not be indicative of the remainder of the quarter or any future period. See "Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results and Operations" in this offering memorandum for a more complete discussion of certain of the factors that could affect our future performance.

CORPORATE AND FINANCING STRUCTURE

Corporate and Financing Structure

The following chart shows a simplified summary of our corporate and financing structure as of the date of this offering memorandum adjusted to give effect to the Transactions and the Equity Conversion. All entities shown below are 100% directly or indirectly owned unless otherwise indicated. For a summary of the debt obligations identified in this diagram, see "*Description of the Notes*," "*Description of Other Financing Arrangements*" and "*Capitalization*."



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(1) DeA, LOV Banijay and Vivendi Content beneficially own 90.3% of the issued share capital of the Issuer indirectly through their interests in LDH S.A.S. and Banijay Group Holding (as applicable). See "*Shareholders*."

(2) Following the completion of the Equity Conversion, certain key managers of the Group indirectly own 9.7% of the share capital of the Issuer through wholly owned or majority-owned intermediate holding companies. See "*—Recent Developments—Equity Conversion*" and "*Certain Relationships and Related Party Transactions—Earn-outs*."

(3) We are offering €350.0 million in aggregate principal amount of senior secured notes. The Notes will be general, senior secured obligations of the Issuer. On the Issue Date, the Notes will be secured by first-ranking security interests in the Issue Date Collateral. In addition, no later than 20 business days following the Issue Date, the Notes will be secured by the Post-Completion Date Collateral. The Collateral will also secure the New Senior Credit Facilities, certain hedging obligations, if any, and certain other future indebtedness permitted to be incurred and secured by the Collateral, each on a *pari passu* basis. For a description of the Collateral, see "*—The Offering*." On the Issue Date, the Notes will be guaranteed on a senior secured basis by the Guarantors, each of which will also guarantee the New Senior Credit Facilities. The laws of certain jurisdictions in

which the Guarantors are organized limit the amount of obligations that may be guaranteed, or in respect of which security interests may be provided as well as the enforceability of the Guarantees and the rights to the security securing the Notes and the Guarantees. For more information on limitations to the validity and enforceability of the Guarantees and the security interests in the Collateral and the liability of the Guarantors and the security provider, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests.*"

(4) The New Senior Credit Facilities Agreement provides for aggregate borrowings of up to €95.0 million (equivalent) in the form of the New Senior Term Loan in an aggregate principal amount of €60.0 million and a New Revolving Credit Facility in an aggregate principal amount of €35.0 million. The Guarantors will guarantee the New Senior Credit Facilities on a senior secured basis. See "*Description of Other Financing Arrangements—New Senior Credit Facilities Agreement*" and "*Description of Other Financing Arrangements—Intercreditor Agreement*."

(5) On June 22, 2017, Banijay Group Holding issued €104.1 million in aggregate principal amount of New ORANs. The proceeds of the New ORANs were on-lent to the Issuer through the Banijay Group Holding Shareholder Loan and were used by the Issuer to reimburse the Existing ORANs. On or about the Issue Date, €39.1 million in aggregate principal amount of New ORANs will be repaid following the repayment of an equivalent amount of the Banijay Group Holding Shareholder Loan with the proceeds from the Offering and €40.0 million in aggregate principal amount of New ORANs will be repaid with the proceeds of the New Vivendi Equity Injection. Following the completion of the Transactions, €25.0 million in aggregate principal amount of New ORANs will remain outstanding and €65.0 million will remain outstanding under the Banijay Group Holding Shareholder Loan. The Banijay Group Holding Shareholder Loan satisfies the conditions to constitute "Subordinated Shareholder Funding" under the Indenture. See "*Certain Relationships and Related Party Transactions—New ORANs and Banijay Group Holding Shareholder Loan*" and "*Description of the Notes*."

(6) The Guarantors will be Banijay Entertainment, Banijay France SAS, Adventure Line Productions SAS, H2O Productions SAS, Zodiak Media Limited, Banijay Rights Limited, RDF Television Ltd, Banijay UK Ltd, Bwark Productions Ltd, Zodiak Media AB, Mastiff AB, Jarowskij Sverige AB, Bunim-Murray Productions LLC, MTheory Entertainment Inc. and Mobility Production Inc. As of and for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), the Guarantors accounted for 71.8% of the consolidated total assets, 39.2% of the consolidated revenues and 66.6% of the consolidated EBITDA of the Group. As of March 31, 2017, our subsidiaries not guaranteeing the Notes had total debt of €28.7 million, when excluding shareholder debt, debt incurred under the Existing Senior Credit Facilities Agreement (which will be repaid as part of the Refinancing) and intercompany loans.

Following the completion of the Castaway Acquisition, we will use commercially reasonable efforts to cause Castaway to guarantee the Notes and grant a pledge of all its material assets in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities and to cause Banijay Rights Limited to grant a pledge over the share capital of Castaway in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities. Based on Castaway's financial statements for the twelve months ended March 31, 2016, which are the most recent full-year financial statements available for Castaway, after giving effect to the Castaway Acquisition, Castaway would have represented approximately 4.7% of our consolidated total assets as of December 31, 2016, and would have generated approximately 1.1% of our pro forma revenues and approximately 5.4% of our pro forma EBITDA for the year ended December 31, 2016. There can be no assurance that we will be able to complete the Castaway Acquisition, that Castaway will be able to guarantee the Notes or grant security over its assets or that Banijay Rights Limited will be able to grant a pledge over the share capital of Castaway in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities. You are cautioned not to rely on our ability to cause the guarantees and collateral described immediately above to be provided in making your investment decision with respect to the Notes. See "*Risk Factors—Risks Related to Our Business—The Castaway Acquisition is subject to uncertainties and risks*."

(7) On the Issue Date, the Issuer will on-lend approximately €190.1 million of the proceeds of the Offering and drawings under the New Senior Credit Facilities through various intercompany loans to certain of its subsidiaries to repay indebtedness incurred under the Existing Senior Credit Facilities.

THE OFFERING

The following summary of the Offering contains basic information about the Notes, the Guarantees and the Collateral. It is not intended to be complete and is subject to important limitations and exceptions. For a more complete description of the terms of the Notes, the Guarantees and the Collateral, see "Description of the Notes" and "Description of Other Financing Arrangements—Intercreditor Agreement."

Issuer	Banijay Group S.A.S.
Notes Offered	€350.0 million aggregate principal amount of % senior secured notes due 2022.
Issue Date	, 2017.
Issue Price	%, plus accrued and unpaid interest from the Issue Date.
Maturity Date	, 2022.
Interest Rate	% per annum.
Interest Payment Dates	Interest on the Notes is payable semi-annually in arrears on and of each year, commencing on , 2018. Interest on the Notes will accrue from the Issue Date.
Form and Denomination	The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess of €100,000, maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.

Ranking of the Notes . . . . The Notes will:

- be general, senior obligations of the Issuer, secured as set forth under "*Description of the Notes—Security*";
- rank *pari passu* in right of payment with all of the Issuer's existing and future debt that is not subordinated in right of payment to the Notes (including, following the consummation of the Transactions, the obligations of the Issuer under the New Senior Credit Facilities, certain hedging obligations, if any, and certain other future indebtedness permitted to be incurred and secured on the Collateral);
- rank senior in right of payment to all of the Issuer's future debt that is subordinated in right of payment to the Notes;
- be guaranteed by the Guarantors, in each case on a senior secured basis, which will also guarantee the New Senior Credit Facilities, as described below under "*—Guarantees*";
- be effectively subordinated to any existing and future indebtedness or obligation of the Issuer and its subsidiaries (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligation or indebtedness; and
- be structurally subordinated to any existing or future indebtedness of subsidiaries of the Issuer (including obligations to trade creditors) that do not guarantee the Notes.

Guarantees . . . .

The Notes will be guaranteed on a senior secured basis (the "Guarantees") by Banijay Entertainment, Banijay France SAS, Adventure Line Productions SAS, H2O Productions SAS, Zodiak Media Ltd, Banijay Rights Limited, RDF Television Ltd, Banijay UK Ltd, Bwark Productions Ltd, Zodiak Media AB, Mastiff AB, Jarowskij Sverige AB, Bunim-Murray Productions LLC, MTheory Entertainment Inc. and Mobility Production Inc. (together, the "Guarantors"). The Guarantors will also guarantee the New Senior Credit Facilities on a senior secured basis. As of and for the year ended December 31, 2016, the Guarantors accounted for 71.8% of the consolidated total assets, 39.2% of the consolidated revenues and 66.6% of the consolidated EBITDA of the Group.

Following the completion of the Castaway Acquisition, we will use commercially reasonable efforts to cause Castaway to guarantee the Notes and grant a pledge of all its material assets in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities and to cause Banijay Rights Limited to grant a pledge over the share capital of Castaway in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities. Based on Castaway's financial statements for the twelve months ended March 31, 2016, which are the most recent full-year financial statements available for Castaway, after giving effect to the Castaway Acquisition, Castaway would have represented approximately 4.7% of our consolidated total assets as of December 31, 2016, and would have generated approximately 1.1% of our pro forma revenues and approximately 5.4% of our pro forma EBITDA for the year ended December 31, 2016. There can be no assurance that we will be able to complete the Castaway Acquisition, that Castaway will be able to guarantee the Notes or grant security over its assets or that Banijay Rights Limited will be able to grant a pledge over the share capital of Castaway in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities. You are cautioned not to rely on our ability to cause the guarantees and collateral described immediately above to be provided in making your investment decision with respect to the Notes. See "*Risk Factors—Risks Related to Our Business—The Castaway Acquisition is subject to uncertainties and risks*."

Each Guarantee will be subject to the terms of the Intercreditor Agreement and certain contractual and legal limitations. See "*Description of Other Financing Arrangements—Intercreditor Agreement*," "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*." By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees*." In addition, the Guarantees may be released under certain circumstances. See "*Description of the Notes—Brief Description of the Notes—Notes Guarantees Release*" and "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*."

Ranking of the Guarantees	Each Guarantee will: • be a general senior obligation of the relevant Guarantor; • rank *pari passu* in right of payment with all of such Guarantor's existing and future debt that is not subordinated in right of payment to its Guarantee (including, following the consummation of the Transactions, its Guarantee granted in favor of the New Senior Credit Facilities and certain hedging obligations, if any); • rank senior in right of payment to all of such Guarantor's future debt that is subordinated in right of payment to its Guarantee; • rank effectively senior to any existing and future unsecured debt of such Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the Guarantees; • rank effectively senior to any existing and future debt of such Guarantor secured on a second-ranking basis by property or assets that secure the Guarantee on a first-ranking basis; • be effectively subordinated to any existing and future debt of the Issuer and that Guarantor (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property and assets securing such obligations or indebtedness; and • be structurally subordinated to any existing and future debt of such Guarantor's subsidiaries (including obligations to trade creditors) that do not guarantee the Notes.
Security	Subject to certain Agreed Security Principles and certain perfection requirements, the Notes and the Guarantees will be secured on the Issue Date by first-ranking security interests over: • first-priority security interests over all the shares of the Issuer in certain of its direct subsidiaries: Banijay Entertainment, Banijay France SAS, Banijay Rights Ltd, Zodiak Media AB, Zodiak Kids Central SAS, Zodiak Media Ltd, Banijay Digital SAS, Banijay Editing SAS and Banijay Library SAS; • to the extent not included in the previous sub-paragraph, first-priority security interests over the shares of each Guarantor incorporated in France, Sweden or England and Wales, in each case owned by any Restricted Subsidiary (as defined in "*Description of the Notes*"); • a first-priority security interest over the shares of Banijay Entertainment Holding US, Inc., the ultimate US holding company of the Guarantors incorporated in the United States; • first-priority security interests over material intercompany receivables of the Issuer and each Guarantor incorporated in France or Sweden;

- first-priority security interests over the bank accounts of the Issuer and each Guarantor incorporated in France or Sweden (other than those related to the cash pooling arrangements of the Issuer and its subsidiaries); and
- debentures creating floating charges over, and fixed charges over all material assets of, each Guarantor incorporated in England and Wales,

(together the "Issue Date Collateral").

In addition, no later than 20 business days following the Issue Date, the Notes will be secured by first-priority security interests over all the shares of Magnolia SpA (the "Post-Completion Date Collateral" and together with the Issue Date Collateral, the "Collateral"). If the Castaway Acquisition is completed, the Notes will also be secured by all material assets of Castaway (the "Castaway Acquisition Collateral"). There can be no assurance that the Castaway Acquisition will be completed. See "*Risk Factors—Risks Related to Our Business—The Castaway Acquisition is subject to uncertainties and risks*."

The Collateral will also secure, on an equal and ratable basis, the liabilities under the New Senior Credit Facilities, certain hedging obligations and certain other future indebtedness permitted to be incurred and secured on the Collateral. See "*Description of Other Financing Arrangements—Intercreditor Agreement*."

The security interests may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. For more information on the security interests granted, see "*Description of the Notes—Security*" and for more information on potential limitations to the security interests, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral*." In addition, the security interests in the Collateral may be released under certain circumstances. Subject to the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. For more information on the security interests granted, see "*Description of the Notes—Security*" and for more information on potential limitations to the security interests, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral*."

Use of Proceeds .... We intend to use the proceeds of the Offering, together with drawings under the New Senior Credit Facilities, to: (i) repay all amounts outstanding under the Existing Senior Credit Facilities; (ii) repay €39.1 million outstanding under the New ORANs through the repayment of an equivalent amount of the Banijay Group Holding Shareholder Loan; (iii) pay the consideration payable for the Castaway Acquisition; (iv) repay all amounts outstanding under the DeA Loan; and (v) pay estimated fees and expenses in connection with the Transactions. See "*Use of Proceeds*."

Optional Redemption	At any time prior to , 2019, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption plus a "make-whole" premium, as described under "*Description of the Notes—Optional Redemption*." Prior to , 2019, the Issuer may, on one or more occasions, redeem up to 40% of the aggregate principal amount of the Notes issued under the Indenture with the proceeds from specified equity offerings at a redemption price equal to % of the aggregate principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption, provided that at least 60% of the original principal amount of the Notes (including any additional Notes) issued under the Indenture remains outstanding. See "*Description of the Notes—Optional Redemption*." The Issuer may redeem all or part of the Notes at any time on or after , 2019, at the redemption prices described under "*Description of the Notes—Optional Redemption*."
Additional Amounts; Tax Redemption	Any payments made by or on behalf of the Issuer, any future guarantor or applicable paying agent with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. Subject to certain exceptions and limitations, if the Issuer or applicable future guarantor or paying agent is required by law to withhold or deduct such taxes with respect to a payment on any Note, the Issuer or such future guarantor, as applicable, will pay the additional amounts necessary so that the net amount received after such withholding is not less than the amount that would have been received in the absence of the withholding. See "*Description of the Notes—Withholding Taxes*." Subject to and as set forth in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the Notes in certain circumstances. If certain changes in the law of any relevant taxing jurisdiction become effective after the issuance of the Notes which would impose withholding taxes or other deductions on the payments on the Notes, and would require the Issuer to pay additional amounts (as defined in "*Description of the Notes—Withholding Taxes*"), the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding, the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."
Change of Control	Upon the occurrence of certain change of control events, the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts to, but excluding, the date of the purchase. See "*Description of the Notes—Change of Control*."
Certain Covenants	The Indenture will limit, among other things, the ability of the Issuer and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preference stock;

- pay dividends, redeem share capital and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of the restricted subsidiaries to pay dividends;
- transfer or sell certain assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests for the benefit of the holders of the Notes.

Certain of the covenants will be suspended if and for as long as the Notes achieve investment-grade ratings. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*."

Each of the covenants in the Indenture will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."

Transfer Restrictions . . . . The Notes and the Guarantees have not been, and will not be, registered under U.S. federal or state or any foreign securities laws and are subject to restrictions on resale. See "*Important Information About this Offering Memorandum*." We are under no obligation, nor do we intend, to register the Notes or the Guarantees in the United States. Furthermore, the Notes will not have exchange or registration rights under the Securities Act.

Absence of a Public Market for the Notes . . . . Although application has been made to The International Stock Exchange Authority Limited for the listing of the Notes on the Official List of the Exchange, no assurance can be given that the Notes will be listed on the Official List of the Exchange or that such listing will be maintained. The Notes will be new securities for which there is no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that an active trading market for the Notes will develop or be maintained.

Governing Law . . . . The Notes, the Guarantees and the Indenture will be governed by New York law.

The Intercreditor Agreement will be governed by English law. The New Senior Credit Facilities Agreement will be governed by French Law. The Security Documents will be governed by the laws of France, Italy, Sweden, England and Wales, and the United States.

Trustee . . . . U.S. Bank Trustees Limited.

Security Agent . . . . Elavon Financial Services DAC, UK Branch.

Paying Agent and Transfer Agent . . . . Elavon Financial Services DAC, UK Branch.

Registrar . . . . Elavon Financial Services DAC.

Listing Sponsor . . . . Carey Olsen Corporate Finance Limited.

SUMMARY HISTORICAL FINANCIAL AND OTHER INFORMATION

The following tables set forth our summary consolidated financial information and other data for the periods ended and as of the dates indicated below. Our summary consolidated financial information as of and for the years ended December 31, 2014, 2015 and 2016, has been derived from the Banijay Audited Financial Statements, which are included elsewhere in this offering memorandum. The consolidated financial statements as of and for the years ended December 31, 2014, 2015 and 2016, have been audited by our auditors and their audit reports are included elsewhere in this offering memorandum.

Our summary consolidated interim financial information as of and for the three months ended March 31, 2016 and 2017, have been derived from the Unaudited Interim Financial Statements, which are included elsewhere in this offering memorandum. The historical unaudited financial information for the three months ended March 31, 2016 and 2017, have been prepared using the same accounting principles as the financial information as of and for the year ended December 31, 2016, and contain all adjustments that management considers necessary for a fair presentation of the financial position and results of operations for the periods presented. The summary consolidated interim financial information as of and for the three months ended March 31, 2016, gives effect to the Banijay Zodiak Merger from February 23, 2016, and therefore is not comparable with the financial information as of and for the three months ended March 31, 2017. The Unaudited Interim Financial Statements have been reviewed by our auditors and are included elsewhere in this offering memorandum.

We have also presented summary unaudited pro forma consolidated financial and other data for the years ended December 31, 2015 and 2016, to apply pro forma adjustments to the financial information as of and for the year ended December 31, 2015, as if the Banijay Zodiak Merger had occurred on January 1, 2015, and to the financial information as of and for the year ended December 31, 2016, as if the Banijay Zodiak Merger had occurred on January 1, 2016. We have also presented summary unaudited pro forma consolidated financial and other data for the three months ended March 31, 2016, to apply pro forma adjustments to the financial information as of and for the three months ended March 31, 2016, as if the Banijay Zodiak Merger had occurred on January 1, 2016. The Pro Forma Financial Information has been prepared for illustrative purposes only and does not represent what our actual results would have been had the Banijay Zodiak Merger occurred on January 1, 2015 or on January 1, 2016, as applicable, nor does it purport to project our results of operation at any future date. The Pro Forma Financial Information included in this offering memorandum has not been prepared in accordance with the requirements of Regulation S-X or the Prospectus Directive. Neither the adjustments nor the resulting Pro Forma Financial Information have been audited in accordance with French generally accepted accounting standards, international accounting standards or U.S. GAAP. In evaluating the Pro Forma Financial Information, you should carefully consider our audited historical consolidated financial statements included elsewhere in this offering memorandum.

The financial information for the twelve months ended March 31, 2017 is unaudited and has been calculated by taking the results of operations for the three months ended March 31, 2017, and adding it to the difference between the pro forma results of operations for the year ended December 31, 2016, and the three months ended March 31, 2016. The financial information for the twelve months ended March 31, 2017, has not been audited or reviewed by our auditors, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results of operations for such a period or any future period or any financial position at any past or future date.

We have also presented certain as adjusted financial information for the Issuer, which is based on the consolidated financial information for the Issuer on an as adjusted basis to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense of the Issuer as of and for the twelve months ended March 31, 2017. This adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Offering occurred on April 1, 2016, or what our actual cash position, indebtedness or secured indebtedness would have been had the Transactions occurred on March 31, 2017, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X or the Prospectus Directive. Neither the assumptions underlying the pro forma adjustments nor the resulting adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The summary consolidated financial information below includes certain non-IFRS measures that we use to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered a substitute for, or superior to, the equivalent measures *calculated and presented in accordance with IFRS or those calculated using financial measures that are prepared in accordance with IFRS. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures."*

You should read the information set forth below in conjunction with the sections "Presentation of Financial and Other Information—Financial Information Included in this Offering Memorandum," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes thereto included elsewhere in this offering memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

Summary Consolidated Statement of Profit or Loss

(in € millions)	Banijay Historical Year ended December 31,			Pro Forma for the year ended December 31,		Pro Forma for the three months ended March 31,	Three months ended March 31,	Twelve months ended March 31,
	2014	2015	2016	2015	2016	2016	2017	2017
		(audited)		(unaudited)		(unaudited)	(unaudited)	(unaudited)
Revenues	305.4	367.5	726.5	788.5	776.6	149.0	191.9	819.5
Operating expenses	(151.5)	(118.8)	(209.1)	(378.1)	(242.5)	(73.5)	(59.4)	(228.4)
External expenses	(19.9)	(24.3)	(57.4)	(24.3)	(58.0)	(9.6)	(13.0)	(61.4)
Staff costs	(96.2)	(170.7)	(342.4)	(281.4)	(350.6)	(50.2)	(84.1)	(384.5)
Taxes and duties	(0.8)	(0.5)	(1.0)	(0.5)	(1.0)	(0.1)	(0.4)	(1.3)
Depreciation and amortization of intangible and tangible assets	(2.9)	(3.6)	(36.0)	(46.6)	(44.2)	(9.8)	(8.4)	(42.8)
Current impairment losses and provisions, net of reversals	(1.1)	(0.6)	(6.4)	(0.6)	(6.4)	(0.1)	0.9	(5.4)
Other current operating income and expenses	(0.1)	0.0	2.6	0.0	2.6	0.2	(0.9)	1.5
Current operating profit (loss)	**33.0**	**49.1**	**76.7**	**57.0**	**76.5**	**5.9**	**26.5**	**97.1**
Other non-current operating income (expenses)	(2.2)	(4.7)	(26.4)	(21.9)	(27.1)	(2.5)	(1.6)	(26.2)
Earnings before interest and income tax (EBIT)	**30.8**	**44.3**	**50.3**	**35.1**	**49.4**	**3.4**	**24.9**	**70.9**
Finance income	0.1	0.1	0.4	0.5	0.4	0.2	0.0	0.2
Interest expenses	(2.1)	(1.4)	(14.3)	(17.9)	(14.6)	(3.7)	(3.5)	(14.4)
Cost of net debt	(1.9)	(1.3)	(13.8)	(17.4)	(14.2)	(3.5)	(3.5)	(14.2)
Other finance income (costs)	(13.3)	(46.6)	(13.9)	(41.8)	(17.6)	(8.6)	(1.7)	(10.7)
Profit before tax and income (loss) from equity-accounted affiliates	**15.6**	**(3.6)**	**22.6**	**(24.1)**	**17.6**	**(8.7)**	**19.7**	**46.0**
Income taxes	(9.0)	(11.1)	2.3	(14.8)	1.5	0.1	(6.7)	(5.3)
Profit, net of tax expense	**6.6**	**(14.7)**	**24.9**	**(38.9)**	**19.1**	**(8.6)**	**13.0**	**40.7**
Share of profit of associates and joint ventures	4.2	(5.7)	(2.5)	(5.7)	(2.5)	(0.6)	(1.1)	(3.0)
Badwill	0.2	0.1	0.0	0.1	0.0	—	—	—
Profit (loss) from assets held for sale	0.5	—	—	—	—	—	—	—
Profit (loss) for the year	**11.5**	**(20.2)**	**22.4**	**(44.5)**	**16.6**	**(9.2)**	**11.9**	**37.7**
Non-controlling interests—Profit (loss) of the year	1.0	0.6	1.8	0.3	1.8	0.0	0.5	2.3
Owners of the Parent—Profit (loss) of the year	10.5	(20.9)	20.6	(44.8)	14.8	(9.2)	11.4	35.4

Summary Consolidated Statement of Financial Position

(in € millions)	Banijay Historical			
	As of December 31,			As of March 31,
	2014	2015	2016	2017
		(audited)		(unaudited)
Goodwill	210.3	257.1	529.1	527.8
Long-term content assets	2.8	4.3	40.3	43.3
Scripted production in progress	—	—	44.4	35.9
Other intangible assets	2.3	5.4	11.3	10.4
Property, plant and equipment	5.0	5.0	15.2	14.8
Investments in associates and joint ventures	46.9	37.2	47.1	46.8
Non-current financial assets	5.1	10.0	30.0	35.7
Deferred tax assets	9.6	10.7	28.0	27.6
Other long-term assets	0.0	0.8	5.3	4.1
Total non-current assets	**282.0**	**330.6**	**750.6**	**746.3**
Inventories and work in progress	25.6	52.3	101.1	107.7
Trade and other receivables	52.8	82.3	217.7	235.5
Income tax receivable	4.8	1.3	14.2	15.4
Other current assets	5.7	8.3	10.2	9.5
Cash and cash equivalents	74.4	32.7	73.4	52.0
Total current assets	**163.5**	**176.8**	**416.5**	**420.0**
Total assets	**445.5**	**507.4**	**1,167.2**	**1,166.4**
Issued capital	2.0	2.0	61.9	61.9
Share premiums	207.5	187.5	244.4	244.4
Other comprehensive income (loss)	5.8	17.3	47.3	45.5
Retained earnings	(43.4)	(64.5)	(200.2)	(189.1)
Equity attributable to owners of Banijay Group Holding	**171.9**	**142.3**	**153.4**	**162.7**
Non-controlling interests	12.4	11.9	12.7	13.1
Total equity	**184.3**	**154.2**	**166.1**	**175.8**
Long-term borrowings and other financial liabilities	19.6	0.5	389.9	380.7
Other non-current provisions	4.9	7.6	13.5	13.8
Employee defined benefit obligations	0.1	0.2	1.8	1.8
Deferred tax liabilities	0.0	0.6	7.5	9.5
Other long-term liabilities	104.5	162.2	117.9	117.1
Total non-current liabilities	**129.1**	**170.9**	**530.4**	**522.9**
Short-term borrowings and bank overdrafts	9.6	39.5	39.1	43.0
Trade and other payables	75.7	111.1	267.8	250.4
Current tax liabilities	3.6	2.2	2.5	6.1
Current provisions	0.1	0.2	3.6	2.3
Other current liabilities	43.0	29.5	157.7	165.9
Total current liabilities	**132.1**	**182.4**	**470.6**	**467.7**
Total equity and liabilities	**445.5**	**507.4**	**1,167.2**	**1,166.4**

Summary Consolidated Statement of Cash Flow

(in € millions)	Banijay Historical			
	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
		(audited)		(unaudited)
Net cash flow from operating activities	36.3	35.0	102.3	11.5
Net cash flow from investing activities	6.3	(60.5)	(78.2)	(22.6)
Net cash flow from (used in) financing activities	(23.0)	(19.4)	15.9	(9.0)
Net increase (decrease) of cash and cash equivalents	22.5	(41.9)	39.8	(20.7)
Cash and cash equivalents at the beginning of the period	51.8	74.4	32.5	72.4
Cash and cash equivalents at the end of the period	74.4	32.5	72.4	51.7

Other Financial and Pro Forma Data

(in € millions)	Banijay Historical			Pro Forma for the year ended		Pro Forma for the three months ended	Three months ended	Twelve months ended
	Year ended December 31,			December 31,		March 31,	March 31,	March 31,
	2014	2015	2016	2015	2016	2016	2017	2017
		(audited)		(unaudited)		(unaudited)	(unaudited)	(unaudited)
Other financial information:								
Revenues	305.4	367.5	726.5	788.5	776.6	149.0	191.9	819.5
Earnings before interest and income tax (EBIT)	30.8	44.3	50.3	35.1	49.4	3.4	24.9	70.9
EBITDA(1)(3)	33.7	47.9	86.3	81.7	93.6	13.2	33.4	113.8
EBITDA margin(2)	11.0%	13.0%	11.9%	10.4%	12.1%	8.9%	17.4%	13.9%
Adjusted EBITDA(1)(3)(4)	41.2	53.0	103.3	82.2	105.1	10.7	27.6	122.0
Adjusted EBITDA margin(5)	13.5%	14.4%	14.2%	10.4%	13.5%	7.2%	14.4%	14.9%
Adjusted Free Cash Flow(6)	40.1	40.9	64.5	—	—	(12.0)	4.9	n/a
Cash conversion(7)	97.3%	77.2%	62.4%	—	—	—	17.8%	—
Pro Forma Adjusted EBITDA(3)(4)								127.6
As adjusted data:								
As adjusted net senior secured debt(8)								371.5
As adjusted net financial debt(9)								373.3
As adjusted interest expense(10)								
Ratio of as adjusted net senior secured debt to Pro Forma Adjusted EBITDA								2.91x
Ratio of as adjusted net financial debt to Pro Forma Adjusted EBITDA								2.93x
Ratio of Pro Forma Adjusted EBITDA to as adjusted interest expense								x

(1) We define "EBITDA" as earnings before interest and income tax ("EBIT") for the period, before depreciation and amortization of intangible and tangible assets.

(2) "EBITDA margin" is defined as EBITDA as a percentage of revenues.

(3) EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flow or any other measure of performance derived in accordance with IFRS. EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA as presented in this offering memorandum may differ from and may not be comparable to similarly titled measures used by other companies and differ from "Consolidated EBITDA" contained in "*Description of the Notes*" and in the Indenture. We present EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA for informational purposes only. This information does not represent the results we would have achieved had the Castaway Acquisition or other transactions for which an adjustment is made occurred at the dates indicated. There can be no assurance that items we have identified for adjustment as non-recurring will not recur in the future or that similar items will not be incurred in the future. The calculations for Adjusted EBITDA and Pro Forma Adjusted EBITDA are based on various assumptions (including the successful implementation of certain initiatives), management estimates and the unaudited management accounts of the acquired businesses. These amounts have not been, and,

in certain cases, cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of the financial condition or results of operations of the acquired businesses or other transactions for the periods presented, may not be comparable to our consolidated financial statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision. We present EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA because we believe they are helpful to investors as measures of our operating performance and ability to service our debt. EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. See "*Presentation of Financial and Other Information*."

(4) The following table shows a reconciliation of our profit (loss) for the year to EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA for the periods indicated:

	Banijay Historical			Pro Forma for the year ended December 31,		Pro Forma for the three months ended March 31,	Three months ended March 31,	Twelve months ended March 31,
	Year ended December 31,							
(in € millions)	2014	2015	2016	2015	2016	2016	2017	2017
	(audited)			(unaudited)		(unaudited)	(unaudited)	(unaudited)
Profit (loss) for the year	**11.5**	**(20.2)**	**22.4**	**(44.5)**	**16.6**	**(9.2)**	**11.9**	**37.7**
Discontinued operations	(0.5)	—	—	—	—	—	—	—
Badwill	(0.2)	(0.1)	—	(0.1)	—	—	—	—
Share of profit of associates and joint ventures	(4.2)	5.7	2.5	5.7	2.5	0.6	1.1	3.0
Profit, net of tax expense	**6.6**	**(14.7)**	**24.9**	**(38.9)**	**19.1**	**(8.6)**	**13.0**	**40.7**
Income taxes	9.0	11.1	(2.3)	14.8	(1.5)	(0.1)	6.7	5.3
Profit before tax and income (loss) from equity-accounted affiliates	**15.6**	**(3.6)**	**22.6**	**(24.1)**	**17.6**	**(8.7)**	**19.7**	**46.0**
Other finance income (costs)	13.3	46.6	13.9	41.8	17.6	8.6	1.7	10.7
Cost of net debt	1.9	1.3	13.8	17.4	14.2	3.5	3.5	14.2
Earnings before interest and income tax (EBIT)	**30.8**	**44.3**	**50.3**	**35.1**	**49.4**	**3.4**	**24.9**	**70.9**
Depreciation and amortization of intangible and tangible assets	2.9	3.6	36.0	46.6	44.2	9.8	8.4	42.8
EBITDA	**33.7**	**47.9**	**86.3**	**81.7**	**93.6**	**13.2**	**33.4**	**113.8**
Impairment losses and provisions, net of reversals[(a)]	1.1	0.6	6.4	0.6	6.4	0.1	(0.9)	5.4
Exceptional operating expenses[(b)]	2.2	4.7	26.4	21.9	27.1	2.5	1.6	26.2
IFRS 2 expenses[(c)]	4.3	(0.1)	1.8	(0.1)	1.8	0.7	0.5	1.5
Depreciation and amortization of intangible assets included in EBITDA[(d)]	—	(0.1)	(17.6)	(21.9)	(23.8)	(5.8)	(6.9)	(24.9)
Adjusted EBITDA	**41.2**	**53.0**	**103.3**	**82.2**	**105.1**	**10.7**	**27.6**	**122.0**
Full year impact of Castaway Acquisition[(e)]								5.7
Pro Forma Adjusted EBITDA								**127.6**

(a) Represents current impairment losses and provisions, net of reversals, primarily incurred in connection with the depreciation of our intellectual property rights.

(b) Represents operating expenses out of the ordinary course of business. For the year ended December 31, 2016, and the three months ended March 31, 2017, exceptional operating expenses primarily related to the Banijay Zodiak Merger. For the years ended December 31, 2014 and 2015, exceptional operating expenses primarily related to restructuring and acquisition costs.

(c) Represents share-based payments in connection with long-term incentive plans entered into with certain key managers.

(d) Represents the portion included in our EBITDA of the depreciation and amortization of production costs in connection with the production of scripted content.

(e) Represents the EBITDA contribution of Castaway as if it had been acquired on April 1, 2016. Castaway's financial year ends on March 31 of each year, and the most recent full-year financial information available for Castaway is that for the twelve months ended March 31, 2016. As a result, this amount represents Castaway's EBITDA for the twelve months ended March 31, 2016. The presentation of Pro Forma Adjusted EBITDA is for informational purposes only. This information does not represent the results we would have achieved had the Castaway Acquisition occurred and Castaway had been fully integrated on April 1, 2016. The calculations for Pro Forma Adjusted EBITDA are based on various assumptions and management estimates. We have not completed the Castaway Acquisition and there can be no assurance that we will be able to complete the Castaway Acquisition within the anticipated timeline, or at all. See "*Risk Factors—Risks Related to Our Business—The Castaway Acquisition is subject to uncertainties and risks.*" Furthermore, the EBITDA of Castaway for the twelve months ended March 31, 2016, may not be representative of what the EBITDA of Castaway would have been for the twelve months ended March 31, 2017, if such information were available and if the Castaway Acquisition had occurred on April 1, 2016. This number has not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not be comparable to our consolidated financial statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision. We cannot assure you that, if we do complete the Castaway Acquisition, we will not report materially different future results for Castaway from those indicated above.

Pro Forma Adjusted EBITDA is included in this offering memorandum because we believe that it provides a useful measure of our results of operations; however, this information does not constitute a measure of financial performance under IFRS, and you should not consider Pro Forma Adjusted EBITDA as an alternative to current operating profit/(loss) or any other performance measure derived in accordance with IFRS or as a measure of our results of operations or liquidity. Other companies, including those in our industry, may calculate a similarly titled financial measure differently from us, and so the presentation of such financial measures may not be comparable to other similarly titled measures of other companies.

(5) "Adjusted EBITDA" margin is defined as EBITDA as a percentage of revenues.

(6) Free Cash Flow and Adjusted Free Cash Flow are performance measures we use and which we believe are used by investors. Free Cash Flow and Adjusted Free Cash Flow are not a defined measure under IFRS. Therefore, Free Cash Flow and Adjusted Free Cash Flow should be viewed as supplemental to, but not as a substitute for, measures presented in our consolidated statement of cash flows, which are determined in accordance with IFRS. As not all companies define Free Cash Flow and Adjusted Free Cash Flow in the same way, Free Cash Flow and Adjusted Free Cash Flow as shown in this offering memorandum may not be comparable to similarly titled measures used by other companies. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*."

The following table shows a reconciliation of cash flow from operations before cost of net debt and tax to our Free Cash Flow and Adjusted Free Cash Flow for the periods indicated:

	Year ended December 31,			Three months ended March 31,	
(in € millions)	**2014**	**2015**	**2016**	**2016**	**2017**
Cash flow from operations before cost of net debt and tax	**39.0**	**50.0**	**103.9**	**2.4**	**32.7**
Net interest paid	(1.0)	(0.9)	(9.2)	(1.1)	(2.2)
Income tax paid	(9.7)	(8.6)	(20.8)	(6.0)	(2.3)
Changes in working capital	7.0	(6.3)	19.2	(4.6)	(18.9)
Dividends received[(a)]	4.9	6.2	0.1	—	—
Capital expenditure[(b)]	(1.8)	(2.3)	(56.1)	(4.1)	(8.7)
Free Cash Flow	**38.3**	**38.0**	**37.0**	**(13.4)**	**0.6**
IFRS 2 expenses	—	0.8	0.4	—	—
Capital expenditures for *El Legado* acquisition[(c)]	—	—	6.0	—	—
Exceptional expenses included in cash flow from operations[(d)]	1.8	2.0	21.1	n/a	2.9
Full-year impact of Castaway Acquisition[(e)]	—	—	—	1.4	1.4
Adjusted Free Cash Flow	**40.1**	**40.9**	**64.5**	**(12.0)**	**4.9**

(a) Represents dividends received primarily from our Brainpool joint venture in Germany.

(b) "Capital expenditure" represents net investments in property, plant and equipment and intangible assets, such as intellectual property rights, audiovisual rights, production contracts and works in progress.

(c) Represents exceptional capital expenditures in connection with the acquisition of the intellectual property rights to the Argentinean television format *El Legado* in 2016.

(d) Represents exceptional expenses included in cash flow from operations. For the year ended December 31, 2016, and the three months ended March 31, 2017, such exceptional expenses primarily related to the Banijay Zodiak Merger (excluding acquisition costs).

(e) Represents the Free Cash Flow contribution of Castaway as if it had been acquired on April 1, 2016. Castaway's financial year ends on March 31 of each year, and the most recent full-year financial information available for Castaway is that for the twelve months ended March 31, 2016. The presentation of Adjusted Free Cash Flow is for informational purposes only. This information does not represent the results we would have achieved had the Castaway Acquisition occurred and Castaway had been fully integrated on April 1, 2016. The calculations for Adjusted Free Cash Flow are based on various assumptions and management estimates. We have not completed the Castaway Acquisition and there can be no assurance that we will be able to complete the Castaway Acquisition within the anticipated timeline, or at all. See "*Risk Factors—Risks Related to Our Business—The Castaway Acquisition is subject to uncertainties and risks*." Furthermore, the Free Cash Flow of Castaway for the twelve months ended March 31, 2016, may not be representative of what the free cash flow of Castaway would have been for the twelve months ended March 31, 2017, if such information were available and if the Castaway Acquisition had occurred on April 1, 2016. These numbers have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not be comparable to our consolidated financial statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision. We cannot assure you that, if we do complete the Castaway Acquisition, we will not report materially different future results for Castaway from those indicated above.

Adjusted Free Cash Flow is included in this offering memorandum because we believe that it provides a useful measure of our results of operations; however, this information does not constitute a measure of financial performance under IFRS, and you should not consider Adjusted Free Cash Flow as an alternative to current operating profit/(loss) or any other performance measure derived in accordance with IFRS or as a measure of our results of operations or liquidity. Other companies, including those in our industry, may calculate a similarly titled financial measure differently from us, and so the presentation of such financial measures may not be comparable with other similarly titled measures of other companies.

(7) Cash conversion represents Adjusted Free Cash Flow divided by Adjusted EBITDA.

(8) "As adjusted net senior secured debt" represents total senior secured borrowings that are (a) secured on a basis *pari passu* with, or senior to, the Collateral in favor of the Notes or the Guarantees or (b) that is incurred by a subsidiary of the Issuer that is not a Guarantor, excluding the effect of amortized financing fees, less cash and cash equivalents, as adjusted to give effect to the Transactions and assuming that the Castaway Acquisition and the Equity Conversion completed on March 31, 2017. As adjusted net senior secured debt includes the Notes, any borrowings under the New Senior Credit Facilities and, as of March 31, 2017, €28.7 million of indebtedness incurred by our subsidiaries not guaranteeing the Notes.

(9) "As adjusted net financial debt" represents total financial debt excluding the effect of amortized financing fees and the Banijay Group Holding Shareholder Loan, less cash and cash equivalents, as adjusted to give effect to the Transactions and assuming that the Castaway Acquisition and the Equity Conversion completed on March 31, 2017. As adjusted net financial debt includes the Notes, any borrowings under the New Senior Credit Facilities and, as of March 31, 2017, €30.5 million of other third-party borrowings (including €28.7 million of indebtedness incurred by our subsidiaries not guaranteeing the Notes).

(10) "As adjusted net interest expense" represents our net interest expense for the twelve months ended March 31, 2017, as adjusted as if the Transactions had completed as set forth in "*Use of Proceeds*" and the Castaway Acquisition and the Equity Conversion completed on April 1, 2016. As adjusted net interest expense does not include any charges related to debt issuance costs in connection with the Offering. We do not intend to draw on the New Revolving Credit Facility on the Issue Date and we have assumed for purposes of this calculation that the New Revolving Credit Facility was undrawn for the twelve months ended March 31, 2017. As adjusted net interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issuance of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

RISK FACTORS

An investment in the Notes involves a high degree of risk. In addition to considering carefully, in light of the circumstances and your individual investment objectives, the information contained elsewhere in this offering memorandum, you should carefully consider the risks described below before investing in the Notes. If any of the events described below actually occurs, our business, results of operations, financial condition or prospects could be materially adversely affected and, accordingly, the value and the trading price of the Notes may decline, resulting in a loss of all or part of any investment in the Notes. The order in which the risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude or significance of the individual risk factors. Furthermore, the risks and uncertainties described herein may not be the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently consider to be immaterial may also have a material adverse effect on our business, results of operations, financial condition or prospects.

Risks Related to Our Business

We may not be able to retain key personnel or creative talents or to attract new creative talents.

Our business and our success have depended and will continue to depend on our creative talents, our management team and other key employees or partners, such as hosts, producers and local managers in our production companies. These individuals possess unique skills that are critical to the production of new formats and programs as well as the operation of our business. The loss or an extended interruption in the services of one or more of our hosts, producers, senior management or other key employees could have a material adverse effect on our business, results of operations or financial condition, as demonstrated by the retirement of Stefan Raab, a popular television host in Germany, from his television activities which led to an estimated €45 million loss in revenues for the year ended December 31, 2016. Additionally, a limited number of our contracts with broadcasters contain "key man" provisions that would allow the counterparties to terminate agreements early in case of the departure of a specific host or talents, even though any such departure may depend on factors beyond our control.

Considerable expertise could be lost or access thereto gained by competitors in the event of the departure of our creative talents. We aim to retain our key managers, hosts, producers and creative talents through various incentive agreements, such as earn-outs or put option agreements, when we have acquired a company from them, incentive plans based on their contribution to the success of the production company, non-compete clauses and exclusivity clauses. However, due to intense competition within the industry, there is a risk of losing creative talents or qualified employees to competitors or being unable to find a sufficient number of appropriate new talents or employees. For example, it may be difficult to replace programs with or produced by Cyril Hanouna and Nagui, two popular television hosts in France. If any famous host were to leave our production companies, it could have a material adverse effect on our business, results of operations or financial condition.

In addition to retaining talents, our future success depends in significant part on our ability to attract new managers and creative talents. Competition for highly qualified management executives and creative talents is intense. We may experience difficulties in attracting new personnel, we may not be able to hire the necessary personnel to implement our business strategy or we may need to pay higher compensation for employees than we currently expect. A shortage in the availability of qualified personnel and creative talents could limit our ability to grow. We cannot assure you that we will succeed in attracting and retaining the personnel we need to develop our business, which may have a material adverse effect on our business, results of operations or financial condition.

We have also benefited from the investments and the expertise of Stéphane Courbit, our Chairman, since he founded the Group in 2007. LOV Banijay, our majority shareholder, is beneficially owned by Mr. Courbit, who is involved in the development and the business strategy of the Group. Additionally, a limited number of our key managers and creative talents have a right to terminate their agreements with us in the event Mr. Courbit leaves the Group. Therefore, the departure of Mr. Courbit or any of these key managers and creative talents could have a material adverse effect on our business, results of operations or financial condition.

Customers may request to obtain intellectual property rights to the formats we create and programs we produce, which may have a negative impact on our revenues.

Broadcasters have increasingly requested intellectual property rights to the formats and programs for which they fully finance the production. This trend is particularly strong in the United States where broadcasters tend to impose a "producer for hire" approach (i.e., the producer is an independent contractor managing the production process, without any intellectual property rights on the program) and where it has become increasingly difficult for producers to retain any intellectual property rights, even when the producer has originally developed the format. In the United States, producers are typically required to finance at least part of the program to ensure that they are able to retain intellectual property rights in the format, which is contrary to our business model of low and flexible production costs. In Europe, broadcasters have also started to ask for a share of ownership of the formats or programs when they fully finance the production, whereas in certain countries, such as the Nordic Countries and Italy, according to market practice, broadcasters generally co-own the content. When we are not able to retain sufficient ownership of the intellectual property rights of the formats we create and programs we produce, we may lose control over our formats and programs and a portion of the distribution and secondary revenues. While we strive to retain maximum intellectual property rights when negotiating with broadcasters, we may not be able to do so and, if this trend further develops, it could have a material adverse effect on our business, results of operations or financial condition.

Intellectual property infringements may have a material adverse effect on our business.

Our ability to compete in our industry depends, in part, upon successfully protecting and retaining our proprietary and intellectual property, especially with respect to formats, which are more difficult to protect than rights to a program, because a program is a finished product that has already aired rather than a formalized concept. We protect our intellectual property rights to our formats and programs through available copyright and trademark laws. We then license and distribute these rights to reputable companies in specific territories for limited durations. Despite these precautions, existing copyright and trademark laws offer only limited practical protection for formats in certain jurisdictions. Unlike patents or trademarks for which registration is required, copyright does not require any registration and provides limited protection as it is more difficult to prove, especially for formats. Copyright infringement is particularly difficult to defend in many parts of the world that lack effective copyright and technical protective measures to prove copyright, or that lack an effective means for enforcing such measures, including certain jurisdictions in which we operate in Asia. In addition, intellectual property rights may not effectively protect the content we distribute around the world through our distribution business. The interpretation of copyright, privacy and other laws as applied to our content, and piracy detection and enforcement efforts, remain in flux. The failure to strengthen or the weakening of existing intellectual property laws could also make it more difficult for us to adequately protect our intellectual property and negatively affect its value.

It may also be possible for unauthorized third parties to copy our formats or portions of our formats without entering into a format license agreement with us or to exploit our programs, or part of our programs, without entering into a license agreement for one of our programs. Unauthorized distribution of our formats or programs has an adverse effect on our business because it reduces the revenues that we are able to receive from the legitimate sale and distribution of our formats or programs. It undermines lawful distribution channels and inhibits our ability to recoup or profit from the costs incurred in creating such works. Our failure to protect our intellectual property rights in a meaningful manner or challenges to related contractual rights could also result in erosion of our local brands. We incur significant costs in order to protect intellectual property rights in our formats, to monitor copyright infringement and to engage legal proceedings when necessary, which may affect our profitability, and we may not be successful in preventing harm to our business.

In addition, it is an inherent risk in our industry that people may claim to have developed a format similar to, and/or own intellectual property rights with respect to our formats and programs, whether or not such claims are frivolous. We may have to resort to litigation, arbitration or other legal proceedings in order to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such litigation or arbitration proceedings could result in substantial costs, including costs for obtaining rights or the loss of the opportunity to earn revenues from the intellectual property that is the subject of such proceeding, and the resulting diversion of resources and management's attention could have a material adverse effect on our business, results of operations or financial condition.

The revenues generated by our programs depend on positive reception by audiences, which is difficult to predict and impacted by various factors that we do not control.

Our core business is the development and production of programs that we license to broadcasters and to digital platforms. We generate revenues not only from producing and licensing these programs, but also from further development of the program (such as producing future seasons) and from secondary revenues such as the distribution in other countries or the licensing of related intellectual property rights. Therefore, revenues from a program, other than the initial license to a broadcaster, depend on a program's audience and its good ratings which are synonymous with the success of a program. However, once we have produced a program for a broadcaster, its success can be impacted by certain factors that we do not control. For example, broadcasters choose the time slot for the program. If a program is scheduled at a time that cannot adequately reach its targeted audience, the program may not be successful despite its potential. Our customers can also control the promotion and marketing around the program, if any. If a program does not reach a sufficient audience or does not receive satisfactory ratings, we may lose opportunities to generate secondary revenues and, for scripted programs that we have partially financed, we may also be unable to recover distribution advances made by our distribution subsidiary, Banijay Rights Limited. While we try to reduce our exposure to any particular program's success, our business may be negatively impacted if any of our key programs are no longer successful.

In addition, we have no control over whether broadcasters decide to renew our programs for additional seasons. When we produce daily or weekly programs, our agreements with broadcasters run for the whole television season, typically from September to June, and are generally renewed on that basis. If one of our customers were to decide to stop broadcasting a program that generates significant revenues for us, this may have a material adverse effect on our business, results of operations or financial condition. For example, in 2015, Canal Plus decided to stop purchasing *Le Grand Journal* from KM, one of our subsidiaries. KM had produced this program as co-producer and did not own intellectual property rights to *Le Grand Journal*. The program had been very successful in France and had aired for 11 consecutive years, when Canal Plus decided to produce the program in-house rather than through KM. We had no control over this decision. In addition, certain scripted programs require high production costs and upfront investments. Our distribution subsidiary, Banijay Rights Limited, will sometimes participate in these upfront investments, anticipating revenues from the distribution of the scripted program in various countries. If broadcasters decide not to renew the program after the first season, we may incur losses with respect to our upfront investments. Broadcasters may also decide to modify their offering to target a different audience and therefore cancel certain programs. For example, the U.S. television channel Oxygen decided to target a different audience and focus its offering on more family-oriented programs. This decision led Oxygen to cancel our reality program *Bad Girls Club* despite its good ratings after the last season aired in 2017. Decisions from broadcasters to terminate or not to renew some of our programs are discretionary and may have a material adverse effect on our business, results of operations or financial condition.

Our revenues and results of operations may fluctuate from period to period.

Revenues and projections for any independent production company that produces original television and digital content can be expected to fluctuate until the content is delivered and could fluctuate even after the content has aired. The following factors could impact our generation of revenues from time to time:

- Broadcasters may decide to make changes to a program during the production process, which may increase our production costs and cause delays in delivery or even postpone delivery to the next calendar year. Such delays may have a material adverse effect on our business, results of operations or financial condition.
- All broadcasters have a period of time during which they may reject or return our programs for modifications (both for editorial and technical reasons), and until the expiration of such period and the final approval of our content, we may not be able to recognize the expected revenues.
- Our revenues depend significantly upon the appeal of our content to our customers, the timing of the release of our programs and the commercial success of these programs, none of which can be predicted with certainty. For example, if a broadcaster decides not to renew one of our programs, it could materially impact our revenues compared to the previous period.
- Unanticipated delays in a program's production can delay our distribution revenues since we are unable to distribute a program until it has been finalized.

Accordingly, our revenues and results of operations may fluctuate from period to period. The results of one period may not be representative of the results of any future period. Any quarterly fluctuations that we report in the future may not match the expectations of market analysts and investors. This could cause the value of our local brands to fluctuate, which could have a material adverse effect on our business, results of operations or financial condition.

In addition, we are required to begin recognizing revenues in accordance with IFRS 15 for the financial year beginning January 1, 2018, and may then decide to apply IFRS 15 retroactively to prior financial periods by recognizing the cumulative effect of applying IFRS 15 as an adjustment to our opening balance of equity as at January 1, 2017, or instead, retain prior period figures as reported under IAS 18 and recognize the cumulative effect of applying IFRS 15 as an adjustment to our opening balance of equity as of January 1, 2018. The adoption of IFRS 15 means that revenues from contracts regarding the licensing of programs to broadcasters will be recognized on the basis of contractual performance obligations. While we expect little variance in the timing and amount of revenues to be recognized under our contracts from the first time IFRS 15 is applied, we cannot guarantee that our revenues as we are required by IFRS to report them in our financial statements will not be affected by the change to IFRS 15. As a result, the adoption of IFRS 15 may mean that our revenues are recognized at less regular intervals than in our historical financial statements, and after implementation our revenues may increase or decrease in the short term due to this accounting change. As a result, our financial statements for future period may not be directly comparable to historical periods.

A failure to honor our obligations under the terms of our agreements with broadcasters could have a material adverse effect on our business.

We rely on contracts with broadcasters to pay for our production costs, exploit our intellectual property rights and ultimately to grow our business. There can be no assurance that we will continue to be able to meet broadcasters' growing demands, reduced budgets and time lines, and this may increase our programs' production costs and future prospects with the same or new broadcasters. If we are not able to honor our obligations with broadcasters, this may negatively impact our production companies' reputations in their respective markets. In addition, our relationship with certain broadcasters may be jeopardized and lead to a reduction in, or termination of, our business with them if we are unable to honor our obligations in a timely manner or at all, which could have a material adverse effect on our business, results of operations or financial condition.

Inaccurately anticipating changes and trends in popular culture, media or technology, which impact viewing habits, can negatively affect our business, results of operations or financial condition.

Trends in the television and digital content sector change quickly. We have responded and continue to respond to such trends and developments by modifying, refreshing, extending and expanding our programming and product offerings on an ongoing basis. However, the ultimate appeal and popularity of content and products targeted to viewers can be volatile and we may not be able to anticipate and react quickly enough to shifts in tastes and interests within our local markets. If we inaccurately anticipate trends in popular culture and media, our current content may become less attractive to broadcasters, which would lead to smaller audiences and the ratings of our current programs may decrease. We may also lose existing broadcasting slots and new opportunities. Even if we accurately anticipate new trends in the television and digital content sector, we may incur significant costs in adjusting to these new trends. For example, scripted programs are increasingly popular, especially with the development of digital platforms, but are also significantly more expensive to produce than non-scripted programs, our core business. Adapting our business model to such new expensive trends may have a material adverse effect on our business, results of operations or financial condition.

A change in viewer and consumer preferences could cause our programming and our local brands to decline in popularity, particularly if our targeted audience loses interest in our highest rated or viewed programs or our daily programs, and thus, on the most profitable content in our portfolio. Our top ten programs generated 20% of our revenues as of and for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), with our top program generating 3.0% of our revenues for the same period. Such changes in viewer preferences and habits could decrease our revenues and jeopardize the renewal of our contracts with broadcasters, distributors and other customers. Moreover, we may invest substantial amounts of resources in a program that is not renewed after the first season and as a result, we will not be able to reach the level of revenues and/or margins budgeted and benefit from our production expertise to increase margins for the following seasons. For example, this occurred with our programs *Dilemma*, *The*

Cover and *Trust,* which we developed and produced in France, and *Mentor*, one of our programs developed and produced in the Nordic Countries. If our programs do not achieve sufficient consumer and audience acceptance or satisfactory ratings, they are not likely to be renewed, which could lead to a decline in our revenues from television and digital content production, distribution and ancillary rights or these revenues may fail to grow to the extent we anticipate when making investment decisions and thereby could have a material adverse effect on our business, results of operations or financial condition.

Viewers may also object to the content we produce or distribute based on their religious, political or ideological positions. This may apply, in particular, to content that is graphic in nature, politically oriented or targeted at a specific segment of the audience, including, for example, those who speak a certain language. Viewers, interest groups, political and religious parties or other organizations may assert legal claims against us, seek to ban the exhibition of our media content, protest against our programs and products or object in a variety of other ways. Any of the foregoing may require us to expend substantial resources and/or to discontinue certain offerings, which could harm our reputation and have a material adverse effect on our business, results of operations or financial condition. For example, Cyril Hanouna, one of our key managers and a very popular television host in France, has recently been accused of inappropriate behavior on television in our program *Touche pas à mon poste!* and, on June 7, 2017, the French content regulator (*Conseil supérieur de l'audiovisuel* the "CSA") banned C8, the broadcaster of *Touche pas à mon poste!*, from diffusing any advertisements during the program as well as fifteen minutes before and after each broadcast for a period of three weeks. This ban will impact C8's revenues, and the CSA could impose similar or other sanctions in the future. Such decision could have a negative impact on our local brand image and on our revenues.

We may need additional capital to fund our growing operations, especially for the production of scripted programs. If we are not able to obtain sufficient capital, we may be forced to limit the scope of our operations.

The production, completion and distribution of television and digital programs, particularly scripted programs, are subject to a number of uncertainties, including delays and increased expenditures due to disruptions or events beyond our control. Risks such as the death or disability of star performers, technical complications with special effects or other aspects of production, shortages of necessary equipment, damage to film negatives, master tapes and recordings, or adverse weather conditions may cause cost overruns and delay or frustrate the completion of a production. While we endeavor to respect our broadcaster customers' budgets and have a strong reputation for achieving this goal, if a television production incurs budget overruns, we may have to use our own cash reserves or seek additional financing from outside sources to complete production. With respect to distribution, if we are unable to accurately predict consumer preferences toward our programs, we may lose our investments, especially for scripted programs for which we typically make upfront investments and rely on distribution revenues to finance the production either partially or significantly.

While we believe that we will be able to fund our business through operating cash flow generated though our business model, if the generation of our cash flow is lower than anticipated or they do not come to fruition in the anticipated time frame, we could require additional debt financing to sustain our operations. If we are unable to obtain adequate additional debt financing on reasonable terms or at all, we may not be able to continue to develop our business, especially the production of scripted programs which requires larger investments, especially in the development phase, and we would have to modify our business plan and projections accordingly. If adequate financing is not available, or unavailable on acceptable terms, we may find that we are unable to fund expansion, continue to offer products and services, take advantage of acquisition opportunities, develop or enhance our products or services, or respond to competitive pressures in the industry, all of which may jeopardize our ability to continue operations successfully and profitably.

Changes in global or regional economic conditions could adversely affect our business, results of operations or financial condition.

While the television industry has demonstrated resilience and the ability to rebound, as the global television advertising market quickly recovered after the decline in 2008 and has subsequently recorded consecutive years of continued growth, we may still experience adverse impacts caused by domestic and/or international economic downturns (including the current challenging economic landscape) in the global markets in which we operate. A decline in economic activity in the United States or Europe, as well as in other regions of the world, can adversely affect demand for entertainment and could reduce demand for and sales of our formats and programs, thus reducing our revenues and earnings. During the most recent decline in economic conditions in 2008 resulting from the financial crisis, particularly in Spain and in Italy (where advertising revenues have decreased), television networks had less liquidity to acquire rights to new formats and programs from production companies. Similar impacts can be expected should such conditions recur.

Additionally, an increase in price levels generally, or specifically an increase in price levels in television licenses or digital media subscription services, could result in a shift in consumer demand away from the television and digital content products we offer, which could also decrease our revenues, increase our costs or both. A decline in economic conditions could also reduce the amount consumers are willing to spend on premium television show offerings and digital content. A decline in demand in any of our markets could have a material adverse effect on our business, results of operations or financial condition.

Changes in global or regional economic conditions may also have a negative impact on the public financing of state-owned broadcasters, such as France Télévisions in France and the BBC in the United Kingdom, which could reduce demand for our programs and cause such broadcasters to decide to not renew certain programs, result in postponements or the cancellation of projects and production orders, or lead to unfavorable renegotiations of production budgets, all of which could result in a reduction in sales or revenues. Economic conditions can also impair the ability of our business partners to satisfy their financial obligations. There can be no assurance that we will be capable of executing or furthering, to any meaningful degree, our business plans during economic downturns and we may not be able to recoup investments we have made in developing a program. Any such failure could have a material adverse effect on our business, results of operations or financial condition.

We may not be able to adapt to new customers or to changes in viewer behavior resulting from the development of new technologies.

The television and multimedia industry continues to undergo significant changes, primarily due to technological developments. We must successfully adapt to technological advances in our industry, including the emergence of alternative distribution channels. Consumers are now watching more channels and more content on more devices, driving increased competition for quality programs to deliver audience ratings. Devices such as tablets have accelerated the launch of digital platforms and the rise of social media has increased audience engagement and contributed to new program development. Our ability to provide and/or adapt our content to new customers and to exploit new viewing technologies will affect our ability to maintain or grow our business. Emerging forms of content distribution, such as SVOD services, may provide different economic models and compete with our traditional customers' channels in ways that are not entirely predictable. Such changes may decrease viewership of our traditional customers' channels and impact the revenues we are able to generate from them. These new content providers have lower budgets to invest in programs, which requires us to adapt our production methods to these requirements in order to maintain our margins. We must also adapt to changes in consumer behavior driven by developments such as digital video recorders and mobile devices that are establishing themselves as alternative providers of video and digital content services.

Developing new, innovative and improved formats and programs for evolving content providers is costly and requires capital funding and significant creative resources. There can be no assurance that: (i) the launch of any such new formats and programs would be successful; (ii) our market share for such new formats and programs would continue to grow or remain as it is; (iii) we would be successful in developing other new formats and programs systems or distribution channels or bring them to market in a timely manner, or at all; (iv) our customers would not substitute our formats and programs with competing ones; (v) our formats and programs will be able to address maturing audience trends; or (vi) our competitors would not be able to produce formats and programs similar to ours at a lower cost from other sources. A failure to adapt to these new distribution channels could have a material adverse effect on our business, results of operations or financial condition.

Increased employment costs may have a material adverse effect on our business, results of operations or financial condition.

Our labor costs, including salaries as well as payments to freelancers or writers, represent a significant part of our expenses and may rise faster than expected in the future as a result of a larger workforce, salary increases and headcount increases. We may be unable to offset the increase in labor costs through our sales. We incur costs for our creative talents, including format creators, hosts, writers, show-runners and producers, who create our original programming. Some of our original programming and our creative talents have achieved significant popularity and critical acclaim, which has increased and could continue to increase the costs of such programming in the future. In addition, from time to time, we have disputes with writers, actors and other creative talents over the amount of royalty and other payments to be made, primarily with respect to scripted programs. We believe that disputes of this type are endemic to our business and similar disputes may arise from time to time in the future. If labor costs increase further, our operating costs will also increase, which could, if we are unable to recover these cost increases from our customers through increased selling prices or offset such cost increases through labor productivity gains or other measures, have a material adverse effect on our business, results of operations or financial condition.

If we are unable to compete effectively with existing or new competitors, our market share and sales could decline or not grow as rapidly as expected.

The industry in which we operate is competitive and our results of operations are sensitive to, and may be adversely affected by, competitive pricing, promotional pressures, additional competitor offerings and other factors such as flexibility in our production costs, many of which are beyond our control. Our primary competition comes from competitors such as Endemol Shine, ITV Studios and Fremantle Media, and the in-house production units of large broadcasters. Broadcasters may choose to produce their own content in-house rather than licensing our programs or commissioning a producer. Potential competitors may also have developed innovative formats or blockbusters and have greater name recognition, industry contacts and more extensive client bases that could be leveraged to accelerate their competitive activity. Moreover, potential competitors may establish future cooperative relationships among themselves and with third parties, or merge into or acquire one another, to enhance their programs in the television and digital marketspace. In recent years, the production market has experienced consolidation among its major competitors, such as Endemol Shine and Fremantle Media, through a series of acquisitions, which allow for growth in international sales and distribution divisions through the growing of content libraries over which they have acquired ownership and control. Consequently, competitors or alliances may emerge and rapidly acquire significant market share. We cannot assure you that we will be able to compete effectively with any competitor for market share or for acquisition opportunities or that the competitive pressures faced by us will not adversely affect our business. Such intense competition could limit our opportunities and could have a material adverse effect on our business, results of operations or financial condition.

Currency mismatches may have an adverse impact on our financial position.

The euro is our functional currency. We use euros and U.S. dollars for the majority of our transactions. However, we currently sell into a large number of countries worldwide with differing and sometimes volatile currencies and each of our Group companies determines its own functional currency. We believe sales or purchases among our Group companies are not significant and, as a result, that cash flows are not sensitive to changes in currency because most of the expenses of our production companies are in the currency of their income. Nevertheless, we inevitably face currency risks, particularly with respect to U.S. dollar and GBP fluctuations. For the year ended December 31, 2016, sales carried out in U.S. dollars represented 23.4% of our consolidated revenues. A variation of 5% in the U.S. dollar exchange rate would have had an impact on our consolidated revenues of €8 million and on our consolidated operating profit of €1 million. As of December 31, 2016, sales carried out in GBP represented 11.0% of our consolidated revenues. A variation of 5% in the GBP exchange rate would have had an impact on our consolidated revenues of €3.8 million and on our consolidated operating profit of €0.2 million. Changes in foreign currency exchange rates may have an adverse effect on our financial position.

We are exposed to risks associated with content piracy, including digital and internet piracy, which may adversely affect our business, results of operations or financial condition.

The conversion of content into digital formats facilitates the creation, transmission and "sharing" of high quality unauthorized copies of film, television programs and recorded music. As a result, consumers may be able to download and distribute unauthorized or pirated copies of our television programs over the internet. Some consumers may choose to stream, download or purchase physical and digital pirated versions of content rather than watch our content via legitimate channels. This directly affects broadcasters' revenues and, as a result, affects the budgets that they are able to allocate to acquiring our programs. Significant growth in these consumer practices in the television industry could have a material adverse effect on our business, results of operations or financial condition.

Our business may be affected by the default of counterparties in respect of money owed to us.

In the ordinary course of our business, we are often owed significant amounts of money by numerous customers. If a client undergoes financial difficulties, payments may be significantly delayed and, ultimately, we may not be able to collect amounts payable to us under our agreements. This is particularly true for our distribution business, whose our customers might not be large broadcasters and come from all around the world. An inability to collect amounts due could require us to write off significant debts, which may have a material adverse effect on our business, results of operations or financial condition.

We are subject to risks associated with acquisitions and joint ventures.

We have made or entered into, and will continue to pursue, various acquisitions, business combinations and joint ventures intended to complement or expand our business, such as the Banijay Zodiak Merger or the Castaway Acquisition. See "*Summary—The Transactions—The Castaway Acquisition*." Given that discussions or activities relating to potential acquisitions range from private negotiations to participation in open bid processes, the timing of any such acquisition is uncertain. Although we actively and regularly engage in discussions and activities with respect to possible acquisitions and investments, we have no present agreements or understandings to enter into any such material transaction other than the Castaway Acquisition. Any indebtedness incurred or assumed in connection with an acquisition may or may not increase our leverage relative to our EBITDA or to our equity capitalization. In addition, we may encounter difficulties integrating acquired assets into our existing operations.

In addition, we may not realize the expected benefits at the time we enter into these agreements. We acquire production companies to, among other things, access talents and acquire intellectual property rights of formats and programs developed by such companies and to benefit from the expertise of creative talents or producers at such companies. If broadcasters are no longer interested in these programs or formats, or if broadcasters are no longer interested in working with such creative talents or producers, and decide not to renew them shortly after the relevant acquisition, we may not be able to realize the expected revenues and we may fail to recoup our investments. Certain talents may also be less in demand and decide to leave. For example, if broadcasters were to decide not to renew the *Survivor* program in certain countries following the Castaway Acquisition, this could have a material impact on the expected revenues and synergies from the Castaway Acquisition, and consequently, on our cash flow generation.

Future acquisitions by us could also result in the following consequences:

- we may fail to identify suitable acquisition or joint venture opportunities, which may restrict our ability to grow our business;
- we may face competition from our direct competitors for certain acquisitions or joint venture opportunities that we may consider beneficial, which could make it more difficult to organically increase our business;
- we may fail to retain creative talents following an acquisition or business combination. For example, following the Banijay Zodiak Merger, certain managers of a subsidiary of Zodiak in Spain left the Group to establish a direct competitor, which had a negative impact on our revenues in this market;
- we may not plan or manage a particular acquisition effectively;
- we may be unable to procure financing for an acquisition on satisfactory terms or at all;
- we may face increased competition for acquisitions as markets in which we operate undergo continuing consolidation;
- we may not be able to retain key personnel or client contracts of acquired businesses (which, in the case of such contracts, can be due to change of control clauses in such contracts);
- we may encounter unanticipated events, circumstances or legal liabilities related to the acquired businesses for which we may be responsible as the successor owner, controlling entity or operator in spite of any investigation we make prior to the acquisition and for which we have no or insufficient protection;
- labor laws in certain countries may require us to retain more employees than would otherwise be optimal from entities we acquire;

- future acquisitions could result in the incurrence of additional debt and related interest expense or contingent liabilities and amortization expenses related to intangible assets, which could have a material adverse effect on our financial condition, operating results and/or cash flow;
- future acquisitions may be subject to antitrust or competition approval of the transaction, which may cause significant delays to the completion of any such acquisition or may prevent it from being consummated at all;
- an acquisition may not achieve anticipated synergies or other expected benefits, or we may underestimate the costs related to the implementation of such synergies or cost savings;
- we may incur substantial costs, face delays or experience other operational or financial problems in integrating acquired businesses, such as costs and issues relating to monitoring, hiring and training new personnel, the implementation of governance and compliance systems and procedures, the integration of information technology and accounting and internal control systems;
- we may incur costs associated with developing appropriate risk management and internal control structures for acquisitions in a new market, or understanding and complying with a new regulatory scheme;
- increased investments may be needed in order to understand new markets and follow trends in these markets in order to compete effectively;
- we may have a reduced ability to predict our performance or expenditures in the event we have less experience in the market of the acquired business than in the markets in which we previously operated;
- we may face potential economic or political instability depending on the countries in which we acquire a business or a company;
- acquisitions may divert our management's attention from the operation of existing businesses;
- the incurrence or assumption of debt and contingent liabilities, which debt may or may not increase our leverage relative to our EBITDA or equity capitalization;
- the impairment of goodwill and other intangibles;
- the development write-offs; and
- other acquisition related expenses.

Any of the foregoing could have a material adverse effect on our business, results of operations or financial condition.

Litigation may harm our business or otherwise distract management.

Substantial, complex or extended litigation could cause us to incur large expenditures and could distract our management. For example, lawsuits by broadcasters, licensors or other customers, consumers, employees and competitors could be very costly and disrupt business. In addition, we may incur significant litigation costs with respect to international disputes, particularly if disputes occur in jurisdictions in which we do not operate. While disputes from time to time are not uncommon, we may not be able to resolve such disputes on terms favorable to us. As a result, members of management may be distracted from their business roles and we may face substantial expenses and monetary damages, damage to our reputation and decreased demand for our content, all of which could also have a material adverse effect on our business. For a description of our ongoing material litigation, see "*Business—Legal Proceedings*." The ultimate outcome of such proceedings or claims could have a material adverse effect on our business, results of operations or financial condition in the period in which the impact of such matters is determined or paid.

Legal proceedings in connection with accidents during the production process of our formats may also disrupt our business. Certain of our programs are adventure-based reality shows and are produced outdoors and in remote locations. While we always aim to implement all the necessary security measures, we may not be able to prevent accidents and casualties that may be costly and may significantly impact our business in terms of image and reputation. For example, in March 2015, two helicopters carrying show participants and employees of the Group for the production of the format *Dropped* collided in Argentina, causing the death of all the passengers. Criminal investigations and civil proceedings have been initiated in

Argentina and in France. See "*Business—Legal Proceedings—Legal Proceedings in Relation to Accidents That Have Occurred During Our Productions*."

In addition, as a producer and distributor of original and third-party media content, we face potential liability based on a variety of causes of action, including defamation, libel, invasion of privacy, negligence, copyright or trademark infringement and other claims based on the nature, content, creation or distribution of such content. These types of claims have been brought against us and other producers and/or distributors of media content. Our insurance may not be adequate to cover any such liability that results from any of the foregoing claims. Irrespective of the validity or the successful assertion of such claims, investigating and defending these types of claims are expensive and could subject us to significant monetary costs or cause a change in business practices or reputation that could negatively impact our ability to compete and grow our business.

We face risks from doing business internationally.

We conduct business in 16 countries and have a worldwide distribution business. As a result, our business is subject to certain risks inherent in international business, many of which are beyond our control. These risks include:

- issues related to integrating and managing international operations and investments;
- potentially adverse tax developments. For example, we benefit from tax incentives in certain jurisdictions. A change in tax regulations may have a negative impact in our business in these jurisdictions;
- a lack of sufficient protection for intellectual property in some countries;
- territorial restrictions on content licensing;
- currency exchange restrictions, export controls and currency devaluation risks in some foreign countries;
- the existence in some countries of regulatory or other restrictions that impede the ability of foreign companies to conduct business in such countries;
- the existence of quotas and other content-related limitations or restrictions (such as government censorship);
- restrictions on television advertising and marketing;
- issues related to occupational safety and adherence to local labor laws and regulations;
- political or social unrest;
- higher than anticipated costs of entry;
- the presence of corruption in certain countries;
- the absence of good diplomatic relations between the countries in which we operate and certain other countries;
- the potential for government appropriation of our assets; and
- restrictions on expatriating cash or other assets in some countries (for example, India).

Any of these factors could have a material adverse effect on our business, results of operations or financial condition.

Part of our strategy is to increase our presence in the United Kingdom. On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit." As a result of the referendum, the British government has begun negotiating the terms of the United Kingdom's withdrawal from the European Union. A withdrawal could, among other outcomes, disrupt the free movement of goods, services and people between the United Kingdom and the European Union, undermine bilateral cooperation in key policy areas, significantly disrupt trade between the United Kingdom and the European Union, and cause political and economic instability in other countries of the European Union. Given the lack of comparable precedents, it is unclear what financial, trade and legal implications Brexit would have and whether our business, results of operations and/or financial condition will be materially adversely affected. In addition, we operate our distribution business through our subsidiary Banijay Rights Limited, an entity incorporated in the United Kingdom. There can be no assurance that Brexit would not have a negative impact on our subsidiary Banijay Rights Limited or on our business, results of operations or financial condition.

Our ability to exploit secondary rights on the content we produce varies from one program to another.

Our ability to exploit our programs in forms other than the initial licensing to broadcasters varies from one program to another. The additional rights that we receive from content we produce are known as "secondary rights." In some cases, we have no exploitation rights, and in other cases, we only have the right to distribute them in certain media and territories for a limited term, depending on the ownership of the format and on our agreement with the broadcaster. We cannot assure you that we will be able to retain worldwide and perpetual rights to exploit our programs, and any such failure could have a material adverse effect on our business, results of operations or financial condition.

Labor disputes involving our own employees may disrupt our operations and adversely affect our results of operations.

Labor regulations may have an impact on our operations. In certain jurisdictions in which we operate, such as France, the status of participants in reality television programs has been challenged and they have been recognized as employees, which has required us to enter into specific agreements with them and pay additional associated costs. Our industry relies heavily on freelancers and, in certain jurisdictions, contracts with freelancers can allow them to claim the status of permanent employees and to benefit from the rules attached to such status, which has a cost for us. There can be no assurance that new employment regulations will not significantly impact our business and result in a material increase in costs, which may have a material adverse effect on our results of operations or financial condition.

We are owned by two companies, one of which holds supermajority voting power.

LDH, a company whose shareholders are Stéphane Courbit's LOV Group (50.1%) and DeA (49.9%), controls Banijay Group Holding through its holdings of 68.6% of Banijay Group Holding's share capital following the New Vivendi Equity Injection. Vivendi Content owns the remaining 31.4% of the share capital of Banijay Group Holding, which in turn owns 90.3% of the share capital of the Issuer. Therefore, two companies, LDH and Vivendi Content, can make all corporate decisions for the Group. LDH alone, or together with Vivendi Content, can decide the election of directors, the amendment of our bylaws and any approval of mergers, and other significant corporate transactions. See "*Shareholders—Shareholders' Agreements*." Moreover, Stéphane Courbit's LOV Group, as the majority owner of LDH, can direct LDH's votes. Our controlling shareholders' actions can affect our strategic decisions, our legal and capital structure, and our day-to-day operations. In addition, they may have an interest in pursuing acquisitions, divestitures, or other transactions that, in their judgment could enhance their equity interests, even though these transactions may involve risks. In addition, sales of significant amounts of the Group companies' shares held by either LDH or Vivendi Content, which are subject to a lock-up agreement until February 2018, or the prospect of these sales, could taint our brand and our value and have a material adverse effect on our business, results of operations or financial condition.

If we fail to implement our business strategy, our financial performance and our growth could be materially and adversely affected.

Our future financial performance and success are dependent in large part upon our ability to implement our business strategy. Our business strategy involves several initiatives, including increasing revenues from existing customers, growing our customer base and viewership, pursuing selected acquisitions, and attracting and retaining creative talents. We may not be able to implement our business strategy successfully or achieve the anticipated benefits of our business plan. If we are unable to do so, our long-term growth and profitability may be adversely affected. Even if we are able to implement some or all of the initiatives of our business plan successfully, our operating results may not improve to the extent we anticipate, or at all. In addition, we may decide to alter or discontinue certain aspects of our business strategy at any time.

Implementation of our initial or revised business strategy could also be affected by a number of factors beyond our control, such as increased competition, legal developments, government regulation, general economic conditions, or increased operating costs or expenses. In addition, to the extent we have misjudged consumer trends in popular culture and media as well as the nature of our competition, we may have difficulty in achieving our strategic objectives. Any failure to successfully implement our business strategy may adversely affect our business, results of operations or financial condition.

Changes in tax laws or challenges to the Group's tax position could adversely affect our results of operations or financial condition.

We are subject to complex tax laws. Changes in tax laws could adversely affect the Group's tax position, including our effective tax rate or tax payments. We often rely on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with our interpretation of these laws. If the Group's tax positions are challenged by the relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our services to track and collect such taxes, which could increase our costs of operations or the Group's effective tax rate and have a negative effect on our business, financial condition and results of operations. In addition, we rely on various tax credits and incentives to optimize the production costs of our scripted programs. The revocation of these tax credits and incentives by new laws, or the occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

The Pro Forma Financial Information presented in this offering memorandum may not reflect what our actual results of operations and financial condition would have been had we and the Zodiak Group been a combined company for the periods presented and thus these results may not be representative of our future operating performance. The Pro Forma Financial Information included herein is subject to certain significant assumptions and limitations.

On February 23, 2016, we completed the Banijay Zodiak Merger, a reverse merger pursuant to which Banijay Holding, the holding company of the Group prior to the Banijay Zodiak Merger, was merged with and into Zodiak, which was renamed Banijay Group S.A.S. upon completion of the reverse merger. However, under reverse acquisition accounting principles, Banijay Holding is treated as the accounting acquirer and Zodiak is treated as the accounting acquiree. As a result, the audited consolidated financial information of the Issuer as of and for the year ended December 31, 2016, includes (i) the operations of the accounting acquirer (Banijay Holding) from January 1, 2016 to December 31, 2016, and (ii) the operations of the legal parent (the Issuer, formerly Zodiak) from February 23, 2016, the date of the completion of the Banijay Zodiak Merger, to December 31, 2016. Therefore, the Issuer's financial statements presented in this offering memorandum, other than the Pro Forma Financial Information, do not fully represent the results of operations and financial condition of the entire business, and the comparability of the Issuer's financial statements with the financial statements of Banijay Holding or Zodiak over each of the periods presented is significantly limited.

In order to aid the comparability of the financial condition and results of operations of our business after giving effect to the Banijay Zodiak Merger, we have presented the Pro Forma Financial Information in this offering memorandum. The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and, therefore, does not represent the Issuer's actual financial condition or results for the periods indicated. The Pro Forma Financial Information is based on certain assumptions that we believe are reasonable. Our assumptions may prove to be inaccurate over time. Accordingly, the Pro Forma Financial Information may not reflect what the Issuer's results of operations and financial condition would have been had Banijay Holding and Zodiak been a combined company during the periods presented, or what the Issuer's results of operations and financial condition will be in the future.

As the Banijay Zodiak Merger was completed pursuant to a reverse merger transaction, we derived the Pro Forma Financial Information by applying pro forma adjustments to the audited historical consolidated financial information of the Issuer and its subsidiaries as of and for the years ended December 31, 2015 and 2016, even though we did not own or control the Zodiak Group for the entire duration of the periods presented, and under IFRS would not have been permitted to consolidate the results of the Zodiak Group in our historical financial statements.

For more information on the presentation of financial information in this offering memorandum, including their limitations, see "*Presentation of Financial and Other Information*."

The Castaway Acquisition is subject to uncertainties and risks.

The Castaway Acquisition is subject to uncertainties, including the satisfaction of certain conditions and the performance of certain customary closing actions, some of which are outside our control. If these conditions are not satisfied on or prior to July 31, 2017, and if such date has not been extended by the parties, the Castaway Acquisition Agreement may be terminated. Following the completion of the

Castaway Acquisition, we will use commercially reasonable efforts to cause Castaway to guarantee the Notes and grant a pledge over all its material assets in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities and to cause Banijay Rights Limited to grant a pledge over the share capital of Castaway in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities. There can be no assurance that we will be able to complete the Castaway Acquisition, that Castaway will be able to guarantee the Notes and the New Senior Credit Facilities, and/or that Banijay Rights Limited will be able to grant a pledge over the share capital of Castaway in favor of the holders of the Notes and the lenders under the New Senior Credit Facilities. Your decision to invest in the Notes is made at the time of purchase. Changes in our business or financial condition, or the terms of the Castaway Acquisition or the financing thereof, between the closing of this Offering and the completion date of the Castaway Acquisition, will have no effect on your rights as a purchaser of the Notes.

A substantial amount of our assets represents goodwill and other intangible assets, and our earnings will be reduced if our goodwill becomes impaired.

Goodwill is generated in acquisitions where the cost of an acquisition exceeds the fair value of the net tangible and identifiable intangible assets we acquire. Goodwill is subject to an impairment analysis at least annually based on a comparison of the recoverable value of the cash generating unit or group of cash generating units to which the goodwill relates and the carrying value of that cash generating unit(s). In addition, as part of our business activities, we develop, acquire and hold certain intangible assets related to, among other things, broadcast rights, trademarks and other content-related assets, which are also subject to impairment. As of March 31, 2017, our goodwill represented €527.8 million, or 45.3% of our total assets, and this amount may increase following the purchase price allocation of the Castaway Acquisition. The purchase price allocation will be completed within twelve months from the acquisition date. The completion of the purchase price allocation in accordance with IFRS 3 (revised) will result in the recognition at the date of acquisition of all identifiable assets acquired and the liabilities or contingent liabilities assumed of Castaway at fair value. We could be required to recognize expenses in our consolidated income statement caused by the impairment of goodwill or other intangible assets, which if significantly impaired, could materially and adversely affect our results of operations. Any future impairment of goodwill or other intangible assets may result in material reductions of our income and equity under IFRS.

Risks Related to Our Indebtedness

The Issuer and certain of the Guarantors are holding companies that have no revenue-generating operations of their own and will depend on cash from the operating companies of our Group to be able to make payments on the Notes or the Guarantees.

The Issuer and certain Guarantors are holding companies with no business operations other than the equity interests and/or intercompany receivables they hold in each of their subsidiaries. The Issuer and such Guarantors are dependent upon the cash flow from their operating subsidiaries in the form of dividends, interest payments on intercompany loans or other distributions to meet their obligations, including their obligations under the Notes or the Guarantees. If the subsidiaries of the Issuer do not fulfill their obligations under certain intercompany loans to make scheduled payments, the Issuer may not have any other source of funds that would allow it to make payments to the holders of the Notes. The amounts of such payments, dividends and other distributions available to the Issuer and such Guarantors will depend on the profitability and cash flow of their respective subsidiaries as well as the ability of those subsidiaries to declare dividends under applicable law. The subsidiaries of the Issuer and such Guarantors, however, may not be able to, or may not be permitted under applicable law to, make distributions, make interest payments on, or otherwise advance upstream loans to the Issuer or such Guarantors in order to make payments in respect of their debt, including the Notes and the Guarantees. While the Indenture will limit the ability of the Issuer's subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments, these limitations are subject to significant qualifications and exceptions, including exceptions for restrictions imposed by applicable law. In addition, the subsidiaries of the Issuer that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

Our significant leverage may make it difficult for us to operate our businesses.

We currently have, and after the issuance of the Notes will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As of March 31, 2017, our pro forma net financial debt, as adjusted to give effect to the Transactions, including the application of proceeds from the

Offering and drawings under the New Senior Credit Facilities, would have been €373.3 million, which reflects external interest-bearing loans and borrowings less cash and cash equivalents. See "*Capitalization*." In addition, the New Revolving Credit Facility provides for borrowings up to an aggregate of €35.0 million. Our significant leverage could have important consequences for our business and operations and for holders of the Notes, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and the New Senior Term Loan as it is amortized;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund acquisitions or organic growth projects and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including on the Notes. Our ability to make payments on and refinance our debt and to fund acquisitions, working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or to fund our future acquisitions or other working capital expenditures.

In addition, we may be able to incur substantial additional debt in the future, including debt in connection with future acquisitions. The terms of the New Senior Credit Facilities Agreement and the Indenture will permit our subsidiaries to do so, although in each case subject to certain limitations. If new debt is added to our current debt levels, the risks that we currently face could intensify. For a discussion of our cash flow and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources*."

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our business.

We may incur substantial additional debt in the future. Although the Indenture and the New Senior Credit Facilities Agreement will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Under the Indenture, in addition to specified permitted debt, we are, or will be, able to incur additional debt so long as our Consolidated Fixed Charge Coverage Ratio (as defined in the Indenture) on a pro forma basis is at least 2.00 to 1.00. In the event such debt is Secured Indebtedness (as defined in the Indenture), our Consolidated Secured Leverage Ratio (as defined in the Indenture) on a pro forma basis is no more than 3.50 to 1.00. We are also able to refinance debt outstanding under the New Senior Credit Facilities Agreement with debt incurred in compliance with these ratios and then be able to draw amounts under the New Senior Credit Facilities Agreement at a time when we do not meet these ratios. The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes or may be secured by collateral other than the Collateral that secures the Notes and the Guarantees. In addition, the Indenture and the New Senior Credit Facilities Agreement do not prevent us from incurring obligations that do not constitute debt under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this offering memorandum.

We are subject to restrictive covenants which limit our operating, strategic and financial flexibility.

The New Senior Credit Facilities Agreement and the Indenture will contain covenants which impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain investments or acquisitions, including participating in joint ventures or undertaking capital expenditures;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- agree to limitations on the ability of our subsidiaries to make distributions;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital of certain subsidiaries;
- impair the security interests granted for the benefit of the holders of the Notes; and
- create or incur certain liens.

These covenants could affect our ability to operate our business and may limit our ability to react to market conditions or regulatory developments or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, pursue future acquisitions, investments or alliances, restructure our organization or finance our capital needs or such acquisitions.

Our failure to comply with the covenants under the New Senior Credit Facilities Agreement or the Indenture, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our financial condition and results of operations.

The New Senior Credit Facilities Agreement will require us to comply with various financial covenants requiring us to maintain specified leverage ratios and which are tested half yearly. See "*Description of Other Financing Arrangements—New Senior Credit Facilities Agreement*." Our ability to meet these financial ratios could be affected by deterioration in our operating results, as well as by events beyond our control and we cannot assure you that we will be able to meet these ratios. In addition, the New Senior Credit Facilities Agreement includes certain events of default (including, among other things, events of default for breaches of representations and warranties and an event of default for our failure to make principal payments when due on certain other debt) that are in addition to the events of default set forth in the Indenture. If an event of default occurs and is continuing under the New Senior Credit Facilities Agreement, the agent under the New Senior Credit Facilities Agreement (if directed by the majority lenders thereunder) could, among other things, terminate any available facilities, cancel any undrawn commitments and declare all amounts borrowed, together with accrued and unpaid interest and any other sums then payable, to be immediately due and payable. Borrowings under other debt instruments, including the Notes, that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand in the event that acceleration occurs under the New Senior Credit Facilities Agreement. In these circumstances, our assets and cash flow may not be sufficient to repay in full that debt and our other debt, including the Notes then outstanding, if some or all of these instruments were accelerated, which could force us into bankruptcy or liquidation, and we might not be able to repay our obligations under the Notes in such an event.

We may be unable to raise the funds necessary to refinance indebtedness maturing prior to the stated maturity of the Notes or to repay the Notes at maturity.

The Notes offered hereby will mature in 2022 and our borrowings under the New Senior Term Loan will require amortizing payments prior to the maturity of the Notes. In addition, all of our other third-party indebtedness (excluding payments under earn-outs and share-based payments) that will remain outstanding following the Transactions may be terminated or repayable prior to the maturity of the Notes.

As a result, we may not have sufficient cash to repay all amounts owing on the Notes at maturity, since the prior maturity of such other third-party indebtedness may make it difficult to refinance the Notes offered hereby. In addition, if our access to capital markets or our ability to enter new financing arrangements is reduced for any reason, we may not be able to refinance our New Senior Credit Facilities on satisfactory terms or at all, which could have a material adverse effect on our business, financial position and results of operations.

We may not be able to generate sufficient cash to service our debt or sustain our operations, including due to factors outside our control, and may be forced to take other actions to satisfy our debt obligations, which may not be successful.

Our ability to make payments on or to refinance the Notes or our other debt obligations, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

Our businesses may not generate sufficient cash flow from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debt, including the Notes, or to fund our liquidity needs. If our future cash flow from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

Our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more-onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. In addition, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In that event, borrowings under other debt agreement or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding debt on a timely basis would likely result in a reduction of our external public ratings, which could harm our ability to incur additional debt. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our debt, including under the Indenture, restrict our ability to transfer or sell assets. We may not be able to consummate certain dispositions or obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet our debt service obligations when due.

The introduction of the Organization for Economic Cooperation and Development's (the "OECD") Base Erosion and Profit Shifting ("BEPS") may impact on our effective rate of tax in future periods.

In 2015, the OECD released various final reports under its BEPS action plan to reform the international tax system in order to prevent tax avoidance and aggressive tax planning.

The proposed actions have a very broad scope, including, but not limited to, neutralizing the effects of hybrid mismatch arrangements, limiting base erosion involving interest deductions and other financial payments, countering harmful tax practices, preventing the granting of treaty benefits in inappropriate circumstances and mandatory disclosure rules.

The final reports give countries and jurisdictions tools in order to implement new policies to prevent tax avoidance and aggressive tax planning.

Prospective investors should consult their own tax advisors on the impact of the BEPS's final report prior to making an investment decision in respect of the Notes.

French tax legislation may restrict our ability to use French tax loss carry-forwards, and the services that we provide are subject to value-added taxes and sales taxes that may increase.

We may record deferred tax assets on our balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from our entities. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and the future results of the relevant entities. In particular, pursuant to Article 209, I, paragraph 3 of the French Tax Code (*Code général des impôts*), the fraction of French tax loss carry-forwards that may be used to offset the taxable profit with respect to a given fiscal year is limited to €1.0 million *plus* 50% of the portion of taxable profit exceeding €1.0 million. Similar rules apply to tax losses generated by French tax consolidated groups. As of December 31, 2016, we had recorded significant amounts of tax loss carry-forwards in France and the United Kingdom. The French tax loss carry-forwards have been reflected in our financial statements for the year ended December 31, 2016, resulting in the amount of €10.9 million of deferred tax assets corresponding to the portion of tax loss carry-forwards that we expect to offset against operating profits in the following fiscal years. Any reduction in our ability to use these assets due to changes in laws and regulations, potential tax reassessment or lower than expected results could have a negative impact on our business, results of operations and financial condition.

The services we provide to certain of our customers are subject to value-added taxes, sales taxes or other similar taxes. Specific reduced VAT rates are also applicable to our services when they relate to the sale of economic rights recognized in law to authors and performers as well as the sale of broadcasting rights for audiovisual works. Tax rates may increase at any time and, subject to the ability of our customers to recover such taxes, any such increase could affect our business and the demand for our services, and thereby reduce our operating profit, negatively affecting our business, financial condition, results of operations and cash flow available to service our indebtedness.

French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

Under Article 212 § II of the French Tax Code (*Code général des impôts*), the deduction of interest paid on loans granted by a related party within the meaning of Article 39.12 of the French Tax Code or on loans granted by a third party that are guaranteed by a related party (a third party assimilated to a related party) may be subject to certain limitations. Deductions for interest paid on such loans may be partially disallowed in the financial year during which they are accrued if such interest exceeds each of the following thresholds: (i) the amount of interest multiplied by the ratio of (a) 1.5 times the company's net equity or, subject to certain conditions, share capital, and (b) the average amount of indebtedness owed to related parties (or third parties assimilated to related parties) over the relevant financial year; (ii) 25% of the company's earnings before tax and extraordinary items (as adjusted for the purpose of these limitations); and (iii) the amount of interest received by the indebted company from related parties. Deductions may be disallowed for the portion of interest that exceeds in a relevant fiscal year the highest of the above three limitations if such portion of interest exceeds €150,000, unless the company is able to demonstrate for the relevant fiscal year that the indebtedness ratio of the group to which it belongs is higher than or equal to its own indebtedness ratio. Specific rules apply to companies that belong to French tax consolidated groups.

Since the Notes are guaranteed by certain of the Issuer's subsidiaries, they may be considered, in whole or in part, to be related party debt for purposes of the above-mentioned thin capitalization rules. As a result, allowable deductions by the Issuer of interest paid in remuneration of the Notes might be limited. Moreover, similar thin capitalization rules could apply at the level of the Issuer's French subsidiaries with respect to the portion of the proceeds of the Notes that are made available to the latter by means of intra group loans, subject, however, to specific French tax consolidation rules.

In addition, Article 209 § IX of the French Tax Code imposes restrictions on the deductibility of interest expenses incurred by a French company if such company has acquired shares of another company qualifying as *titres de participation* within the meaning of Article 219 I *a quinquies* of the French Tax Code and if such acquiring company cannot demonstrate, with respect to the fiscal years running over the twelve-month period from the acquisition of the shares (or with respect to the first fiscal year opened after January 1, 2012, for shares acquired during a fiscal year opened prior to such date), that: (i) the decisions relating to such acquired shares are actually taken by the company having acquired them (or, as the case may be, by a company controlling the acquiring company or by a company directly controlled by such controlling company, within the meaning of Article L. 233-3 § I of the French Commercial Code (*Code de commerce*), which is located in France) and (ii) where control or influence is exercised over the acquired company, such control or influence is exercised by the acquiring company (or, as the case may be, by a company controlling the acquiring company or by a company directly controlled by such controlling company, within the meaning of Article L. 233-3 § I of the French Commercial Code, which is located in France).

Moreover, Article 212 *bis* of the French Tax Code provides for a general limitation of deductibility of net financial charges, subject to certain exceptions. Adjusted net financial charges incurred by French companies that are subject to French corporate income tax and are not members of a French tax consolidated group are deductible from their taxable result only up to 75% of their amount in respect of fiscal years starting from January 1, 2014, to the extent that such companies' financial charges (net of financial income) are at least equal to €3.0 million in a given fiscal year. Under Article 223 B *bis* of the French Tax Code, special rules apply to companies that belong to French tax consolidated groups. The 75% limitation is factored on the basis of the Group's consolidated taxable result and applies to the adjusted aggregate net financial charges incurred by companies that are members of the French tax consolidated group with respect to amounts made available by lenders outside such group, to the extent that the tax group companies' consolidated financial charges (net of financial income) are at least equal to €3.0 million in a given fiscal year.

Under Article 212 § I-b of the French Tax Code, for fiscal years ending on or after September 25, 2013, the deductibility of interest paid to a related party within the meaning of Article 39.12 of the French Tax Code is subject to an additional requirement: if the lender is a related party to the borrower within the meaning of Article 39.12 of the French Tax Code, the borrower shall demonstrate, at the French tax authorities' request, that the lender is, for the current fiscal year and with respect to the concerned interest, subject to income tax in an amount that is at least equal to 25% of the corporate income tax determined under standard French tax rules. Where the related party lender is domiciled or established outside France, the "corporate income tax determined under standard French tax rules" means that for which it would have been liable in France on the interest received if it had been domiciled or established in France. Specific rules apply where the lender is a pass-through entity for French tax purposes, a collective investment scheme referred to in Articles L. 214-1 to L. 214-191 of the French Monetary and Financial Code (*Code monétaire et financier*) (which includes UCITSs and AIFs as well as other collective investment schemes such as SICAVs and SPPICAVs with a single shareholder) or, subject to certain conditions, a similar entity organized under a foreign law.

Finally, the above set of rules restricting the deductibility of interest under French tax law will be completed in the future. On July 12, 2016, the Council of the European Union adopted Council Directive 2016/1164/EU setting forth rules against tax avoidance practices that directly affect the functioning of the internal market (the "ATAD"). The ATAD includes, in particular, a mechanism under which adjusted net financial expenses incurred by an EU company will be deductible from its taxable results only up to 30% of earnings before interest, tax, depreciation and amortization (EBITDA), it being noted that net financial expenses may be deductible up to an amount of €3.0 million in a given fiscal year. The detailed implementation of such new rule in France remains largely unknown, including whether this rule will replace existing French limitation regimes or be added to them in full or in part. The ATAD should in principle enter into force in January 2019, but this remains uncertain at this stage. Member States that have, at the date of the entry into force of the ATAD, national targeted rules for preventing base erosion and profit-shifting risk that are equally effective as the interest limitation rule set forth by the ATAD may apply these targeted rules until the adoption by the OECD members of a minimum standard with regard to the four OECD Action Items against BEPS (to limit base erosion involving interest deductions and other financial payments) or, at the latest, until January 1, 2024.

The above-mentioned tax rules as well as generally applicable tax principles and specific foreign tax rules and principles applicable in the foreign jurisdictions in which we operate may limit our ability to deduct interest accrued on our indebtedness incurred in France and may thus increase our tax burden, which could adversely affect our business, financial condition and results of operations and reduce the cash flow available to service our indebtedness.

Some of our productions qualify for audiovisual production subsidies and tax incentives or benefits from financing sourced from investors that benefit from tax incentives.

As an audiovisual production company, we benefit from different sets of subsidies and tax incentives in France, other European countries (such as the United Kingdom and Belgium) and non-European countries (such as Canada) which support our productions (mainly fiction and animation movies).

In France, we benefit from government subsidies and other financial incentives to support the production of documentaries, fiction, live entertainment, magazines of cultural interest and animation movies. The French audiovisual fund (*Compte de Soutien à l'Industrie des Programmes audiovisuels) (the* "COSIP") automatically allocates funding to the production, development and writing of pilot programs under several conditions linked to the producer acting as the executive producer, the length and cost of the production, language shooting requirements (whether authors, actors and crews are EU nationals and/or residents in a EU Member State) or shooting location. They are capped at a certain percentage of the production budget and we must obtain prior approval from the National Center of Cinema (*Centre National du Cinéma) (the* "CNC").

Among the several tax credits we benefit from, the following are those which have the most significant financial impact:

- Under the provisions of Article 220 *sexies* of the French Tax Code (*Code general des impôts*) we benefit as executive producer, under certain conditions and for productions partially financed by the COSIP, from a national tax credit (i.e., only the expenses incurred in France are taken into account for assessing the tax credit) equal to 20% of the eligible expenses for documentaries and 25% for fiction and animation movies (capped, in each case, at 80% of the production budget). Note, however, that for audiovisual fiction and series produced as part of international co-productions for a minimum budget of €35,000 per minute out of which at least 30% is covered by foreign funds, we do not have any French shooting language requirement as long as a French-language version is delivered. The amount of tax credits for a single audiovisual production is capped at a certain amount of euros per minute, depending on the production genre and the production cost per minute.
- Under Article 220 *quarterdecies* of the French Tax Code, when acting as a production service company supplying technical and artistic means and under similar types of conditions, we also benefit from an international tax credit, which is capped at €30 million.

The aggregate amount of tax credits cannot represent more than 50% of a production budget. These tax credits constitute state aid measures according to Article 107 of the Treaty on the Functioning of the European Union and have been approved by the EU Commission as compatible with the internal market. Both tax credits are subject to rulings granted by the CNC (which are first granted temporarily and then confirmed or withdrawn). As of December 31, 2016, our amount of audiovisual tax credits was €4.6 million.

We also raise financing from companies dedicated to the financing of cinema and the audiovisual industry (*Sociétés de Financement de l'Industrie Cinématographique et de l'Audiovisuel)*, (the "SOFICAs") or other similar foreign companies, which are investment firms that collect private funds dedicated to finance cinematographic and audiovisual productions by offering a personal income tax incentive to private individual investors.

Lastly, our production expenditures benefit from a favorable amortization regime allowing to deduct from our taxable basis, under specific conditions, the net income generated by a specific production in a given financial year. If, at the end of a given financial year, such income is not sufficient to fully consummate the amortization right that relates to such production, income arising out of other productions can be used to be offset against the outstanding amount of amortization allowances.

The above subsidies and incentives have a positive impact on our production costs and capacity to raise financing. Any changes in the conditions underlying the benefit of these subsidies and incentives may affect our business, financial condition and results of operations.

Transactions in the Notes could be subject to the European financial transaction tax, if adopted.

On February 14, 2013, the European Commission published a proposal for a Directive (the "Commission's Proposal") for a common financial transaction tax (the "FTT") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain (the "Participating Member States"). Following the Council of the European Union on Economic and Financial Affairs ("ECOFIN") meeting of December 8, 2015, Estonia officially announced its withdrawal from the negotiations and, on March 16, 2016, completed the formalities required to leave the enhanced cooperation on the FTT.

The Commission's Proposal has a very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt. It would call for the Participating Member States to impose a tax of at least 0.1% on all such transactions, generally determined by reference to the amount of consideration paid. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a Participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States, and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw.

On October 10, 2016, the European Commission was tasked with drafting the legislation that will be submitted to the Participating Member States with the aim of reaching a political agreement on the FTT by the end of 2016. However, no agreement has so far been found between the Participating Member States. The ECOFIN indicated on December 6, 2016, that the ten Participating Member States (excluding Estonia) agreed to pursue the ongoing work and discuss the main features of the FTT during the first half of 2017. Prospective holders of the Notes are advised to seek professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

We are exposed to interest rate risks, and such rates may adversely affect our debt service obligations.

A portion of our debt, including the New Senior Credit Facilities, bears interest at a variable rate, and we will be exposed to the risk of fluctuations in interest rates, primarily under the New Senior Term Loan and the New Revolving Credit Facility, which are based on, in respect of the New Senior Term Loan, the Euro Interbank Offered Rate ("EURIBOR") in respect of utilizations in euros or the London Interbank Offered Rate ("LIBOR") for all other utilizations (in each case, subject to a 0% per annum floor), in each case plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Neither the New Senior Credit Facilities Agreement nor the Indenture contains a covenant requiring us to hedge all or any portion of our floating rate debt.

The interests of our principal shareholders may be inconsistent with the interests of holders of the Notes.

Our shareholders have, directly or indirectly, the power to affect, among other things, our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations. In addition, in order to comply with certain restrictive covenants, we will depend upon the cooperation of our principal shareholders who have the power to effect compliance with such covenants. The interests of our principal shareholders and their affiliates could conflict with the interests of holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholders also have an interest in pursuing divestitures, financings or other transactions that in their judgment could enhance their equity investments, although such transactions might involve risks to holders of the Notes. In addition, our principal shareholders may, in the future, own businesses that directly compete with ours or do business with us.

Risks Related to the Notes, the Guarantees and the Collateral

The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries and effectively subordinated to liabilities that are secured on assets that do not secure the Notes.

Certain of our subsidiaries will not guarantee the Notes. Our subsidiaries will not have any obligation to pay amounts due under the Notes or to make funds available for that purpose unless they guarantee the Notes or grant security interests in the Collateral in this respect. Generally, holders of debt of, and trade creditors of, non-guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and
- the creditors of such non-guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder, would be entitled to receive any distributions from such subsidiary.

As such, the Notes and each related Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor subsidiaries. As of and for the year ended December 31, 2016, the Guarantors accounted for 71.8% of the consolidated total assets, 39.2% of the consolidated revenues and 66.6% of the consolidated EBITDA of the Group. As of March 31, 2017, our subsidiaries not guaranteeing the Notes had total debt of €28.7 million (excluding shareholder debt, debt incurred under the Existing Senior Credit Facilities Agreement (which will be repaid as part of the Refinancing) and intercompany loans). This amount will rank structurally senior to the Notes and the related Guarantees. The Indenture, subject to certain limitations, will permit these non-Guarantors to incur additional indebtedness, which may also be secured. A portion of our non-guarantor subsidiaries' indebtedness is secured on property or assets that do not form part of the Collateral securing the Notes, and the Notes will be effectively subordinated to the extent of the value of the property or assets securing such indebtedness. See "*Description of Other Financing Arrangements*."

Any of the debt that our non-guarantor subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the related Guarantees, and any debt we incur that is secured on property or assets that do not form part of the Collateral securing the Notes will be effectively senior to the Notes to the extent of the value of the property or assets securing such indebtedness.

Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees.

Enforcement of the obligations under a Guarantee against a Guarantor will be subject to certain laws applicable, and defenses available, to the Issuer or the relevant Guarantor, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance, financial assistance, corporate benefit and regulations or defenses affecting the rights of creditors generally. If a court were to find that the issuance of the Notes or a Guarantee was a fraudulent conveyance or held it unenforceable for any other reason, the court could hold that the payment obligations under the Notes or such Guarantee is ineffective, or require the holders of the Notes to repay any amounts received with respect to the Notes or such Guarantee. In the event of a finding that a fraudulent conveyance occurred, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of the other Guarantors under any guarantees that had not been declared void. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*."

The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations under the Notes.

The Notes will be secured by security interests in the Collateral and, if the Castaway Acquisition is completed, the Notes will also be secured by the Castaway Acquisition Collateral. The Collateral will also secure on a first-ranking basis our obligations under the New Senior Credit Facilities and certain hedging obligations, if any. The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture, the New Senior Credit Facilities Agreement and the Intercreditor Agreement. The rights of holders of the Notes to the Collateral may be diluted by any increase in the first-priority debt secured by the Collateral.

Not all of our assets will secure, directly or indirectly, the Notes. The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, whether or not the business is sold as a going concern, the condition of the economies of the jurisdictions in which we operate our business and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the pledges, shares and ownership interests of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding because all of the obligations of the entity must first be satisfied, leaving little or no remaining assets in the entity.

The Notes will be secured over substantially the same assets that secure the New Senior Credit Facilities and will share in any enforcement proceeds on a pari passu basis.

The rights of the holders of the Notes with respect to the Collateral will be subject to the Intercreditor Agreement. Under the Intercreditor Agreement, any enforcement action that may be taken with respect to the security will be undertaken by the Security Agent. The Security Agent is required to take enforcement action upon receiving instructions from an instructing group of holders of a majority of the aggregate outstanding principal amount of all our liabilities that qualify as senior liabilities secured on a first-priority basis under the Intercreditor Agreement, which, following the consummation of the Transactions, will include the Notes and borrowings under the New Senior Credit Facilities.

The New Senior Credit Facilities Agreement and the Indenture permit us to issue additional notes or other indebtedness that will share in the security. Accordingly, if we issue additional notes or procure additional senior indebtedness secured on a first-priority basis in the future which, taken together with the outstanding borrowings under the New Senior Credit Facilities, represents a majority of the aggregate outstanding principal amount of all our liabilities that qualify as senior liabilities under the Intercreditor Agreement, the holders of such other senior indebtedness may acquire the right to direct the Security Agent to take enforcement action ahead of the holders of the Notes.

Enforcing your rights as a holder of the Notes or under the Guarantees or security interests in the Collateral across multiple jurisdictions may be difficult.

The Notes will be issued by the Issuer and will be guaranteed by the Guarantors, which are organized and existing respectively under the laws of France, the United States, England and Wales and Sweden, in each of which jurisdiction proceedings could be initiated to enforce your rights under the Notes or the Guarantees. The Notes will also be initially secured by security interests in the Collateral consisting of assets located respectively in France, the United States, England and Wales, Sweden and Italy.

In the event that any one or more of the Issuer, the Guarantors or any other of the Issuer's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

In the event of bankruptcy, insolvency, administration or a similar event, proceedings could be initiated in any of these jurisdictions. In addition, pursuant to the European Council Regulation (EC) No. 1346/2000 on insolvency proceedings (to be replaced by the European Council Regulation (EC) 2015/848), the court that shall have jurisdiction to commence insolvency proceedings in relation to a debtor is the court of the Member State (other than Denmark) where the debtor has its "centre of main interests" ("COMI"). Therefore, to the extent that COMI of the Issuer or any Guarantor is deemed to be in a particular European jurisdiction, the courts of such jurisdiction may have jurisdiction over the insolvency proceedings with respect to it, irrespective of its jurisdiction of incorporation. For a brief description of certain aspects of insolvency law in the European Union and various jurisdictions in the European Union, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests.*"

Proceedings could also be initiated in France, the United States, the United Kingdom, Sweden and Italy to enforce your rights against Collateral located in those jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. There can also be no assurance that you will be able to enforce your rights effectively in such complex, multiple bankruptcy, insolvency or similar proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes, the Guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive.

The recovery from the enforcement of the share pledges forming part of the Collateral may be complicated, involve long recovery times and a low recovery rate.

In connection with the enforcement of share pledges over shares of entities with outstanding debt obligations, any sale of such entities is likely to involve a release of some or all of the debt of such entity, which could result in a taxable capital gain to such entities. The Issuer and certain of the Guarantors will grant share pledges over shares of certain of their respective subsidiaries as part of the Collateral. Such subsidiaries may have indebtedness. An enforcement over such shares on a first-priority basis for the holders of the Notes would involve the enforcement over the share pledge of an entity with outstanding debt claims. In addition, such subsidiaries may incur additional debt in the future in compliance with the Indenture. Consequently, the enforcement of the share pledge over any such subsidiary's shares may result in the release of its debt obligations. Such release is permitted by the Intercreditor Agreement and could result in a taxable capital gain. This taxable capital gain is likely to reduce the proceeds of any recovery from the enforcement of such share pledge. Therefore, the value of the pledge over the shares of any subsidiary of the Issuer or a Guarantor that forms part of the Collateral and has outstanding primary debt obligations (or which has subsidiaries of its own with primary debt obligations) may be limited.

Furthermore, any enforcement action will require multiple points of enforcement, because the Issuer is a holding company with multiple subsidiaries organized in multiple jurisdictions. Enforcing security over multiple share pledges in multiple jurisdictions may be more difficult than enforcing over a single point of enforcement, lead to longer recovery times and result in lower recovery rates.

The current Group corporate structure does not allow for a single point of enforcement.

In the current corporate structure of the Group, the Issuer directly holds the shares of several operational and intermediate holding companies. See "*Summary—Corporate and Financing Structure*." Part of the Collateral will be comprised of security interests over the shares held by the Issuer in Banijay France SAS, Magnolia SpA, Banijay Rights Limited, Zodiak Media AB, Zodiak Kids Central SAS, Zodiak Media Ltd, Banijay Digital SAS, Banijay Editing SAS, Banijay Library SAS and Banijay Entertainment SAS. As a result of our corporate structure, there is no single company holding all assets of the Group, and there will be no single point of enforcement of security interests over the shares of a holding company of the entire operating Group. Instead, to sell the entire operations of the Group, separate security interests in the shares of these companies would need to be enforced, which may delay the sale of the Group or prevent a sale of the Group as a whole. Additionally, the Indenture does not restrict the number of entities that can be organized as direct subsidiaries of the Issuer. Consequently, we could reorganize our business and move operating entities in our group underneath the Issuer; as a result of which the enforcement of share pledges over operating entities could become even more burdensome. Additionally, we might move entities organized in jurisdictions that cannot guarantee or secure the Notes to be direct subsidiaries of the Issuer, thus removing them from the scope of the share pledges.

The security over the Collateral will not be granted directly to the holders of the Notes.

Under French law, the pledgee of a French law security interest and the creditor of the claim secured by such security interest are required to be the same person. Such security interest cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Civil Code. The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent ("Parallel Debt") mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture.

Although the French High Court (*Cour de cassation*) has recognized, in a decision on Parallel Debt mechanisms (*Cass. com. 13 September 2011 n°10-25.533 Belvédère*) relating to bond documentation governed by New York law, the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the security interests in the Collateral created for the benefit of the Security Agent as Parallel Debt creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The Trustee has certain assigned duties and rights under the Indenture that become particularly important following Defaults or Events of Default (each as defined herein).

The concept of "trust" has been recognized by the French Tax Code and the French High Court (*Cour de cassation*), which has held, in the same published decision referred to above (*Cass. com. 13 September 2011 n°10-25533 Belvédère*) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985, on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law.

The Security Documents are granted for the benefit of the Security Agent, amongst others. To the extent that the security interests in the Collateral created for the benefit of the Security Agent are successfully challenged by other parties, holders of the Notes will not be entitled to receive any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Trustee. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests—France—Parallel Debt—Trust—French Security Agent.*"

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes as well as the ability of the Trustee to realize or foreclose on such Collateral.

The security interests of the Security Agent are subject to practical problems generally associated with the realization of security interests in the Collateral securing the Notes. For example, the Trustee or the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that it will be possible to obtain any such consents nor can we assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Trustee or the Security Agent may not have the ability to foreclose upon those assets and the value of the Collateral securing the Notes may significantly decrease.

Furthermore, under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security. The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, the Trustee or the Security Agent fails or is unable to take the actions we are or it is required, as the case may be, to take to perfect any of these liens.

We will have control over the Collateral, and the operation of our business or the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture or the New Senior Credit Facilities Agreement would result therefrom, we may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as making ordinary course cash payments, including repayments of intercompany indebtedness, which would reduce the value of the receivables pledged as part of the Collateral. Subject to the terms of the Indenture and covenants of the

New Senior Credit Facilities Agreement, we may also sell subsidiaries of the Issuer subject to a pledge over their capital stock and thereby release the pledges on such capital stock.

Although the Security Documents will contain certain covenants in relation to the maintenance and preservation of assets, the Issuer and the other security providers are not required to improve the Collateral.

Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these liens. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any obligation or responsibility to take any steps or action to perfect any of these liens. For example, in France, share pledges over the shares of French subsidiaries that are governed by French law consist of pledges over a securities account (*nantissement de compte de titres*) in which the relevant shares are registered. The securities account pledges will be validly established after execution of a statement of pledge (*déclaration de nantissement de compte titres financiers*) by each security provider in favor of the Security Agent. Each statement of pledge will have to be registered in the relevant shareholder's account (*compte d'actionnaire*) and the shares registry (*registre de mouvement de titres*) of each French Guarantor. Additionally, in France, no lien searches are available for security interests that are not publicly registered, with the result that no assurance can be given on the priority of a security interest if it is not publicly registered.

The grant of Collateral to secure the Notes might be challenged or voidable in an insolvency proceeding.

The grant of Collateral in favor of the Security Agent may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*."

Not all of the security interests in the Collateral will be granted on the Issue Date.

Not all of the security interests in the Collateral will be granted on the Issue Date. In particular, the Post-Completion Date Collateral is expected to be granted no later than 20 business days following the Issue Date. If the Issuer were to become subject to insolvency proceedings or would otherwise be considered insolvent under the insolvency test discussed under "*Certain Insolvency Law Considerations and Limitations on Validity and Enforceability of the Guarantees and the Security Interests*" between the Issue Date and the date on which the Post-Completion Date Collateral is granted, any interests in such assets would face a greater risk of being invalidated which could impair your recovery under the Notes and the Guarantees, as applicable. Furthermore, if we are unable to grant such security interest for any reason, including reasons beyond our control, it could constitute an event of default under the Notes.

There are circumstances other than repayment or discharge of the Notes under which the Guarantees will be released without your consent or the consent of the Trustee.

The Indenture and the New Senior Credit Facilities Agreement will, subject to specified limitations, permit our non-Guarantor subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, which they may incur. In addition, under certain circumstances, the Guarantee of a Guarantor may be released automatically (see "*Description of the Notes—The Note Guarantees—Note Guarantees Release*"), including, without limitation:

- a sale or other disposition (including by way of consolidation or merger) of the Capital Stock (as that term is defined in "*Description of the Notes*") of the relevant Guarantor (whether by direct sale or sale of a holding company), if the sale or other disposition does not violate the Indenture and the Guarantor ceases to be a Restricted Subsidiary (as that term is defined "*Description of the Notes*") of the Issuer as a result of the sale or other disposition;

- the sale or disposition (including by way of consolidation or merger) of all or substantially all the assets of the Guarantor (other than to the Issuer or any of its Restricted Subsidiaries), if the sale or other disposition does not violate the Indenture;
- the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary (as that term is defined "*Description of the Notes*");
- upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*Description of the Notes—Certain Covenants—Defeasance*" and "*Description of the Notes—Certain Covenants—Satisfaction and Discharge*";
- upon the release of the Guarantor's guarantee of any indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the covenant described in "*Description of the Notes—Certain Covenants—Additional Guarantees*"; provided that no other Indebtedness is at that time Guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Note Guarantee pursuant to the covenant described under "*Description of the Notes—Certain Covenants—Additional Guarantees*";
- in accordance with the provisions of the Intercreditor Agreement or any additional intercreditor agreement;
- in connection with a Permitted Reorganization (as that term is defined "*Description of the Notes*");
- as described under "*Description of the Notes—Amendments and Waivers*"; or
- as a result of a transaction permitted by "*Description of the Notes—Certain Covenants—Merger and Consolidation*."

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes will be released without your consent or the consent of the Trustee.

Under various circumstances, the Collateral will be released unconditionally without your consent or the consent of the Trustee, including, without limitation:

- upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or discharge or defeasance thereof as provided in "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";
- in the case of a Guarantor that is released from its Note Guarantee in accordance with the Indenture, the release of the property and assets and Capital Stock of such Guarantor;
- in connection with any disposition of Collateral, directly or indirectly, to any Person other than the Issuer or any of its Restricted Subsidiaries if such disposition is permitted by the Indenture;
- as described under "*Description of the Notes—Amendments and Waivers*" and "*Description of the Notes—Certain Covenants—No Impairment of Security Interest*";
- automatically without any action by the Trustee, if the Lien granted in favor of the Indebtedness that gave rise to the obligation to grant the Lien (as that term is defined in "*Description of the Notes*") over such Collateral is released;
- in a transaction that complies with the provisions described in "*Description of the Notes—Certain Covenants—Merger and Consolidation*"; provided that in such a transaction where the Issuer or any Guarantor ceases to exist, the Lien on the Capital Stock of the Issuer or such Guarantor will be released and will reattach (or a new Lien will be created) over the Capital Stock of the successor entity pursuant to a new share pledge (on terms substantially equivalent to the existing Lien on the Capital Stock of the Issuer or such Guarantor, as applicable) granted by the holder of such Capital Stock;
- if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of Liens on property and assets and Capital Stock of such Restricted Subsidiary;
- as otherwise provided in the Intercreditor Agreement or any additional intercreditor agreement; and
- in connection with a Permitted Reorganization.

The Indenture also provides that the Collateral securing the Notes may be released and retaken in several circumstances, including in connection with the refinancing of certain indebtedness, including the Notes. In France and other jurisdictions, such a release and retaking of Collateral may give rise to the start of a new hardening period (as defined herein) in respect of such Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes. See "*Description of the Notes—Administration of Security and Enforcement of Liens—Release of Liens*."

The insolvency and administrative laws of applicable jurisdictions may not be as favorable to creditors, including investors in the Notes, as the insolvency laws of the jurisdictions with which you are familiar, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral.

The Notes will be issued by the Issuer and will be guaranteed by the Guarantors, which are organized and existing respectively under the laws of France, the United States, England and Wales, and Sweden. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in France, the United States, England and Wales, and Sweden. The bankruptcy, insolvency, administrative and other laws of a Guarantor's or the Issuer, jurisdiction of organization may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, the priority of governmental and other creditors, the ability to obtain post-commencement interest and the duration of the proceedings.

Although laws differ among the jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer, the enforceability of a Guarantee against a Guarantor and the enforceability of the security interests in the Collateral. The court may also in certain circumstances void the security interest or the Guarantees where the debtor is close to or near insolvency.

Under English insolvency law, among other powers, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue or constituted a preference, each as defined in the relevant insolvency laws and in each case, where the action took place within a specified time period before the insolvency of the relevant entity.

In France, among other limitations, the granting of new security interests in the Collateral in connection with Notes previously issued creates hardening periods for such security interests, where certain arrangements or disposals that are made during the "hardening period" (*période suspecte*) (a specified period preceding the court decision commencing judicial reorganization or liquidation proceedings) may be challenged by the receiver in bankruptcy and certain creditors under applicable rules of voidance. The applicable hardening period for these new security interests in the Collateral will run from the moment each new security interest has been granted or perfected. The Indenture will permit the security interests in the Collateral to be released and retaken in certain circumstances. Such release and retaking will restart the applicable hardening periods. If any such security interest granted or recreated were sought to be enforced before the end of the applicable hardening period, it may be declared void or ineffective or it may not be possible to enforce it. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests—France—The "hardening period" (période suspecte) in judicial reorganization and liquidation proceedings.*"

In addition, in France, insolvency legislation tends to favor the continuation of a business and the protection of employment over the payment of creditors. In the context of proceedings affecting creditors, including court-assisted proceedings (*mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*)), and court-administered proceedings (safeguard proceedings (*sauvegarde, sauvegarde accélérée* or *sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*)), the ability of holders of the Notes to enforce their rights under the Notes or the Guarantees could be limited or suspended.

Under French law, enforcement of a security interest in the Collateral provided by the Issuer or a Guarantor, as the case may be, may be adversely affected by specific or general defenses available to debtors under French law, as the case may be, in respect of the validity, binding effect and enforceability of such security interest.

For more information regarding insolvency laws and enforceability issues as they relate to the Issuer, the Guarantees and security interests in the Collateral, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*."

We may not be able to raise the funds necessary to finance a change of control offer required by the Indenture and, if this occurs, we would be in default under the Indenture.

Under the terms of the Indenture, we will be required to offer to repurchase the Notes, as applicable, if certain events constituting a change of control occur. Our obligations under the New Senior Credit Facilities Agreement could also be subject to a mandatory prepayment upon the occurrence of a change of control or certain asset sales under the Indenture, or other change of control events. It is possible that we may not have sufficient funds at the time of a change of control to repurchase any or all of the Notes, or to repay our outstanding obligations under the New Senior Credit Facilities Agreement. We expect that we would require third-party financing to make an offer to purchase the Notes or to repay our outstanding obligations under the New Senior Credit Facilities Agreement upon a change of control. We cannot assure you that we would be able to obtain such financing. Our failure to repurchase any or all of the Notes, as applicable, would be an event of default under the Indenture, and would cause a cross-default under the New Senior Credit Facilities Agreement. See "*Description of the Notes—Change of Control*" for further information regarding the change of control provisions.

The change of control provisions contained in the Indenture may not protect you in the event of highly leveraged transactions and other important corporate events, including reorganizations, restructurings or mergers that may adversely affect you, because these transactions may not involve a change in voting power or beneficial interest of the magnitude required to trigger the change of control provisions or, even if they do, may not constitute a "Change of Control" as defined in the Indenture.

Except as described under "*Description of the Notes—Change of Control*," the Indenture will not contain provisions that would require us to offer to repurchase or redeem the Notes, as applicable, in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include a disposition to any person of "all or substantially all" of the assets of the Issuer and their restricted subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "all or substantially all" under New York law, which governs the Indenture, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and their restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The occurrence of a Permitted Reorganization may create hardening periods for such security interests in accordance with applicable law.

In the event any Permitted Reorganization is completed as described under "*Description of the Notes*," new hardening periods may be created in respect of security interests that are granted, perfected or recreated in connection with such Permitted Reorganization, and the security interests would be subject to hardening periods for such security interests in France and other applicable jurisdictions, and the applicable hardening period for these new security interests will run from the moment each new security interest has been granted, perfected or recreated. In each instance, if the security interest granted, perfected or recreated were to be enforced before the end of the relevant hardening period applicable in France and other applicable jurisdictions, such security interest may be declared void and/or it may not be possible to enforce it. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*."

You may be required to pay a cash amount (soulte) in the event you decide to enforce a pledge over securities granted under French law by judicial or contractual foreclosure of the Collateral consisting of securities rather than by a sale of such Collateral in a public auction.

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. Under French law, pledges over securities (whether in the form of a pledge over a securities account or in the form of a pledge over shareholding interests (*parts sociales*)) may generally be enforced at the option of the secured creditors either (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*pacte commissoire*) of the Collateral to the secured creditors, following which the secured creditors become the legal owner of the Collateral. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed Collateral. Such value is determined either by the court in the context of a judicial foreclosure or by a precontractually agreed expert in the context of a contractual foreclosure. If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the Notes as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of the Collateral is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of the Collateral, and the remaining amount owed to such creditors will be unsecured in that respect.

An enforcement of the Collateral could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the Notes, since the latter will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests—France—Limitations on Enforcement of Security Interests and Cash Amount (soulte).*"

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and certain of the Guarantors are entities organized under the laws of France, the United States, England and Wales, and Sweden, with their registered offices or principal places of business in such countries. The directors, officers and other executives of the Issuer and certain of the Guarantors are neither residents nor citizens of the United States. Furthermore, most of the assets of the Issuer and certain of the Guarantors and their respective directors and officers are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons and entities, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws within the United States. However, it may be possible for investors to effect service of process within France, the United States, England and Wales or Sweden upon those persons or entities, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965, is complied with (where applicable) or service is otherwise effected in accordance with the laws and requirements of the jurisdiction of the relevant proceedings and of the jurisdiction in which service is to be effected.

For example, the United States and France are not parties to a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, would not directly be recognized or enforceable in France. A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*) that has exclusive jurisdiction over such matter. Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non ex parte*) proceedings if such U.S. judgment is enforceable in the United States and if the French civil court is satisfied that certain conditions have been met. For further information, see "*Service of Process and Enforcement of Civil Liabilities*."

There may not be an active trading market for the Notes, in which case your ability to sell your Notes may be limited.

There is no existing market for the Notes. We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

The Initial Purchasers have informed us that they intend to make a market in the Notes after completing this Offering. However, the Initial Purchasers are not obligated to make a market in the Notes and may cease market-making at any time. In addition, changes in the overall market for high yield securities and changes in our financial performance or in the markets where we operate may adversely affect the liquidity of the trading market in these Notes and the market price quoted for these Notes. As a result, we cannot assure you that an active trading market will actually develop for these Notes.

Historically, the markets for non-investment-grade debt such as the Notes have been subject to disruptions that have caused substantial volatility in their prices. Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The market, if any, for the Notes may be subject to similar disruptions. Any disruptions may have an adverse effect on the holders of the Notes, regardless of our prospects and financial performance. As a result, there can be no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although application has been made to The International Stock Exchange Authority Limited for the listing of the Notes on the Official List of the Exchange, no assurance can be given that the Notes will be listed on the Official List of the Exchange or that such listing will be maintained. In addition, the Indenture will allow the Issuer to issue additional Notes in the future, which could adversely impact the liquidity of the Notes.

You may face foreign exchange risks by investing in the Notes, which risk may be increased if the euro no longer exists or if the Notes are otherwise redenominated as a result of Member States leaving the eurozone.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes by U.S. holders (as defined in "*Certain Tax Consequences—Certain U.S. Federal Income Tax Considerations*") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Tax Consequences—Certain U.S. Federal Income Tax Considerations.*" Despite the measures taken by countries in the eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual eurozone Member States. These and other concerns could lead to the reintroduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. We cannot assure you that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and will initially be held through Euroclear and Clearstream. Interests in the Global Notes will trade in book-entry form only, and Notes in definitive registered form ("Definitive Registered Notes"), will be issued in exchange for Book-Entry Interests (as defined herein) only in very limited circumstances. Owners of Book-Entry Interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes and will be entered as such in the register of holders of the Notes maintained by the Registrar. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to Elavon Financial Services DAC, UK Branch, as Paying Agent, which then will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold Book-Entry Interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, we, the Trustee, the Paying Agent, the

Transfer Agent and the Registrar will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the registered holders of the Notes themselves, owners of Book-Entry Interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book-Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all Book-Entry Interests, if you own a Book-Entry Interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*."

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of "Baa3" or better from Moody's Investors Service, Inc. ("Moody's") or "BBB-" or better from Standard & Poor's Investors Ratings Services ("S&P") and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time that the Notes receive a rating below "Baa3" from Moody's or "BBB-" from S&P, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*." If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment-grade rating or that any such rating will be maintained.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies are expected to assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if in its judgment circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost, terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The market value of the Notes could decrease if our creditworthiness worsens.

The market value of the Notes will suffer if the market perceives us to be less likely to fully perform all obligations under the Notes when they fall due, which could occur, for example, because of the materialization of any of the risks listed herein regarding the Group. Even if the likelihood that we will be in position to fully perform all of our obligations under the Notes when they fall due has not actually decreased, market participants could have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or of debtors operating in the same business as us could change adversely, causing the market value of the Notes to fall. If any of these risks were to occur, third parties would only be willing to purchase Notes for a lower price than before the materialization of these risks. Under these circumstances, the market value of the Notes will decrease.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the Securities Act or any state securities laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions under the Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, we have not registered the Notes under any other country's securities laws and do not have any intention to do so. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Notice to Investors*."

The Notes may be issued with original issue discount for U.S. federal income tax purposes.

If the stated principal amount of a Note exceeds its issue price by an amount greater than or equal to a statutorily defined *de minimis* amount, then the Note will be considered to be issued with original issue discount ("OID") for U.S. federal income tax purposes. If a Note is issued with OID, then, in addition to the stated interest on the Note, a U.S. holder will be required to include such OID in gross income (as ordinary interest income) as it accrues on a constant yield to maturity basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable and regardless of the holder's method of accounting for U.S. federal income tax purposes. See "*Certain Tax Consequences—Certain U.S. Federal Income Tax Considerations*."

USE OF PROCEEDS

The gross proceeds from the sale of the Notes will be €350.0 million. We intend to use the proceeds of the Offering, together with drawings under the New Senior Credit Facilities, to: (i) repay all amounts outstanding under the Existing Senior Credit Facilities; (ii) repay €39.1 million outstanding under the New ORANs through the repayment of an equivalent amount of the Banijay Group Holding Shareholder Loan; (iii) pay the consideration payable for the Castaway Acquisition; (iv) repay all amounts outstanding under the DeA Loan; and (v) pay estimated fees and expenses in connection with the Transactions. The remainder will be used for general corporate purposes.

In connection with the Transactions, the Issuer will enter into the New Senior Credit Facilities Agreement to provide for a New Revolving Credit Facility in the amount of €35.0 million to finance the general corporate and ongoing working capital needs of the Group. We currently expect the New Revolving Credit Facility to remain undrawn on the Issue Date.

The expected estimated sources and uses of the funds necessary to consummate the Transactions are shown in the table below, assuming that the Castaway Acquisition and the Refinancing complete on or about the Issue Date. Actual amounts may differ from estimated amounts depending on several factors, including accrued interest on the debt being repaid and differences between our estimates of fees and expenses and the actual fees and expenses incurred and the actual date of repayment of the Existing Senior Credit Facilities and of the consummation of the Castaway Acquisition.

Sources of Funds	(in € millions)	Uses of Funds	(in € millions)
Notes offered hereby	350.0	Repayment of the Existing Senior Term Loan	267.5
New Senior Term Loan	60.0	Repayment of Existing Revolving Credit Facility	18.0
		Repayment of New ORANs	39.1
		Consideration payable for the Castaway Acquisition(1)	52.1
		Repayment of DeA Loan	5.7
		Excess cash on balance sheet	15.2
		Estimated fees and expenses(2)	12.4
Total sources	**410.0**	**Total uses**	**410.0**

(1) Represents the majority of the consideration payable for the Castaway Acquisition, which is in addition to a deposit we paid on the signing date of the Castaway Acquisition Agreement.

(2) Represents the estimated fees and expenses associated with the Transactions, including placement, financial advisory and other transaction costs and professional fees.

CAPITALIZATION

The following table sets forth, on a consolidated basis, our cash at bank and in hand and our capitalization as of March 31, 2017, on an actual basis and as adjusted for the Transactions and the Equity Conversion. The table below should be read in conjunction with "*Summary—Summary Historical Financial and Other Information*," "*Use of Proceeds*," "*Selected Historical Financial Information*" and our financial statements and related notes included elsewhere in this offering memorandum.

	As of March 31, 2017	
(in € millions)	**Actual**	**As Adjusted**
Cash and cash equivalents(1)	**52.0**	**67.2**
Existing Senior Credit Facilities(2)	289.5	—
New Senior Term Loan(3)	—	60.0
New Revolving Credit Facility(4)	—	—
Notes offered hereby(5)	—	350.0
Other third-party borrowings(6)	36.2	30.5
Total third-party borrowings(7)	**325.7**	**440.5**
Existing ORANs(8)	104.1	—
Banijay Group Holding Shareholder Loan(9)	—	65.0
Shareholder equity(10)	**175.8**	**209.8**
Total capitalization	**605.6**	**715.3**

(1) The as adjusted amount excludes payments of an aggregate amount of €20 million to certain key managers in April, May and July 2017 pursuant to certain earn-out agreements. See "*Summary—Recent Developments*."

(2) Represents outstanding indebtedness under our Existing Senior Credit Facilities which will be repaid as part of the Refinancing, excluding accrued but unpaid interest.

(3) Represents the €60.0 million senior term loan established under the New Senior Credit Facilities Agreement. The New Senior Term Loan will be drawn in full in connection with the Refinancing and the completion of the Castaway Acquisition. The proceeds from the New Senior Term Loan will be used as set forth under "*Use of Proceeds*." See "*Description of Other Financing Arrangements—New Senior Credit Facilities Agreement*."

(4) In connection with the Transactions, the Issuer will also enter into the New Senior Credit Facilities Agreement to provide for a New Revolving Credit Facility in the amount of €35.0 million to finance the general corporate and ongoing working capital needs of the Group. We currently expect the New Revolving Credit Facility to remain undrawn on the Issue Date. See "*Description of Other Financing Arrangements—New Senior Credit Facilities Agreement*."

(5) Represents the aggregate principal amount of the Notes offered hereby.

(6) Represents existing third-party borrowings that are expected to remain outstanding following the completion of the Transactions. The as adjusted amount gives effect to the repayment of the DeA Loan. These third party borrowings consist of various credit facilities (including factoring or assignment of receivables or future receivables) to finance the development, production and operation of our programs, audiovisual or digital content. As of March 31, 2017, we had €28.4 million outstanding under these credit facilities. In addition, we had €2.1 million outstanding under other third-party borrowings, including financial leases. See "*Description of Other Financing Arrangements—Other Financing Arrangements.*"

(7) Amounts are not reduced by the amount of capitalized debt issuance costs.

(8) Represents the Existing ORANs (consisting of €100.0 million in aggregate principal amount and €4.1 million of accrued and unpaid interest) issued by the Issuer to an affiliate of Vivendi Content on February 23, 2016, and which were refinanced in full by the issuance of the New ORANs on June 22, 2017. The New ORANs are not reflected in the table as they were issued by the parent company of the Issuer, Banijay Group Holding.

(9) On or about the Issue Date, the Issuer will repay €39.1 million under the Banijay Group Holding Shareholder Loan to fund the concurrent repayment of a corresponding aggregate principal amount of New ORANs. In addition, €40.0 million in aggregate principal amount of New ORANs will be repaid with the proceeds of the New Vivendi Equity Injection on or about the Issue Date. Following the completion of the Transactions, €65.0 million will remain outstanding under the Banijay Group Holding Shareholder Loan, and €25.0 million will remain outstanding under the New ORANs. The Banijay Group Holding Shareholder Loan satisfies the conditions to constitute "Subordinated Shareholder Funding" under the Indenture. See "*Certain Relationships and Related Party Transactions—New ORANs and Banijay Group Holding Shareholder Loan*" and "*Description of the Notes*."

(10) The as adjusted amount gives effect to the Equity Conversion, which occurred on June 22, 2017.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables set forth our summary consolidated financial information and other data for the periods ended and as of the dates indicated below. Our selected consolidated financial information as of and for the years ended December 31, 2014, 2015 and 2016, has been derived from the Banijay Audited Financial Statements, which are included elsewhere in this offering memorandum. The consolidated financial statements as of and for the years ended December 31, 2014, 2015 and 2016, have been audited by our auditors and their audit reports are included elsewhere in this offering memorandum.

Our selected consolidated interim financial information as of and for the three months ended March 31, 2016 and 2017, has been derived from the Unaudited Interim Financial Statements, which are included elsewhere in this offering memorandum. The historical unaudited financial information for the three months ended March 31, 2016 and 2017, has been prepared using the same accounting principles as the financial information as of and for the year ended December 31, 2016, and contains all adjustments that management considers necessary for a fair presentation of the financial position and results of operations for the periods presented. The Unaudited Interim Financial Statements have been reviewed by our auditors.

You should read the information set forth below in conjunction with the sections "Presentation of Financial and Other Information—Financial Information Included in this Offering Memorandum," "Use of Proceeds," "Capitalization," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes thereto included elsewhere in this offering memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

Selected Consolidated Statement of Profit or Loss

(in € millions)	Banijay Historical Year ended December 31, 2014	2015	2016	Pro Forma for the year ended December 31, 2015	2016	Pro Forma for the three months ended March 31, 2016	Three months ended March 31, 2017	Twelve months ended March 31, 2017
		(audited)		(unaudited)		(unaudited)	(unaudited)	(unaudited)
Revenues	305.4	367.5	726.5	788.5	776.6	149.0	191.9	819.5
Operating expenses	(151.5)	(118.8)	(209.1)	(378.1)	(242.5)	(73.5)	(59.4)	(228.4)
External expenses	(19.9)	(24.3)	(57.4)	(24.3)	(58.0)	(9.6)	(13.0)	(61.4)
Staff costs	(96.2)	(170.7)	(342.4)	(281.4)	(350.6)	(50.2)	(84.1)	(384.5)
Taxes and duties	(0.8)	(0.5)	(1.0)	(0.5)	(1.0)	(0.1)	(0.4)	(1.3)
Depreciation and amortization of intangible and tangible assets	(2.9)	(3.6)	(36.0)	(46.6)	(44.2)	(9.8)	(8.4)	(42.8)
Current impairment losses and provisions, net of reversals	(1.1)	(0.6)	(6.4)	(0.6)	(6.4)	(0.1)	0.9	(5.4)
Other current operating income and expenses	(0.1)	0.0	2.6	0.0	2.6	0.2	(0.9)	1.5
Current operating profit (loss)	**33.0**	**49.1**	**76.7**	**57.0**	**76.5**	**5.9**	**26.5**	**97.1**
Other non-current operating income (expenses)	(2.2)	(4.7)	(26.4)	(21.9)	(27.1)	(2.5)	(1.6)	(26.2)
Earnings before interest and income tax (EBIT)	**30.8**	**44.3**	**50.3**	**35.1**	**49.4**	**3.4**	**24.9**	**70.9**
Finance income	0.1	0.1	0.4	0.5	0.4	0.2	0.0	0.2
Interest expenses	(2.1)	(1.4)	(14.3)	(17.9)	(14.6)	(3.7)	(3.5)	(14.4)
Cost of net debt	(1.9)	(1.3)	(13.8)	(17.4)	(14.2)	(3.5)	(3.5)	(14.2)
Other finance income (costs)	(13.3)	(46.6)	(13.9)	(41.8)	(17.6)	(8.6)	(1.7)	(10.7)
Profit before tax and income (loss) from equity-accounted affiliates	**15.6**	**(3.6)**	**22.6**	**(24.1)**	**17.6**	**(8.7)**	**19.7**	**46.0**
Income taxes	(9.0)	(11.1)	2.3	(14.8)	1.5	0.1	(6.7)	(5.3)
Profit, net of tax expense	**6.6**	**(14.7)**	**24.9**	**(38.9)**	**19.1**	**(8.6)**	**13.0**	**40.7**
Share of profit of associates and joint ventures	4.2	(5.7)	(2.5)	(5.7)	(2.5)	(0.6)	(1.1)	(3.0)
Badwill	0.2	0.1	0.0	0.1	0.0	—	—	—
Profit (loss) for the year	**11.5**	**(20.2)**	**22.4**	**(44.5)**	**16.6**	**(9.2)**	**11.9**	**37.7**
Non-controlling interests—Profit (loss) of the year	1.0	0.6	1.8	0.3	1.8	0.0	0.5	2.3
Owners of the Parent—Profit (loss) of the year	10.5	(20.9)	20.6	(44.8)	14.8	(9.2)	11.4	35.4

Selected Consolidated Statement of Financial Position

(in € millions)	Banijay Historical			
	As of December 31,			As of March 31,
	2014	2015	2016	2017
		(audited)		(unaudited)
Goodwill	210.3	257.1	529.1	527.8
Long-term content assets	2.8	4.3	40.3	43.3
Scripted production in progress	—	—	44.4	35.9
Other intangible assets	2.3	5.4	11.3	10.4
Property, plant and equipment	5.0	5.0	15.2	14.8
Investments in associates and joint ventures	46.9	37.2	47.1	46.8
Non-current financial assets	5.1	10.0	30.0	35.7
Deferred tax assets	9.6	10.7	28.0	27.6
Other long-term assets	0.0	0.8	5.3	4.1
Total non-current assets	**282.0**	**330.6**	**750.6**	**746.3**
Inventories and work in progress	25.6	52.3	101.1	107.7
Trade and other receivables	52.8	82.3	217.7	235.5
Income tax receivable	4.8	1.3	14.2	15.4
Other current assets	5.7	8.3	10.2	9.5
Cash and cash equivalents	74.4	32.7	73.4	52.0
Total current assets	**163.5**	**176.8**	**416.5**	**420.0**
Total assets	**445.5**	**507.4**	**1,167.2**	**1,166.4**
Issued capital	2.0	2.0	61.9	61.9
Share premiums	207.5	187.5	244.4	244.4
Other comprehensive income (loss)	5.8	17.3	47.3	45.5
Retained earnings	(43.4)	(64.5)	(200.2)	(189.1)
Equity attributable to owners of Banijay Group Holding	**171.9**	**142.3**	**153.4**	**162.7**
Non-controlling interests	12.4	11.9	12.7	13.1
Total equity	**184.3**	**154.2**	**166.1**	**175.8**
Long-term borrowings and other financial liabilities	19.6	0.5	389.9	380.7
Other non-current provisions	4.9	7.6	13.5	13.8
Employee defined benefit obligations	0.1	0.2	1.8	1.8
Deferred tax liabilities	0.0	0.6	7.5	9.5
Other long-term liabilities	104.5	162.2	117.9	117.1
Total non-current liabilities	**129.1**	**170.9**	**530.4**	**522.9**
Short-term borrowings and bank overdrafts	9.6	39.5	39.1	43.0
Trade and other payables	75.7	111.1	267.8	250.4
Current tax liabilities	3.6	2.2	2.5	6.1
Current provisions	0.1	0.2	3.6	2.3
Other current liabilities	43.0	29.5	157.7	165.9
Total current liabilities	**132.1**	**182.4**	**470.6**	**467.7**
Total equity and liabilities	**445.5**	**507.4**	**1,167.2**	**1,166.4**

Selected Consolidated Statement of Cash Flow

(in € millions)	Banijay Historical			
	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
		(audited)		(unaudited)
Net cash flow from operating activities	36.3	35.0	102.3	11.5
Net cash flow from investing activities	6.3	(60.5)	(78.2)	(22.6)
Net cash flow from (used in) financing activities	(23.0)	(19.4)	15.9	(9.0)
Net increase (decrease) of cash and cash equivalents	22.5	(41.9)	39.8	(20.7)
Cash and cash equivalents at the beginning of the period	51.8	74.4	32.5	72.4
Cash and cash equivalents at the end of the period	74.4	32.5	72.4	51.7

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information is only intended to illustrate the effect of the Banijay Zodiak Merger. On February 23, 2016, we completed the Banijay Zodiak Merger, a reverse merger pursuant to which Banijay Holding, the holding company of the Group prior to the Banijay Zodiak Merger, was merged into Zodiak, which was renamed Banijay Group S.A.S. upon completion of the reverse merger. However, under reverse acquisition accounting principles, Banijay Holding is treated as the accounting acquirer and Zodiak is treated as the accounting acquiree. As a result, the audited consolidated financial information of the Issuer as of and for the year ended December 31, 2016, includes (i) the operations of the accounting acquirer (Banijay Holding) from January 1, 2016 to December 31, 2016, and (ii) the operations and the impact of the purchase accounting of the legal parent (the Issuer, formerly Zodiak) from February 23, 2016, the date of the completion of the Banijay Zodiak Merger, to December 31, 2016.

Therefore, the Issuer's financial statements presented in this offering memorandum, other than the Pro Forma Financial Information, do not fully represent the results of operations and financial condition of the entire business and the comparability of the Issuer's financial statements with the financial statements of Banijay Holding or Zodiak over each of the periods presented is significantly limited. In order to aid the comparability of the financial condition and results of operations of our business after giving effect to the Banijay Zodiak Merger, we have presented the Pro Forma Financial Information below. The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and, therefore, does not represent the Issuer's actual financial position or results for the periods indicated.

The historical financial information of Banijay Holding and its subsidiaries and the Zodiak Group was reported pursuant to IFRS and presented in euros.

The unaudited pro forma income statement for the year ended December 31, 2016, was derived from the consolidated income statement of Banijay Holding and its subsidiaries for the year ended December 31, 2016 (as included elsewhere in this offering memorandum) and the unaudited consolidated income statement of the Zodiak Group for the period beginning on January 1, 2016, and ending on February 23, 2016.

The unaudited pro forma income statement for the year ended December 31, 2015, was derived from the consolidated income statement of Banijay Holding for the year ended December 31, 2015 (as included elsewhere in this offering memorandum) and the consolidated income statement of the Zodiak Group for the year ended December 31, 2015 (as included in this offering memorandum).

The unaudited pro forma income statement for the three months ended March 31, 2016, was derived from the unaudited consolidated income statement of Banijay Holding and its subsidiaries for the three months ended March 31, 2016 (as included elsewhere in this offering memorandum) and the unaudited consolidated income statement of the Zodiak Group for the period beginning on January 1, 2016, and ending on February 23, 2016.

The unaudited pro forma condensed combined income statements for the years ended December 31, 2015 and 2016, and for the three months ended March 31, 2016, give effect to the merger of the Zodiak and Banijay Holding as if it had occurred on January 1, 2015 and January 1, 2016, respectively, and only reflect adjustments expected to have a continuing impact on the combined company that are factually supportable. The Pro Forma Financial Information does not reflect any expected cost savings or other synergies from the Banijay Zodiak Merger. Following the completion of the Banijay Zodiak Merger, certain intercompany transactions between Banijay Holding and its subsidiaries and the Zodiak Group were eliminated as of January 1, 2015. These eliminations have been reflected in the Pro Forma Financial Information. The unaudited pro forma financial information is presented for illustrative purposes only and does not necessarily reflect the results of operations or the financial position of the combined group that would have resulted had the merger been completed at the dates indicated, or project the results of operations or financial position of the combined group for any future date or period. The Pro Forma Financial Information has not been prepared in accordance with the requirements of Regulation S-X or the Prospectus Directive. Neither the adjustments nor the resulting Pro Forma Financial Information have been audited in accordance with any generally accepted auditing standards.

All amounts presented are in millions of euros unless otherwise noted. Certain numerical figures set forth in the Pro Forma Financial Information, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in the Pro Forma Financial Information may vary slightly from the actual arithmetic totals of such information.

You should read the information set forth below in conjunction with the sections "*Presentation of Financial and Other Information*," "*Selected Historical Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the consolidated financial statements and the notes thereto included elsewhere in this offering memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

Unaudited Pro Forma Income Statement for the Year Ended December 31, 2016

(in € millions)	Banijay Historical	Zodiak Group Adjusted (Note 2)	Acquisition Adjustments (Note 3)	Other Pro Forma Adjustments (Note 4)	Non-recurring Items (Note 5)	Pro Forma Combined
Revenues	726.5	50.2	—	—	—	776.6
Operating expenses	(209.1)	(33.5)	—	—	—	(242.5)
Staff costs	(342.4)	(8.2)	—	—	—	(350.6)
Taxes	(1.0)	—	—	—	—	(1.0)
External expenses and other operating expenses	(54.8)	(0.6)	—	—	—	(55.4)
Increase/decrease in depreciation	(42.4)	(8.1)	(0.1)	—	—	(50.6)
Current operating profit (loss)	**76.7**	**(0.2)**	**(0.1)**	**—**	**—**	**76.5**
Other non-current operating income (expenses)	(26.4)	(0.7)	—	—	—	(27.1)
Operating profit (loss)	**50.3**	**(0.8)**	**(0.1)**	**—**	**—**	**49.4**
Cost of net debt	(13.8)	(3.8)	—	3.4	—	(14.2)
Other finance income (loss)	(13.9)	(3.7)	—	—	—	(17.6)
Profit before income taxes and share of result of affiliates and joint ventures	**22.6**	**(8.3)**	**(0.1)**	**3.4**	**—**	**17.6**
Income taxes	2.3	(0.9)	—	—	—	1.5
Profit after income taxes	**24.9**	**(9.2)**	**(0.1)**	**3.4**	**—**	**19.1**
Share of result of affiliates and joint-ventures	(2.5)	—	—	—	—	(2.5)
Badwill	—	—	—	—	—	—
Profit on assets held for sale	—	—	—	—	—	—
Net profit/(loss)	**22.4**	**(9.2)**	**(0.1)**	**3.4**	**—**	**16.6**
Attributable to:						
Net profit attributable to owner of the parent	20.6	(9.2)	(0.1)	3.4	—	14.8
Minority interest	1.8	(0.0)	—	—	—	1.8

Unaudited Pro Forma Income Statement for the Year Ended December 31, 2015

(in € millions)	Banijay Historical	Zodiak Group Adjusted (Note 2)	Acquisition Adjustments (Note 3)	Other Pro Forma Adjustments (Note 4)	Non-recurring Items (Note 5)	Pro Forma Combined
Revenues	367.5	421.5	—	(0.5)	—	788.5
Operating expenses	(118.8)	(259.8)	—	0.5	—	(378.1)
Staff costs	(170.7)	(110.7)	—	—	—	(281.4)
Taxes	(0.5)	—	—	—	—	(0.5)
External expenses and other operating expenses	(24.3)	—	—	—	—	(24.3)
Increase/decrease in depreciation	(4.2)	(152.9)	(0.8)	—	110.6	(47.3)
Current operating profit (loss)	**49.1**	**(101.8)**	**(0.8)**	**—**	**110.6**	**57.0**
Other non-current operating income (expenses)	(4.7)	(17.2)	—	—	—	(21.9)
Operating profit (loss)	**44.3**	**(119.1)**	**(0.8)**	**—**	**110.6**	**35.1**
Cost of net debt	(1.3)	(27.6)	—	11.5	—	(17.4)
Other finance income (loss)	(46.6)	4.8	—	—	—	(41.8)
Profit before income taxes and share of result of affiliates and joint ventures	**(3.6)**	**(141.9)**	**(0.8)**	**11.5**	**110.6**	**(24.1)**
Income taxes	(11.1)	(3.7)	—	—	—	(14.8)
Profit after income taxes	**(14.7)**	**(145.6)**	**(0.8)**	**11.5**	**110.6**	**(38.9)**
Share of result of affiliates and joint-ventures	(5.7)	(0.0)	—	—	—	(5.7)
Badwill	0.1	—	—	—	—	0.1
Profit on assets held for sale	—	—	—	—	—	—
Net profit/(loss)	**(20.2)**	**(145.6)**	**(0.8)**	**11.5**	**110.6**	**(44.5)**
Attributable to:						
Net profit attributable to owner of the parent	(20.9)	(145.3)	(0.8)	11.5	110.6	(44.8)
Minority interest	0.6	(0.3)	—	—	—	0.3

Unaudited Pro Forma Income Statement for the Three Months Ended March 31, 2016

(in € millions)	Banijay Historical	Zodiak Group Adjusted (Note 2)	Acquisition Adjustments (Note 3)	Other Pro Forma Adjustments (Note 4)	Non-recurring Items (Note 5)	Pro Forma Combined
Revenues	98.8	50.2	—	—	—	149.0
Operating expenses	(40.1)	(33.5)	—	—	—	(73.5)
Staff costs	(42.1)	(8.2)	—	—	—	(50.2)
Taxes	(0.1)	—	—	—	—	(0.1)
External expenses and other operating expenses	(8.8)	(0.6)	—	—	—	(9.4)
Increase/decrease in depreciation	(1.7)	(8.1)	(0.1)	—	—	(9.9)
Current operating profit (loss)	**6.1**	**(0.2)**	**(0.1)**	**—**	**—**	**5.9**
Other non-current operating income (expenses)	(1.8)	(0.7)	—	—	—	(2.5)
Operating profit (loss)	**4.3**	**(0.8)**	**(0.1)**	**—**	**—**	**3.4**
Cost of net debt	(2.6)	(3.8)	—	2.9	—	(3.5)
Other finance income (loss)	(4.9)	(3.7)	—	—	—	(8.6)
Profit before income taxes and share of result of affiliates and joint ventures	**(3.2)**	**(8.3)**	**(0.1)**	**2.9**	**—**	**(8.7)**
Income taxes	1.0	(0.9)	—	—	—	0.1
Profit after income taxes	**(2.2)**	**(9.2)**	**(0.1)**	**2.9**	**—**	**(8.6)**
Share of result of affiliates and joint-ventures	(0.6)	—	—	—	—	(0.6)
Badwill	—	—	—	—	—	—
Profit on assets held for sale	—	—	—	—	—	—
Net profit/(loss)	**(2.8)**	**(9.2)**	**(0.1)**	**2.9**	**—**	**(9.2)**
Attributable to:						
Net profit attributable to owner of the parent	(2.8)	(9.2)	(0.1)	2.9	—	(9.2)
Minority interest	—	—	—	—	—	(0.0)

Notes to Unaudited Pro Forma Condensed Combined Financial Information

Note 1. Description of the Merger

On February 23, 2016, we completed the Banijay Zodiak Merger, a reverse merger pursuant to which Banijay Holding, the holding company of the Group prior to the Banijay Zodiak Merger, was merged with and into Zodiak, and renamed Banijay Group S.A.S. upon completion of the reverse merger. However, under reverse acquisition accounting principles, Banijay Holding is treated as the accounting acquirer and Zodiak is treated as the accounting acquiree. As a result, the historical audited consolidated financial information of the Issuer as of and for the year ended December 31, 2016, includes (i) the operations of the accounting acquirer (Banijay Holding) from January 1, 2016 to December 31, 2016, and (ii) the operations of the legal parent (the Issuer, formerly Zodiak) from February 23, 2016, the date of the completion of the Banijay Zodiak Merger, to December 31, 2016.

Note 2. Reclassification and Adjustments to the Zodiak Group's Historical Financial Information

Certain reclassifications were made to align the Zodiak Group's historical financial information for the year ended December 31, 2015, with our historical financial statement presentation based on the information available at the time. We made the following reclassifications:

	Year ended December 31, 2015			
(in € millions)	**Zodiak Group Historical**	**Reclassifications (Note 2.1)**	**Notes**	**Zodiak Group Adjusted**
Revenues	421.5			421.5
Operating expenses	(316.8)	57.0	(a);(b)	(259.8)
Staff costs	(75.9)	(34.8)	(a)	(110.7)
Taxes	—			—
External expenses and other operating expenses	—			—
Increase/decrease in depreciation	(130.7)	(22.2)	(b)	(152.9)
Current operating profit (loss)	**(101.8)**	—		**(101.8)**
Other non-current operating income (expenses)	(17.2)			(17.2)
Operating profit (loss)	**(119.0)**	—		**(119.0)**
Cost of net debt	(35.4)	7.8	(c); (d)	(27.6)
Other finance income (loss)	12.6	(7.8)	(c); (d)	4.8
Profit before income taxes and share of result of affiliates and joint ventures	**(141.9)**	—		**(141.9)**
Income taxes	(3.7)	—		(3.7)
Profit after income taxes	**(145.6)**	—		**(145.6)**
Share of results of affiliates and joint ventures	(0.0)			(0.0)
Badwill	—			—
Profit on assets held for sale	—	—		—
Net profit/(loss)	**(145.6)**	—		**(145.6)**
Attributable to:				
Net profit attributable to owner of the parent	(145.3)	—		(145.3)
Minority interest	0.3	—		0.3

2.1 Reclassifications

Represents certain reclassifications of the Zodiak Group's historical financial statement line items to conform to the expected financial statement pro forma line items of the combined companies, and include the following for the income statement:

(a) Permanent staff costs and gross overhead costs allocated to costs of sales for €34.8 million. These costs were included in the operating expenses in the historical financial statements of Zodiak as of December 31, 2015. Those costs were reclassified to staff costs in order to align the presentation with the financial statements of Banijay Holding and its subsidiaries.

(b) Amortization of production costs for €22.2 million was included in the operating expenses in the historical financial statements of Zodiak as of December 31, 2015. Those costs were reclassified to the line item "Increase/decrease in depreciation" to align the presentation with the financial statements of Banijay Holding and its subsidiaries. Consequently, the total amount reclassified out of the operating expenses in the historical financial statements of Zodiak as of December 31, 2015 amounted to €57.0 million.

(c) The financial costs in the historical financial statements as of December 31, 2015 of the Zodiak Group included exchange difference losses for €7.4 million. Those costs were reclassified out of the cost of debt in order to align the presentation with our historical financial statements.

(d) The other financial costs in the historical financial statements as of December 31, 2015 of the Zodiak Group included gains from the changes in fair value of hedging derivatives recorded in our income statement for €0.3 million, and other gains amounting to €0.1 million. Those elements were reclassified to the cost of debt in order to align the presentation with our historical financial statements.

No reclassification was made to the Zodiak Group's historical financial statements for the year ended December 31, 2016, and for the three months ended March 31, 2016.

2.2 GAAP Adjustments and Accounting Policies Alignments

There was no difference between our accounting policies and the Zodiak Group's accounting policies that required adjusting the Zodiak Group's historical income statement for years ended December 31, 2016 and 2015, and for the period ended February 23, 2016.

Note 3. Acquisition Adjustments

Pro forma adjustments have been made to reflect the estimated fair value of identified intangible assets acquired based on the estimated purchase price allocation. The pro forma income statements have been adjusted to reflect the amortization of those intangible assets. The following acquisition adjustments were made to the income statements for the year ended December 31, 2016, and for the three months ended March 31, 2016:

(in € millions)	**Adjustments (Note 3.2)**
Revenues	
Operating expenses	
Staff costs	
Taxes	
External expenses and other operating expenses	
Increase/decrease in depreciation	(0.1)
Current operating profit (loss)	**(0.1)**
Other non-current operating income (expenses)	
Operating profit (loss)	**(0.1)**
Cost of net debt	
Other finance income (loss)	
Profit before income taxes and share of results of affiliates and joint ventures	**(0.1)**
Income taxes	
Profit after income taxes	**(0.1)**
Share of results of affiliates and joint ventures	
Badwill	
Profit on assets held for sale	
Net profit/(loss)	**(0.1)**
Attributable to:	
Net profit attributable to owner of the parent	(0.1)
Minority interest	—

The following acquisition adjustments were made to the income statement for the year ended December 31, 2015:

(in € millions)	Adjustments (Note 3.2)
Revenues	
Operating expenses	
Staff costs	
Taxes	
External expenses and other operating expenses	
Increase/decrease in depreciation	(0.8)
Current operating profit (loss)	**(0.8)**
Other non-current operating income (expenses)	
Operating profit (loss)	**(0.8)**
Cost of net debt	
Other finance income (loss)	
Profit before income taxes and share of result of affiliates and joint ventures	**(0.8)**
Income taxes	
Profit after income taxes	**(0.8)**
Share of results of affiliates and joint ventures	
Badwill	
Profit on assets held for sale	
Net profit/(loss)	**(0.8)**
Attributable to:	
Net profit attributable to owner of the parent	(0.8)
Minority interest	—

3.1 Historical Purchase Price Accounting

The consideration for the Banijay Zodiak Merger amounted to €44.7 million, resulting in preliminary goodwill amounting to €267.5 million. We identified acquired intangible assets, including the catalogue of the Zodiak Group (denominated in GBP), and a long-term customer contract denominated in GBP. The fair value of the identifiable intangible assets and their periods of amortization are estimated as follows (in euro equivalent):

			Amortization	
(in € millions)	Fair Value	Amortization Life	For the year ended December 31, 2015	For the two-month period from January 1 to February 23, 2016
Catalogue Zodiak Rights	16.0	10 years	1.9	0.3
Client contract	6.2	5 years	1.2	0.2
Total	**22.2**		**3.1**	**0.5**

3.2 Adjustments

Cancellation of the Amortization of the Former Intangible Assets of the Zodiak Group.

The cancellation of the amortization of intangible assets (including intellectual property rights on formats and programs and contracts with customers related to previous historical business combinations) in the historical financial statements of the Zodiak Group amounted to an adjustment of €0.4 million for the year ended December 31, 2016, and for the three months ended March 31, 2016, and €2.3 million for the year ended December 31, 2015.

Amortization of the Catalogue of Zodiak Rights and One Long-term Client Contract Following the Purchase Price Allocation Exercise.

The amortization expense for all periods related to these intangible assets is presented in the above table. For the year ended December 31, 2016, and for the three months ended March 31, 2016, the net effect of the above adjustments amounted to a charge of €0.1 million. For the year ended December 31, 2015, such net effect amounted to a charge of €0.8 million.

Note 4. Other Pro Forma Adjustments

The following other pro forma adjustments were made to the unaudited pro forma income statement for the year ended December 31, 2016:

(in € millions)	New Debt (Note 4.1)	Inter-company Elimination (Note 4.2)	Other Pro Forma Adjustments Total
Revenues			—
Operating expenses			—
Staff costs			—
Taxes			—
External expenses and other operating expenses			—
Increase/decrease in depreciation	—		—
Current operating profit (loss)	—	—	—
Other non-current operating income (expenses)			—
Operating profit (loss)	—	—	—
Cost of net debt	3.4	—	3.4
Other finance income (loss)			—
Profit before income taxes and share of results of affiliates and joint ventures	**3.4**	—	3.4
Income taxes	—	—	—
Profit after income taxes	**3.4**	—	3.4
Share of results of affiliates and joint ventures			—
Badwill			—
Profit on assets held for sale	—	—	—
Net profit/(loss)	**3.4**	—	3.4
Attributable to:			
Net profit attributable to owner of the parent	3.4	—	3.4
Minority interest	—	—	—

The following other pro forma adjustments were made to the unaudited pro forma income statement for the year ended December 31, 2015:

(in € millions)	New Debt (Note 4.1)	Inter-company Elimination (Note 4.2)	Other Pro Forma Adjustments Total
Revenues		(0.5)	(0.5)
Operating expenses		0.5	0.5
Staff costs			—
Taxes			
External expenses and other operating expenses			—
Increase/decrease in depreciation			—
Current operating profit (loss)	—	—	—
Other non-current operating income (expenses)			—
Operating profit (loss)	—	—	—
Cost of net debt	11.5		11.5
Other finance income (loss)			—
Profit before income taxes and share of results of affiliates and joint ventures	**11.5**	—	**11.5**
Income taxes		—	—
Profit after income taxes	**11.5**	—	**11.5**
Share of results of affiliates and joint ventures			—
Badwill			—
Profit on assets held for sale			—
Net profit/(loss)	**11.5**	—	**11.5**
Attributable to:			
Net profit attributable to owner of the parent	11.5	—	11.5
Minority interest	—	—	—

The following other pro forma adjustments were made to the unaudited pro forma income statement for the three months ended March 31, 2016:

(in € millions)	New Debt (Note 4.1)	Inter-company Elimination (Note 4.2)	Other Pro Forma Adjustments Total
Revenues			—
Operating expenses			—
Staff costs			—
Taxes			—
External expenses and other operating expenses			—
Increase/decrease in depreciation	—		—
Current operating profit (loss)	—	—	—
Other non-current operating income (expenses)			—
Operating profit (loss)	—	—	—
Cost of net debt	2.9		2.9
Other finance income (loss)			—
Profit before income taxes and share of results of affiliates and joint ventures	**2.9**	—	**2.9**
Income taxes	—	—	—
Profit after income taxes	**2.9**	—	**2.9**
Share of results of affiliates and joint ventures			—
Badwill			—
Profit on assets held for sale	—		—
Net profit/(loss)	**2.9**	—	**2.9**
Attributable to:			
Net profit attributable to owner of the parent	2.9	—	2.9
Minority interest	—	—	—

4.1 New Debt

On February 23, 2016, we entered into the Existing Senior Credit Facilities and issued the Existing ORANs in connection with the Banijay Zodiak Merger and to refinance certain existing debt of the Group and of the Zodiak Group. Consequently, pro forma adjustments related to these financing arrangements are detailed below for the years ended December 31, 2015 and 2016, and for the three months ended March 31, 2016:

Year Ended December 31, 2016 (in € millions)	Banijay Historical	Zodiak Group	Cancellation Cost of Former Debt (a)	Existing Senior Term Loan (b)	Existing Revolving Credit Facility (b)	Existing ORANs (b)	Others	Total Pro Forma Adjustments
New Senior Term Loan	(7.8)	—	7.8	(8.6)	—	—	—	(0.8)
New Revolving Credit Facility	(0.5)	—	0.5	—	(0.6)	—	—	(0.1)
New ORANs	(2.6)	—	2.6	—	—	(3.1)	—	(0.5)
Old debts (Banijay and Zodiak)	(1.7)	(3.4)	5.1	—	—	—	(0.2)	4.9
Others	(1.3)	(0.5)		—	—	—	—	—
Cost of net debt	**(13.8)**	**(3.8)**	**15.9**	**(8.6)**	**(0.6)**	**(3.1)**	**(0.2)**	**3.4**

Year Ended December 31, 2015 (in € millions)	Banijay Historical	Zodiak Group	Cancellation Cost of Former Debt (a)	Existing Senior Term Loan (b)	Existing Revolving Credit Facility (b)	Existing ORANs (b)	Others	Total Pro Forma Adjustments
New Senior Term Loan	—	—	—	(8.3)	—	—	—	(8.3)
New Revolving Credit Facility	—	—	—	—	(0.6)	—	—	(0.6)
New ORANs	—	—	—	—	—	(3.0)	—	(3.0)
Old debts (Banijay and Zodiak)	(0.8)	(26.2)	27.1	—	—	—	(3.7)	23.4
Others	(0.5)	(1.4)		—	—	—	—	—
Cost of net debt	**(1.3)**	**(27.6)**	**27.1**	**(8.3)**	**(0.6)**	**(3.0)**	**(3.7)**	**11.5**

Three Months Ended March 31, 2016 (in € millions)	Banijay Historical	Zodiak Group	Cancellation Cost of Former Debt (a)	Existing Senior Term Loan (b)	Existing Revolving Credit Facility (b)	Existing ORANs (b)	Others	Total Pro Forma Adjustments
New Senior Term Loan	(0.8)	—	0.8	(2.1)	—	—	—	(1.4)
New Revolving Credit Facility	—	—	—	—	(0.1)	—	—	(0.1)
New ORANs	(0.3)	—	0.3	—	—	(0.8)	—	(0.5)
Old debts (Banijay and Zodiak)	(1.5)	(3.4)	4.9	—	—	—	(0.0)	4.9
Others	(0.0)	(0.5)		—	—	—	—	—
Cost of net debt	**(2.6)**	**(3.8)**	**5.9**	**(2.1)**	**(0.1)**	**(0.8)**	**(0.0)**	**2.9**

(a) Cost of Former Debt of Zodiak and Banijay Entertainment

Interest under Zodiak's and Banijay Entertainment's former indebtedness has been repaid in connection with the Banijay Zodiak Merger. Such interest amounted to €27.1 million and €5.1 million for the years ended December 31, 2016 and 2015, respectively, and €4.9 million for the three-months ended March 31, 2016.

(b) Cost of Existing Senior Credit Facilities and Existing ORANs

For the years ended December 31, 2016 and 2015, and for the three months ended March 31, 2016, interest expenses in connection with the Existing Senior Credit Facilities and Existing ORANs were reflected in the unaudited pro forma income statements. This resulted in the interest expense presented by financial instrument in the above tables, applying margins and interest rates applicable as of February 23, 2016.

4.2 Intercompany Elimination

We identified intercompany transactions between Zodiak Rights, a subsidiary of Zodiak, and Air Productions, one of our subsidiaries, amounting to €0.5 million for the year ended December 31, 2015, reflecting royalty fees paid by Air Productions to Zodiak Rights. For pro forma purposes, those revenues were eliminated.

Note 5. Non-recurring Items in the Income Statement

Material non-recurring items related to the Banijay Zodiak Merger are excluded as "Non-recurring items" in the unaudited pro forma financial information as presented. No non-recurring items were identified and needed to be adjusted for in the unaudited pro forma income statement for the year ended December 31, 2015.

5.1 Reversal of Former Zodiak Goodwill Impairment

In its historical financial statements for the year ended December 31, 2015, the Zodiak Group performed an impairment test on its goodwill and intangible assets, in order to confirm the value of goodwill allocated to the cash-generating units ("CGU") or groups of CGU. The test was performed on the basis of the market value based on the Banijay Zodiak Merger. Following the results of this test, the management of the Group concluded that a goodwill impairment provision of €110.6 million had to be recorded. Because the former Zodiak Group goodwill was cancelled as part of the purchase price allocation by Banijay Holding, the impairment charge was neutralized in the unaudited pro forma income statement for the period ended December 31, 2015.

5.2 Other Non-current Items

Restructuring costs related to the merger for €23.7 million were recorded in the historical accounts of Zodiak and Banijay Holding for the year ended December 31, 2016. We did not adjust for these costs in the unaudited pro forma income statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our financial condition and results of operations in the periods set forth below, based on data extracted from the financial statements and Pro Forma Financial Information of the Issuer as discussed under "Presentation of Financial and Other Information." You should read this discussion in conjunction with our consolidated financial statements included under "Selected Historical Financial Information," and our audited consolidated financial statements included elsewhere in this offering memorandum. The following presentation and analysis contains forward-looking statements which, although based on assumptions that we consider reasonable, involve risks and uncertainties. For the reasons explained under "Forward-Looking Statements" and "Risk Factors" and elsewhere in this offering memorandum, our future results may differ materially from those expected or implied in these forward-looking statements.

Overview

We are the world's leading independent producer of television programs based on revenues for the year ended December 31, 2016. We create, develop, sell and distribute television programs for a wide range of customers and operate across 16 countries. We produce both scripted and non-scripted content across all genres, including reality shows, entertainment and talk shows, game shows, adventure shows and drama. We have produced successful long-running programs such as *Keeping Up with the Kardashians*, *Beat the Star*, *71 Degrees North* and *Fort Boyard*, and recent popular programs such as *Undressed* and *Versailles*. We have also produced the French version of the *Survivor* format, *Koh-Lanta*, and will own the intellectual property rights to this format, including distribution rights, following the completion of the Castaway Acquisition.

We generate revenues through the sales of the programs we create and produce and the distribution of programs on which we retain intellectual property rights. Our customer base includes approximately 250 broadcasters and digital platforms, including approximately 130 broadcasters in Europe and the United States, our main geographic markets. These broadcasters include France Télévisions, TF1, the BBC, Channel 4 Television, Fox and MTV, and digital platforms such as Netflix and Amazon Video. No single broadcasting group represented more than 9% of our production revenues for the year ended December 31, 2016. We employ creative talents in the countries in which we operate to develop original formats and produce television programs based on our analysis of trends in the industry and the demands of our customers. We approach broadcasters with our concepts and formats, time lines and budget plans for production. Broadcasters pay us a fee which generally finances the production costs in full, at least for non-scripted programs. Only once a format has been developed and sold to a broadcaster, which typically funds the production budget, do we start the production process, whereby a program based on the format sold is produced. We retain intellectual property rights for most of our formats and programs, which are assets that we distribute worldwide, when possible, to continue to generate revenues through various channels, in addition to the initial sales to broadcasters. Following the Banijay Zodiak Merger, we own intellectual property rights for a broad and diversified portfolio of formats and programs with more than 20,000 hours of content. We distribute and license the content we own and control through our subsidiary Banijay Rights Limited to a traditional customer base of broadcasters and to global digital platforms.

Factors Affecting Our Results of Operations

The following are key factors that have significantly affected our results of operations and financial condition and liquidity or which we expect to significantly affect (or continue to affect) our results of operations in the future.

Success of New Formats and New Programs

Our creative talents are a key element of our success and are constantly working to address customers' demands or to anticipate trends in the industry. We work with our customers to develop original formats that may become long-running programs if they receive good ratings, making them a success. Periods in which we and our customers have successfully anticipated trends produce more-favorable results. Usually a successful program will run until viewers' preferences change or until broadcasters decide to replace the program, in which case they may ask us to develop a new format. If a new program is successful, this will have a positive effect on the profitability of the local production company that produced the program, since broadcasters will typically renew the program for several seasons. In addition, it will have a positive impact on the Group's revenues, since a popular program in one country will often be successful in other countries with a similar audience, either by the production in such country by one of our production companies or by licensing the format to third-party production companies in the countries where we are not present. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), new shows accounted for 27.9% of our production revenues and we generated 26.6% of our production revenues from programs that have aired for a period between two and five seasons and 45.5% of our production revenues from programs that have aired for more than five seasons. Our ability to accurately anticipate new trends and/or changes in consumer preferences and needs, as well as focus our development efforts towards that goal, gives us the opportunity to potentially create the next television blockbuster and accordingly will positively impact our revenues. However, our revenues from broadcaster sales will not be negatively impacted if a new program is not successful because the initial price for the sale of the program is not determined based on its success. Different factors are taken into account when determining a program's price. The budget that the broadcaster wishes to allocate for the relevant time slot is a key element (since budgets are lower for day time slots than they are for access-prime time or prime time slots). The pricing also takes into account production costs based on the type of program and the format fee payable for the format rights. The average format fee differs from one country to another but, in our experience, is usually between 5% and 7% of the production budget. In addition, the format fee will be higher if the format is successful and/or has already been successfully broadcast in certain markets. The price of a program is also based on our bargaining power with broadcasters. We sometimes negotiate bundle deals whereby we sell several programs to one broadcaster, enabling us to increase our market shares and our margins in such broadcaster's country. Even if a program is not successful in a specific market, we will try to produce the format in another market where we are present or license it to another producer in markets where we do not operate. We can also distribute the program through our Banijay Rights Limited subsidiary and continue to derive distribution and secondary revenues from that program.

Development of the Production of Scripted Programs

Scripted programs generally require a longer and more extensive development and production process, incurring higher costs than non-scripted programs. As we continue to develop our production of scripted programs, we expect to have higher capital expenditures and working capital requirements. Because of these higher production costs, scripted programs also tend to generate lower margins than non-scripted programs. The financing of scripted programs requires financing commitments from broadcasters and co-producers but also from distributors which may be our distribution subsidiary, Banijay Rights Limited. We may therefore be required to prefund development costs for a scripted program. The timing of the upfront payments and final payments, as well as the participation of Banijay Rights Limited in the financing of scripted programs impact our working capital requirements. In addition, we rely on tax credits in certain jurisdiction as part of the financing of a scripted program. However, we may only be able to claim such tax credits after having finalized the production of the program, which may require the Group to prefund a larger share of the upfront production costs and capital expenditures.

Changes in working capital are impacted by the timing of a production and program delivery and by the production of scripted and non-scripted programs. Since non-scripted programs are mainly produced in less than a year, working capital requirements related to our non-scripted business are mainly impacted by fluctuations in the numbers of non-scripted programs we produce. We may record cut-off impacts related to non-scripted activity at the end of each year if some large-scale programs are still under production. On the other hand, scripted productions have a longer production cycle, usually over two years, and higher working capital requirements. Our working capital related to scripted activity can be impacted significantly by cut-off issues at the end of the year.

Diversification of Our Customers

Our primary customers today are broadcasters and digital platforms. The number of broadcasters has increased in recent years, which in turn has increased the number of customers available to purchase our programs. At the same time broadcasters are facing increasing competition from companies that deliver video content over the internet, commonly referred to as over-the-top or "OTT programming." With the growth of OTT programming, viewers' video content consumption preferences may shift away from broadcasters and existing viewing habits. Younger viewers have already started to shift toward using mobile devices or computers rather than televisions. As a result, many of our customers and potential customers are compelled to find new original formats and programs to deliver content to viewers via the internet. We expect this pressure to become even greater as digital platforms such as Netflix and Amazon Video continue to grow. We expect to benefit from this customer diversification as we have historical relationships with many broadcasters and have already started to develop commercial relationships with digital platforms. In addition, we are increasingly focusing on formats or programs which, once produced for a local market, can be sold or licensed internationally to customers in other markets, such as broadcasters or digital platforms.

Distribution and Secondary Revenues

We have historically developed our business around sales of programs to broadcasters. However, we have recently expanded our distribution business through our subsidiary Banijay Rights Limited. We own intellectual property rights to a broad and diversified portfolio of formats and programs representing more than 20,000 hours of content. We distribute and license the content we own through Banijay Rights Limited to a traditional customer base of television broadcasters and to newer digital platforms. Our distribution business generates revenues with high margins because we have limited costs in connection with managing our portfolio of existing programs. For the twelve months ended March 31, 2017, our distribution business generated Adjusted EBITDA of €11.5 million, which represents 9.4% of our total Adjusted EBITDA, after giving pro forma effect to the Banijay Zodiak Merger. We intend to further develop our distribution business; see "*Business—Our Strategies—Continue to Expand Our Distribution Business*." We also intend to develop other sources of secondary revenues, such as revenues from advertising, live entertainment or branded content. We expect this trend to have a positive impact on our revenues, EBITDA and EBITDA margin.

Fluctuation in Our Revenues from Period to Period

We only recognize revenues from the sale of a program to a broadcaster at the time of the program's delivery. This creates a mismatch between the revenues we actually receive in connection with such sale and the revenues recognized in our financial statements. For example, we occasionally receive production advances from broadcasters before the sale and these advances are not recognized in our revenues until the delivery of the program. We have signed contracts with customers for approximately 84% of our budgeted revenues for the year 2017. In addition, we have entered into contracts for a period longer than a year with customers in France and the Nordic Countries. Broadcasters can also decide to make changes to a program during the production process, which may cause delays in the delivery of the program and therefore impact our revenues. In addition, we offer our customers a period of time during which they can reject or return our programs and until the expiration of this period, we may not be able to recognize the related revenues. Accordingly, our revenues and results of operations may fluctuate from period to period and the results of one period may not be representative of the results of any future period.

Acquisitions and Joint Ventures

To grow our business, we continually assess our markets for opportunistic acquisitions of similar businesses and assets, such as the acquisition of Stephen David Entertainment in January 2015 in the United States. We generally focus on acquiring companies with a specific creative talents, such as a popular host or successful producer, and structure our acquisitions to incentivize such talents to continue to work for us and to create further value. To that effect, we enter into various earn-outs or put option agreements with these talents, who are often the sellers of the targets. We account for these earn-outs and put options as a financial liability on our balance sheet rather than financial debt, because the amounts owed under these incentive agreements vary depending on the performance of the business and because they do not bear interest. See "*Certain Relationships and Related Party Transactions—Earn-outs*." If the opportunity arises, we may also decide to acquire companies in order to own the intellectual property rights to their catalogue of formats and programs. For example, once the Castaway Acquisition is complete, we will own the intellectual property rights to the *Survivor* format. We may also acquire intellectual property rights without acquiring a production company. For example, we acquired in October 2016 the intellectual property rights and contracts associated with the popular game show *El Legado* (known as *Les Douze Coups de Midi* in France and *L'Eredità* in Italy). We also establish joint ventures with popular local producers and talents to develop new production companies in certain markets. If a joint venture were to be successful, we may acquire the remaining share capital in the production company based on a pre-agreed price calculation formula. In the event that a joint venture were not to be successful and incurred significant losses, we would negotiate clauses in the related agreement with the other party to limit any potential losses we may incur in connection with such joint venture. As of March 31, 2017, we had established two joint ventures with local partners.

Acquisitions affect our results of operations in several ways. First, our results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired entity into our consolidated results. Second, the results of the acquired businesses after their acquisition may be positively affected by synergies. Additionally, we may experience an increase in operating expenses, such as staff costs, as we integrate the acquired business into our Group. Finally, because acquired entities are consolidated from their date of acquisition, the full impact of an acquisition or disposal is only reflected in our financial statements in the subsequent period.

General Economic Conditions in Our Markets

Macroeconomic factors in the geographic markets in which we operate affect our results of operations. Broadcasters' purchases of licenses for our formats and programs have grown through various economic cycles because viewers continue to watch television and demand new content throughout such cycles. However, broadcasters generate lower advertisement revenues during economic downturns and therefore try to reduce their budgets allocated to the purchase or production of new programs. During these periods, broadcasters become more risk adverse and are reluctant to finance the production of untested, new programs. We have been resilient to economic downturns in the past because we relied on revenues from successful, long-running programs but a new downturn may affect our future results of operations.

Growth in Our Key Markets

The combined size of the television production market in our key markets (the United States, France, Italy, the United Kingdom and the Nordic Countries) has grown at a CAGR of 2.5% since 2011 in terms of revenues, while GDP during the same period grew at a lower rate. Growth has been stronger in our two largest markets, the United States and the United Kingdom. However, growth has slowed down in the last few years, as viewing levels have started to decrease, primarily due to younger viewers watching less television and migrating towards alternative entertainment platforms, such as mobile devices. We expect growth in the television production market in terms of revenues to continue to be influenced by viewership levels and customers' demand for new programs in order to reach as many viewers as possible, particularly via digital platforms that are available on mobile devices. We also expect customers' demand for original formats and programs in emerging markets to continue to be driven by a growing middle class. Our revenues will be impacted from period to period by our ability to penetrate, and the continued growth in, these emerging markets.

Foreign Currency Exchange Rates

Our reported results of operations and financial condition are affected by exchange rate fluctuations. We are exposed to both transactional and translational risk due to these fluctuations. Transactional risk arises when our subsidiaries execute transactions in a currency other than their functional currency. We currently have production companies in 16 countries. As a result, we generate a significant portion of our revenues and incur a significant portion of our expenses in currencies other than euro, our reporting currency. The primary currencies in which we generated revenues in the twelve months ended March 31, 2017, were the euro, the U.S. dollar and the GBP. Where we are unable to match revenues received in foreign currencies with costs paid in the same currency, our results of operations are affected by currency exchange rate fluctuations. For example, a stronger euro will increase the cost of euro-denominated supplies for our non-euro businesses and conversely decrease the cost of non-euro supplies for our euro businesses. Our subsidiaries generally execute their sales to broadcasters and incur most of their materials costs in the same currency. As a result, we currently do not seek to reduce the effect of exchange rate fluctuations through the use of derivative financial instruments, except in connection with a few productions in New Zealand for which we entered into forward contracts to buy New Zealand dollars.

We also face translational currency exchange risk. We present our consolidated financial statements in euro. As a result, we must translate the assets, liabilities, income and expenses of all of our operations with a functional currency other than euro into euro at then-applicable exchange rates. Consequently, increases or decreases in the value of these currencies against the euro may affect the value of our assets, liabilities, income and expenses with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their original currency, which creates translation risk. These translations could significantly affect the comparability of our results between financial periods and result in significant changes to the carrying value of our assets, liabilities and shareholders' equity. For example, because we prepare our consolidated financial statements in euro, the increase of the value of the

U.S. dollar compared to the euro, GBP and other major currencies in 2016 positively affected our reported results of operations. See "*—Key Accounting Policies—Foreign Currency Translation*."

Factors Affecting Comparability of Our Financial Statements

On February 23, 2016, we completed the Banijay Zodiak Merger, a reverse merger pursuant to which Banijay Holding, the holding company of the Group prior to the Banijay Zodiak Merger, was merged into Zodiak, which was renamed Banijay Group S.A.S. upon completion of the reverse merger. However, under reverse acquisition accounting principles, Banijay Holding is treated as the accounting acquirer and Zodiak is treated as the accounting acquiree. As a result, the audited consolidated financial information of the Issuer as of and for the year ended December 31, 2016, includes (i) the operations of the accounting acquirer (Banijay Holding) from January 1, 2016 to December 31, 2016, and (ii) the operations of the legal parent (the Issuer, formerly Zodiak) from February 23, 2016, the date of the completion of the Banijay Zodiak Merger, to December 31, 2016. Therefore, the Issuer's financial statements presented in this offering memorandum, other than the Pro Forma Financial Information, do not fully represent the results of operations and financial condition of the entire business and the comparability of the Issuer's financial statements with the financial statements of Banijay Holding or Zodiak over each of the periods presented is significantly limited.

In order to aid the comparability of the financial condition and results of operations of our business after giving effect to the Banijay Zodiak Merger, we have prepared the Pro Forma Financial Information included in this offering memorandum. The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and, therefore, does not represent the Issuer's actual financial position or results for the periods indicated. The Pro Forma Financial Information is based on certain assumptions that we believe to be reasonable. Our assumptions may prove to be inaccurate over time. Accordingly, the Pro Forma Financial Information may not reflect what the Issuer's results of operations and financial condition would have been had Banijay Holding and Zodiak been a combined company during the periods presented, or what the Issuer's results of operations and financial condition will be in the future.

Since the Banijay Zodiak Merger was conducted pursuant to a reverse merger transaction, we derived the Pro Forma Financial Information by applying pro forma adjustments to the audited historical consolidated financial information of the Issuer and its subsidiaries as of and for the years ended December 31, 2015 and 2016, even though we did not own or control the Zodiak Group for the entire duration of the periods presented and we would not have been permitted under IFRS to consolidate the results of the Zodiak Group in our historical financial statements. See "*Risk Factors—Risks Related to Our Business—The Pro Forma Financial Information presented in this offering memorandum may not reflect what our actual results of operations and financial condition would have been had we and the Zodiak Group been a combined company for the periods presented and thus these results may not be representative of our future operating performance. The Pro Forma Financial Information included herein is subject to certain significant assumptions and limitations*."

In order to discuss our results of operations in the most meaningful way, we discuss data derived from the following financial statements:

- the Unaudited Interim Financial Statements compared with the Unaudited Interim Pro Forma Financial Information;
- the unaudited pro forma condensed combined consolidated financial information of the Issuer and its subsidiaries as of and for the year ended December 31, 2015, compared with the unaudited pro forma condensed combined consolidated financial information of the Issuer and its subsidiaries as of and for the year ended December 31, 2016;
- the financial statements of Banijay Holding and its subsidiaries as of and for the year ended December 31, 2014, compared with the financial statements of Banijay Holding and its subsidiaries as of and for the year ended December 31, 2015; and
- the financial statements of Zodiak and its subsidiaries as of and for the year ended December 31, 2014, compared with the financial statements of Zodiak and its subsidiaries as of and for the year ended December 31, 2015.

We believe that presenting the discussion and analysis of our results of operations in this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" section in this manner promotes the overall usefulness of the comparison given the complexities involved in the impact of the Banijay Zodiak Merger on our business and our financial statements.

Description of Key Income Statement Line Items

Set forth below is a brief description of the composition of the key line items of our income statement.

Revenues

Revenues are recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably estimated. Revenues are measured at the fair value of the consideration received or receivable, net of commissions, pay-backs, some specific grants, subsidies and co-producers' contributions.

Operating Expenses

Operating expenses consist primarily of production costs, including the costs of scripts, actors, directors, equipment rentals, technical staff, participants, hosts, sets and format fees.

External Expenses

External expenses consist of advertising expenses, the employment costs of freelance workers, outsourcing expenses, provisions and impairment losses on current assets and other expenses from operations.

Staff Costs

Staff costs consist of salaries and staff remuneration, including payroll expenses and share-based payments under IFRS 2: (i) expenses related to share purchase or subscription plans; (ii) expenses related to plans allocating free shares; and (iii) expenses related to exceptional bonus plans indexed on the increase in equity value. In our historical financial statements, Banijay Holding included permanent and temporary staff costs in the line item "staff costs" whereas Zodiak only included permanent staff costs; temporary staff costs were included in Zodiak's operating expenses. As a consequence, operating expenses, external expenses and staff costs are described together in this section.

Taxes and Duties

Taxes and duties consist of taxes other than current income tax.

Depreciation and Amortization of Intangible and Tangible Assets

Intangible and tangible assets are carried at cost and depreciated on a straight-line basis over their useful life. Acquired intangible assets are measured at fair value. See "*—Key Accounting Policies—Depreciation and Amortization*."

Current Impairment Losses and Provisions, Net of Reversals

Current impairment losses and provisions, net of reversals, consist of impairment losses, provisions and reversals. Provisions are recorded only if (i) the Group has a present payment obligation as a result of a past events; (ii) it is likely that an expense will be required to settle such obligation and (iii) a reliable estimate can be made as to the amount of such payment obligation. The charges relating to provisions are accounted for as profit or loss, net of any contingent reimbursement. If the effect of the time value of money is material, provisions are discounted using a discount pre-tax rate that reflects, where appropriate, the risks specific to that payment obligation. When discounting, the increase in the provision due to the passage of time is recognized in finance costs. The recoverable amount of intangible assets, goodwill and tangible assets is tested for impairment as soon as signs of impairment losses exist.

Other Current and Non-current Operating Income and Expenses

Other current and non-current operating income and expenses consist of income and expenses that are both unusual in nature and significant in terms of value at the Group level. We present such income and expenses separately in our income statement in order to facilitate the understanding of the recurring operating performance that such income and expenses are not part of.

Finance Income

Finance income consists of income from long-term investments and loans, other interest and similar income and gains.

Interest Expense

Interest expense consists primarily of interest on bank loans, bonds and shareholder loans and expenses related to interest rate derivatives used to hedge the variable interest rates on our senior bank debt.

Other Finance Income/(Costs)

Other finance income (costs) consists primarily of discounting costs and reevaluation costs related to earn-outs and put options debts.

Income Taxes

Income taxes consist of current and deferred income taxes.

Results of Operations

Three Months Ended March 31, 2017 (Actual) Compared to Three Months Ended March 31, 2016 (Pro Forma)

The information presented below is extracted from the historical unaudited interim consolidated financial statements of the Issuer for the three months ended March 31, 2017 of the Issuer and is compared to the Unaudited Interim Pro Forma Financial Information for the three months ended March 31, 2016, which was prepared on a pro forma basis as if the Banijay Zodiak Merger had occurred on January 1, 2016. See "*Presentation of Financial and Other Information,*" "*Unaudited Pro Forma Condensed Combined Financial Information*" and "*—Factors Affecting Comparability of Our Financial Statements.*"

(in € millions)	Pro Forma for the three months ended March 31, 2016	Three months ended March 31, 2017	Increase/ (decrease)	Percent change (%)
	(Unaudited)			
Revenues	149.0	191.9	42.9	28.8%
Operating expenses and staff costs	(133.3)	(156.6)	23.3	17.5%
Taxes and duties	(0.1)	(0.4)	0.3	n/a
Depreciation and amortization of intangible and tangible assets	(9.8)	(8.4)	(1.4)	(14.3)%
Current impairment losses and provision, net of reversals	(0.1)	0.9	1.0	n/a
Other current operating income and expenses	0.2	(0.9)	(1.1)	n/a
Current operating profit (loss)	**5.9**	**26.5**	**20.6**	**n/a**
Other non-current operating income (expenses)	(2.5)	(1.6)	(0.9)	(36.0)%
Earnings before interest and income tax (EBIT)	**3.4**	**24.9**	**21.5**	**n/a**
Finance income	0.2	0	(0.2)	n/a
Interest expenses	(3.7)	(3.5)	(0.2)	(5.4)%
Cost of net debt	**(3.5)**	**(3.5)**	**0.0**	**n/a**
Other finance income (costs)	(8.6)	(1.7)	(6.9)	(80.2)%
Profit before tax and income (loss) from equity-accounted affiliates	**(8.7)**	**19.7**	**28.4**	**n/a**
Income taxes	0.1	(6.7)	(6.8)	n/a
Profit, net of tax expense	**(8.6)**	**13.0**	**21.6**	**n/a**
Share of profit of associates and joint ventures	(0.6)	(1.1)	(0.5)	n/a
Profit (loss) for the quarter	**(9.2)**	**11.9**	**21.1**	**n/a**
Profit (loss) of the quarter—Non-controlling interests	0	0.5	0.5	

Revenues

Revenues increased by €42.9 million, or 28.8%, from €149.0 million for the three months ended March 31, 2016, (pro forma) to €191.9 million for the three months ended March 31, 2017 (actual). This increase was primarily due to an increase in activity in the first three months of 2017, primarily due to new productions and the positive impact in timing of the delivery of new productions in the United States (€20.0 million), the Nordic Countries (€7.9 million) and France (€5.8 million). In addition, for the three months ended March 31, 2017, we recognized more revenues from the sale of several successful programs, including *Versailles*, compared to the three months ended March 31, 2016. Accordingly, our revenues for the three months ended March 31, 2017 may not be representative of the results of any future period. See "*—Factors Affecting Our Results of Operations—Fluctuation in Our Revenues from Period to Period*."

Operating Expenses and Staff Costs

Operating expenses and staff costs increased by €23.3 million, or 17.5%, from €133.3 million for the three months ended March 31, 2016 (pro forma) to €156.6 million for the three months ended March 31, 2017. This increase was due to an increase in activity in the first three months of 2017, primarily due to new productions in the United States and the Nordic Countries, and was partially offset by the positive impact of synergies and cost-savings implemented in 2016 in connection with the Banijay Zodiak Merger.

Depreciation and Amortization of Intangible and Tangible Assets

Depreciation and amortization of intangible and tangible assets decreased by €1.4 million, or 14.3%, from €9.8 million for the three months ended March 31, 2016 (pro forma) to €8.4 million for the three months ended March 31, 2017. This decrease was primarily due to fluctuations in revenues for our scripted content and the capitalization of our production costs for our scripted content.

Other Non-current Operating Income (Expenses)

Other non-current operating expenses decreased by €0.9 million, or 36.0%, from €2.5 million for the three months ended March 31, 2016 (pro forma) to €1.6 million for the three months ended March 31, 2017. This decrease was primarily due to restructuring costs incurred in 2017 being less than the one-off restructuring costs that we incurred in 2016 in connection with the Banijay Zodiak Merger.

Other Finance Income (Costs)

Other finance costs decreased by €6.9 million, or 80.2%, from €8.6 million for the three months ended March 31, 2016 (pro forma) to €1.7 million for the three months ended March 31, 2017. This decrease was primarily due to favorable foreign exchange impacts.

Income Taxes

Income taxes increased by €6.8 million, from a credit of €0.1 million for the three months ended March 31, 2016 (pro forma) to an expense of €6.7 million for the three months ended March 31, 2017. This increase was primarily due to higher revenues in the three months ended March 31, 2017, compared to the three months ended March 31, 2016 (pro forma).

Profit (Loss) for the Quarter

Profit for the quarter increased by €21.1 million, from a loss of €9.2 million for the three months ended March 31, 2016 (pro forma) to a profit of €11.9 million for the three months ended March 31, 2017. This increase was mainly due to higher revenues in the three months ended March 31, 2017, compared to the three months ended March 31, 2016 (pro forma) and synergies from the Banijay Zodiak Merger.

Year Ended December 31, 2016 (Pro Forma) Compared to the Year Ended December 31, 2015 (Pro Forma)

The information presented below is extracted from the Unaudited 2015/2016 Pro Forma Financial Information reflecting the results of operations of the Group on a pro forma basis for the years ended December 31, 2016 and 2015, as if the Banijay Zodiak Merger had occurred on January 1, 2016 and 2015, respectively. See "*Presentation of Financial and Other Information,*" "*Unaudited Pro Forma Condensed Combined Financial Information*" and "*—Factors Affecting Comparability of Our Financial Statements.*"

(in € millions)	Pro Forma for the year ended December 31, 2015	2016	Increase/ (decrease)	Percent change (%)
	(Unaudited)			
Revenues	788.5	776.6	(11.9)	(1.5)%
Operating expenses and staff costs	(683.8)	(651.1)	32.7	(4.8)%
Taxes and duties	(0.5)	(1.0)	(0.5)	100%
Depreciation and amortization of intangible and tangible assets	(46.6)	(44.2)	(2.4)	(5.2)%
Current impairment losses and provision, net of reversals	(0.6)	(6.4)	5.8	n/a
Other current operating income and expenses	0	2.6	2.6	n/a
Current operating profit (loss)	**57.0**	**76.5**	**19.5**	**34.2%**
Other non-current operating income (expenses)	(21.9)	(27.1)	5.2	23.7%
Earnings before interest and income tax (EBIT)	**35.1**	**49.4**	**14.3**	**40.7%**
Finance income	0.5	0.4	(0.1)	(20.0)%
Interest expenses	(17.9)	(14.6)	(3.3)	(18.4)%
Cost of net debt	**(17.4)**	**(14.2)**	**(3.2)**	**(18.4)%**
Other finance income (costs)	(41.8)	(17.6)	(24.2)	(57.9)%
Profit before tax and income (loss) from equity-accounted affiliates	**(24.1)**	**17.6**	**41.7**	**n/a**
Income taxes	(14.8)	1.5	16.3	n/a
Profit, net of tax expense	**(38.9)**	**19.1**	**48.0**	**n/a**
Share of profit of associates and joint ventures	(5.7)	(2.5)	(3.2)	(56.1)%
Badwill	0.1	0	(0.1)	n/a
Profit (loss) for the year	**(44.5)**	**16.6**	**61.1**	**n/a**
Profit (loss) of the year—Non-controlling interests	0.3	1.8	1.5	n/a

Revenues

Revenues decreased by €11.9 million, or 1.5%, from €788.5 million for the year ended December 31, 2015 (pro forma) to €776.6 million for the year ended December 31, 2016 (pro forma). This decrease was primarily due to an unfavorable foreign exchange impact of €13.0 million mainly due to fluctuations in the GBP. At constant exchange rates, our revenues would have increased by €1.0 million, primarily due to the organic growth of our business in France (€20.8 million) the positive impact in the timing of delivery of new productions in the United States (€26.3 million) and the development of our scripted business in Australia (€10.1 million). This increase was partially offset by the decrease of our revenues in Spain following the departure of managers during the summer of 2015 (an impact of €17.0 million), the liquidation of a subsidiary of the Zodiak Group in the United States (which accounted for revenues of €23.0 million), and a negative impact in the timing of delivery in the Nordic Countries (€20.7 million).

Operating Expenses and Staff Costs

Operating expenses and staff costs decreased by €32.7 million, or 4.8%, from €683.8 million for the year ended December 31, 2015 (pro forma) to €651.1 million for the year ended December 31, 2016 (pro forma). This decrease was primarily due to a decrease in production costs, mainly due to the implementation of strict cost control within the entities that merged with the Group following the Banijay Zodiak Merger, and a decrease in staff costs resulting from cost synergies from the Banijay Zodiak Merger in 2016.

Current Impairment Losses and Provisions, Net of Reversals

Current impairment losses and provisions, net of reversals, increased by €5.8 million from €0.6 million for the year ended December 31, 2015 (pro forma) to €6.4 million for the year ended December 31, 2016 (pro forma). This increase was primarily due to an increase in the estimated future revenues from our catalogue of programs following the completion of the Banijay Zodiak Merger in 2016.

Other Current Operating Income and Expenses

Other current operating income and expenses increased by €2.6 million from nil for the year ended December 31, 2015 (pro forma) to €2.6 million for the year ended December 31, 2016 (pro forma). This increase was primarily due to an increase in other operating income in France and in our kids division in 2016 due to the sale of an intellectual property asset.

Other Non-current Operating Income (Expenses)

Other non-current operating expenses increased by €5.2 million, or 23.7%, from an expense of €21.9 million for the year ended December 31, 2015 (pro forma) to an expense of €27.1 million for the year ended December 31, 2016 (pro forma). This increase was primarily due to significant one-off restructuring costs in 2016 related to the Banijay Zodiak Merger.

Interest Expenses

Interest expenses decreased by €3.3 million, or 18.4%, from €17.9 million for the year ended December 31, 2015 (pro forma) to €14.6 million for the year ended December 31, 2016 (pro forma). This decrease was primarily due to the refinancing completed in February 2016 in connection with the Banijay Zodiak Merger, which resulted in lower interest expenses.

Other Finance Income (Costs)

Other finance costs decreased by €24.2 million, or 57.9%, from €41.8 million for the year ended December 31, 2015 (pro forma) to €17.6 million for the year ended December 31, 2016 (pro forma). This decrease was primarily due to an increase in earn-outs and put option debt in 2015 following a higher valuation of estimated future revenues in certain production companies of the Group that performed well in 2015.

Income Taxes

Income taxes decreased by €16.3 million, from an expense of €14.8 million for the year ended December 31, 2015 (pro forma) to a credit of €1.5 million for the year ended December 31, 2016 (pro forma). This increase was primarily due to the recognition in 2016 of some carry-forward tax losses of the Zodiak Group.

Profit (Loss) for the Year

Profit (loss) for the year increased by €61.1 million, from a loss of €44.5 million for the year ended December 31, 2015 (pro forma) to a profit of €16.6 million for the year ended December 31, 2016 (pro forma), for the reasons stated above.

Year Ended December 31, 2015 (Banijay) Compared with the Year Ended December 31, 2014 (Banijay)

The information presented below is extracted from the historical audited consolidated financial statements of Banijay Holding and its subsidiaries for the years ended December 31, 2015 and 2014, and relates to the financial position of Banijay Holding on a stand-alone basis before the Banijay Zodiak Merger. See "*Presentation of Financial and Other Information*" and "*—Factors Affecting Comparability of Our Financial Statements.*"

The table below sets forth certain line items from our income statement for the years ended December 31, 2014 and 2015, for the Group.

(in € millions)	For the year ended December 31, 2014	2015	Increase/ (decrease)	Percent change (%)
	(Audited)			
Revenues	305.4	367.5	62.1	20.3%
Operating expenses and staff costs	(267.6)	(313.8)	46.2	17.3%
Taxes and duties	(0.8)	(0.5)	(0.3)	(37.5)%
Depreciation and amortization of intangible and tangible assets	(2.9)	(3.6)	0.7	24.1%
Current impairment losses and provision, net of reversals	(1.1)	(0.6)	(0.5)	(45.5)%
Other current operating income and expenses	(0.1)	0.0	(0.1)	n/a
Current operating profit (loss)	**33.0**	**49.1**	**16.1**	**48.8%**
Other non-current operating income (expenses)	(2.2)	(4.7)	2.5	n/a
Earnings before interest and income tax (EBIT)	**30.8**	**44.3**	**13.5**	**43.8%**
Finance income	0.1	0.1	0	n/a
Interest expenses	(2.1)	(1.4)	(0.7)	(33.3)%
Cost of net debt	**(1.9)**	**(1.3)**	**(0.6)**	**(31.6)%**
Other finance income (costs)	(13.3)	(46.6)	(33.3)	n/a
Profit before tax and income (loss) from equity-accounted affiliates	**15.6**	**(3.6)**	**(19.2)**	**n/a**
Income taxes	(9.0)	(11.1)	(2.1)	23.3%
Profit, net of tax expense	**6.6**	**(14.7)**	**(21.3)**	**n/a**
Share of profit of associates and joint ventures	4.2	(5.7)	(9.9)	n/a
Badwill	0.2	0.1	(0.1)	50.0%
Profit (loss) for the year	**11.5**	**(20.2)**	**(31.7)**	n/a
Profit (loss) of the year—Non-controlling interests	1.0	0.6	(0.4)	(40.0)%

Revenues

Revenues increased by €62.1 million, or 20.3%, from €305.4 million for the year ended December 31, 2014, to €367.5 million for the year ended December 31, 2015. This increase was primarily due to the acquisition of Stephen David Entertainment in January 2015 (€24.5 million) and the ramp-up of the scripted activity in Italy (€9.9 million) and Australia (€7.4 million), as well as new productions in the Nordic Countries (€5.3 million) and France (€10.0 million).

Operating Expenses and Staff Costs

Operating expenses and staff costs increased by €46.2 million, or 17.3%, from €267.6 million for the year ended December 31, 2014, to €313.8 million for the year ended December 31, 2015. This increase was primarily due to the increase in revenues and the growth of the Group in 2015.

Depreciation and Amortization of Intangible and Tangible Assets

Depreciation and amortization of intangible and tangible assets increased by €0.7 million, or 24.1%, from €2.9 million for the year ended December 31, 2014, to €3.6 million for the year ended December 31, 2015. This is mainly due to new technical investments in 2015, including post-production equipment such as editing suites.

Other Non-current Operating Income (Expenses)

Other non-current operating income (expenses) increased by €2.5 million from €2.2 million for the year ended December 31, 2014, to €4.7 million for the year ended December 31, 2015. This increase was primarily due to the costs related to the acquisition of Stephen David Entertainment in January 2015, as well as due diligence costs incurred in connection with the Banijay Zodiak Merger.

Interest Expenses

Interest expense decreased by €0.7 million, or 33.3%, from €2.1 million for the year ended December 31, 2014, to €1.4 million for the year ended December 31, 2015, due to the lower levels of indebtedness in 2015 as a result of the amortization of bank borrowings.

Other Finance Income (Costs)

Other finance income (costs) increased by €33.3 million, from €13.3 million for the year ended December 31, 2014, to €46.6 million for the year ended December 31, 2015. This increase was primarily due to an increase in earn-outs and put option debt in 2015 following a higher valuation of estimated future revenues in certain production companies of the Group that performed well in 2015.

Income Taxes

Income taxes increased by €2.1 million, or 23.3%, from €9.0 million for the year ended December 31, 2014, to €11.1 million for the year ended December 31, 2015, in line with the increase in revenues and the growth of the Group in 2015.

Profit (Loss) for the Year

Profit (loss) for the year decreased by €31.7 million, from a profit of €11.5 million for the year ended December 31, 2014, to a loss of €20.2 million for the year ended December 31, 2015, for the reasons stated above.

Year Ended December 31, 2015 (Zodiak) Compared with the Year Ended December 31, 2014 (Zodiak)

The information presented below is extracted from the audited historical consolidated financial statements of Zodiak and its subsidiaries for the years ended December 31, 2015 and 2014, and relates to the financial position of the Zodiak Group on a stand-alone basis before the Banijay Zodiak Merger. See "*Presentation of Financial and Other Information*" and "*—Factors Affecting Comparability of Our Financial Statements.*"

The table below sets forth certain line items from our income statement for the years ended December 31, 2014 and 2015, for the Zodiak Group.

	For the year ended December 31,			
(in € millions)	**2014**	**2015**	**Increase/ (decrease)**	**Percent change (%)**
	(Audited)			
Revenues	422.9	421.5	(1.4)	(0.3)%
Operating expenses and staff costs	(399.1)	(392.7)	(6.4)	(1.6)%
Depreciation and amortization of intangible and tangible assets	(18.0)	(17.7)	(0.3)	(1.7)%
Current impairment losses and provision, net of reversals	(74.3)	(112.9)	38.6	52.0%
Current operating profit (loss)	**(68.5)**	**(101.8)**	**33.3**	**48.6%**
Other non-current operating income (expenses)	(9.9)	(17.2)	7.3	73.7%
Earnings before interest and income tax (EBIT)	**(78.6)**	**(119.1)**	**40.6**	**51.7%**
Finance income	13.6	12.6	(1)	(7.4)%
Interest expenses	(37.2)	(35.4)	(1.8)	(4.8)%
Profit before tax and income (loss) from equity-accounted affiliates	**(102.1)**	**(141.9)**	**39.8**	**39.0%**
Income taxes	(3.6)	(3.7)	0.1	2.8%
Profit, net of tax expense	**(105.8)**	**(145.6)**	**39.9**	**37.7%**
Profit (loss) for the year	**(105.8)**	**(145.6)**	**39.8**	**37.6%**
Profit (loss) of the year—Non-controlling interests	(0.1)	(0.3)	0.2	n/a

Revenues

Revenues decreased by €1.4 million, or 0.3%, from €422.9 million for the year ended December 31, 2014, to €421.5 million for the year ended December 31, 2015. This decrease was primarily due to the decreased activity of the Zodiak Group in Spain following the departure of certain managers (€6.3 million), the loss of production of new programs in the United States (€9.3 million), Russia (€6.6 million) and France

(€1.2 million), and the sale of Zodiak Active (€4.1 million), an Italian production company. This decrease was partly offset by a positive fluctuation in our revenues due to the delivery of new productions in France in 2015 (€9.9 million) and new productions sold in the Nordic Countries (€6.7 million) as well as the positive impact of a change in the GBP-Euro exchange rate (€9.9 million).

Operating Expenses and Staff Costs

Operating expenses and staff costs decreased by €6.4 million, or 1.6%, from €399.1 million for the year ended December 31, 2014, to €392.7 million for the year ended December 31, 2015. This decrease was primarily due to the slight decrease in revenues and activity of the Zodiak Group, the restructuring of the subsidiaries of the Zodiak Group in the United States in 2015, the full-year impact of the restructuring of the kids business of the Zodiak Group in 2014 and the sale of Active Plus, a production company in Italy.

Depreciation and Amortization of Intangible and Tangible Assets

Depreciation and amortization of intangible and tangible assets decreased by €0.3 million, or 1.7%, from €18.0 million for the year ended December 31, 2014, to €17.7 million for the year ended December 31, 2015.

Current Impairment Losses and Provisions, Net of Reversals

Current impairment losses and provisions, net of reversals increased by €38.6 million, or 52.0%, from €74.3 million for the year ended December 31, 2014, to €112.9 million for the year ended December 31, 2015. This increase was primarily due to an impairment loss recorded as of December 31, 2015, to adjust for the goodwill recorded in the financial statements of the Zodiak Group for the year ended December 31, 2015, in connection with the Banijay Zodiak Merger.

Other Non-current Operating Income (Expenses)

Other non-current operating expenses increased by €7.3 million, or 73.7%, from €9.9 million for the year ended December 31, 2014, to €17.2 million for the year ended December 31, 2015. This increase was primarily due to restructuring costs incurred in France and the United States in 2015. This increase was partly offset by lower restructuring costs for the kids business of the Zodiak Group in 2015, compared to 2014.

Finance Income

Finance income decreased by €1.0 million, or 7.4%, from €13.6 million for the year ended December 31, 2014, to €12.6 million for the year ended December 31, 2015. This decrease was primarily due to a lower gain in 2015 from the fair market valuation of hedging derivatives entered into to hedge interest expenses.

Interest Expenses

Interest expense decreased by €1.8 million, or 4.8%, from €37.2 million for the year ended December 31, 2014, to €35.4 million for the year ended December 31, 2015. This decrease was primarily due to foreign exchange impacts.

Income Taxes

Income taxes increased by €0.1 million, or 2.8%, from €3.6 million for the year ended December 31, 2014, to €3.7 million for the year ended December 31, 2015.

Profit (Loss) for the Year

Profit (loss) for the year decreased by €39.9 million, or 37.6%, from a €105.8 million loss for the year ended December 31, 2014, to a €145.6 million loss for the year ended December 31, 2015, for the reasons stated above.

Liquidity and Capital Resources

Liquidity describes, notably, the ability of a company to generate sufficient cash flow to meet the cash requirements of its business operations, including, but not limited to, working capital needs, capital expenditures, debt service obligations, contractual obligations and acquisitions.

Our principal source of liquidity on an ongoing basis has been our generation of cash flow from operations. Following the Transactions, our principal source of liquidity is expected to be our cash flow from operations, as well as drawings under the New Revolving Credit Facility. Our liquidity requirements arise primarily to fund acquisitions, meet our debt service obligations, fund our working capital needs and, to a lesser extent, fund capital expenditures.

Our ability to generate sufficient cash for our ongoing operations depends on our operating performance, which in turn depends, to some extent, on general economic, financial, industry, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in "*Risk Factors*." We believe that, based on our current level of operations as reflected in our results of operations for the year ended December 31, 2016, our cash flow from operating activities, cash on hand and the availability of borrowings under the New Revolving Credit Facility will be sufficient to fund our operations, capital expenditures and debt service for at least the next twelve months. However, we cannot assure you that our business will generate sufficient cash flow from operations to meet such financing needs or that future debt or equity financing will be available to us in an amount sufficient to meet our liquidity needs, including making payments on the Notes, the New Senior Term Loan, the New Revolving Credit Facility or on our other debt when due. If our cash flow from operating activities are lower than expected, we may be required to seek additional financing, which may not be available on commercially reasonable terms to us, if at all. Our ability to arrange financing generally and our cost of capital depend on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions and capital markets, restrictive covenants in our debt agreements and our general financial performance.

On the Issue Date, we will have access to funds under the New Revolving Credit Facility. The availability of the New Revolving Credit Facility will be subject to certain conditions. We anticipate that we will be highly leveraged for the foreseeable future. Our high leverage may have important negative consequences for you. See "*Risk Factors*." There are also limitations on our ability to obtain additional debt or equity financing. See "*Description of Other Financing Arrangements*." In addition, any additional indebtedness that we do incur could reduce the amount of our cash flow available to make payments on our then existing indebtedness, including under the Notes offered hereby, and increase our leverage.

Cash Flow

The following cash flow information is extracted from historical consolidated financial statements of the Issuer on a stand-alone basis. The table below sets forth certain line items from the Group's cash flow statement for the years ended December 31, 2014, 2015 and 2016, as well as the three months ended March 31, 2016 and 2017.

	For the year ended December 31,			**For the three months ended March 31,**	
(in € millions)	**2014**	**2015**	**2016**	**2016**	**2017**
		(Audited)		**(Unaudited)**	
Net cash flow from operating activities	36.3	35.0	102.3	(2.5)	11.5
Net cash flow from investing activities	6.3	(60.5)	(78.2)	0.6	(22.6)
Net cash flow from financing activities	(23.0)	(19.4)	15.9	(2.4)	(9.0)
Net change in cash and cash equivalents for the period[(1)]	**22.5**	**(41.9)**	**39.8**	**(3.2)**	**(20.7)**
Cash and cash equivalents at the beginning of the period	51.8	74.4	32.5	32.5	72.4
Cash and cash equivalents at the end of the period	**74.4**	**32.5**	**72.4**	**29.4**	**51.7**

(1) Includes impact of foreign exchange fluctuations.

The following cash flow information is extracted from the historical consolidated financial statements of the Zodiak Group. The table below sets forth certain line items of the Group's cash flow statement for the years ended December 31, 2014 and 2015.

(in € millions)	For the year ended December 31, 2014	2015
	(Audited)	
Net cash flow from operating activities	(11.3)	23.0
Net cash flow from investing activities	(20.0)	(20.3)
Net cash flow from financing activities	9.6	(17.8)
Net change in cash and cash equivalents for the period[(1)]	**(21.6)**	**(15.1)**
Cash and cash equivalents at the beginning of the period	51.9	30.1
Cash and cash equivalents at the end of the period	**30.1**	**15.1**

(1) Includes impact of foreign exchange fluctuations.

Net Cash Flow from Operating Activities

Net cash flow from operating activities of the Issuer for the three months ended March 31, 2017, increased by €14.0 million, from a cash outflow of €2.5 million for the three months ended March 31, 2016, to a cash inflow of €11.5 million for the three months ended March 31, 2017. This increase was primarily due to the increase in revenues and the growth of the Group in 2017.

Net cash flow from operating activities of the Issuer for the year ended December 31, 2016, increased by €67.3 million, from a cash inflow of €35.0 million for the year ended December 31, 2015, to a cash inflow of €102.3 million for the year ended December 31, 2016. This increase was primarily due to the impact of the Banijay Zodiak Merger. In addition to the merger between Banijay Holding and its subsidiaries and the Zodiak Group, which generated a significant amount of synergies, we benefited from a high cash conversion rate mainly due to good working capital management and the use of tax losses previously recognized in the Zodiak Group.

Net cash flow from operating activities of the Issuer for the year ended December 31, 2015, decreased by €1.3 million from a cash inflow of €36.3 million for the year ended December 31, 2014, to a cash inflow of €35.0 million for the year ended December 31, 2015. This decrease was primarily due to a change of timing in delivery of some productions at the end of 2015 which negatively impacted our working capital. See "*Risk Factors—Risks Related to Our Business—Our revenues and results of operations may fluctuate from period to period*."

Net cash flow from operating activities of the Zodiak Group for the year ended December 31, 2015, increased by €34.3 million from a cash outflow of €11.3 million for the year ended December 31, 2014, to a cash inflow of €23.0 million for the year ended December 31, 2015. This increase was primarily due to a positive change in working capital in 2015 driven by better factoring terms in France, higher revenues in Zodiak Rights and in the Nordic Countries, and the receipt of tax benefits before the production cash outflow in Belgium.

Net Cash Flow from Investing Activities

Net cash flow from investing activities of the Issuer for the three months ended March 31, 2017, decreased by €23.2 million from a cash inflow of €0.6 million for the three months ended March 31, 2016, to a cash outflow of €22.6 million for the three months ended March 31, 2017. This decrease was primarily due to the settlement of a put option in Spain, the prepayment of a deposit in connection with the Castaway Acquisition and an increase in our scripted production activity.

Net cash flow from investing activities of the Issuer for the year ended December 31, 2016, decreased by €17.7 million from a cash outflow of €60.5 million for the year ended December 31, 2015, to a cash outflow of €78.2 million for the year ended December 31, 2016. This increase was primarily due to an increase in capital expenditure in connection with the Banijay Zodiak Merger. Net cash flow from investing activities of the Issuer for the year ended December 31, 2015, is primarily related to earn-out payments and the acquisition of Stephen David Entertainment. Net cash flow from investing activities of the Issuer for the year ended December 31, 2016, is primarily related to earn-out payments, an increase in scripted activity and the acquisition of intellectual property rights.

Net cash flow from investing activities of the Issuer for the year ended December 31, 2015, decreased by €66.8 million from a cash inflow of €6.3 million for the year ended December 31, 2014, to a cash outflow of €60.5 million for the year ended December 31, 2015. This decrease was primarily due to the acquisition of Stephen David Entertainment and the payment of earn-outs and put options in 2015.

Net cash flow from investing activities of the Zodiak Group for the year ended December 31, 2015, increased by €0.3 million from a cash outflow of €20.0 million for the year ended December 31, 2014, to a cash outflow of €20.3 million for the year ended December 31, 2015. This increase was primarily due to acquisition of intellectual property rights and investments in technical equipment.

Net Cash Flow from (used in) Financing Activities

Net cash flow from financing activities of the Issuer for the three months ended March 31, 2017, increased by €6.6 million from a cash outflow of €2.4 million for the three months ended March 31, 2016, to a cash outflow of €9.0 million for the three months ended March 31, 2017. This increase was primarily due to non-recurring costs incurred in February 2016 in connection with entering into the Existing Senior Credit Facilities.

Net cash flow from financing activities of the Issuer for the year ended December 31, 2016, increased by €35.3 million from a cash outflow of €19.4 million for the year ended December 31, 2015, to a cash inflow of €15.9 million for the year ended December 31, 2016. This increase was primarily due to the impact of the refinancing of our indebtedness in connection with the Banijay Zodiak Merger. Net cash flow from financing activities of the Issuer for the year ended December 31, 2015, is primarily related to the repayment of bank borrowings. Net cash flow from financing activities of the Issuer for the year ended December 31, 2016, is primarily related to the refinancing of our indebtedness with the issuance of the Existing ORANs (€100.0 million) and the Existing Senior Credit Facilities (€300.0 million) as well as an increase in share capital subscribed by Vivendi (€100.0 million) and the exit of certain minority shareholders of the Group (€192.8 million).

Net cash flow from financing activities of the Issuer for the year ended December 31, 2015, decreased by €3.6 million from a cash outflow of €23.0 million for the year ended December 31, 2014 to a cash outflow of €19.4 million for the year ended December 31, 2015. This increase was primarily due to the anticipated repayment of a bilateral credit facility in 2014.

Net cash flow from financing activities of the Zodiak Group for the year ended December 31, 2015, decreased by €27.4 million from a cash inflow of €9.6 million for the year ended December 31, 2014, to a cash outflow of €17.8 million for the year ended December 31, 2015. This decrease was primarily due to the refinancing of the Zodiak Group's indebtedness by the subscription of senior and mezzanine debt in 2014.

Working Capital

We define "working capital" as the sum of inventories, trade and other receivables and other current assets, less trade and other payable and other current liabilities. The following table provides an overview of our working capital as of December 31, 2014, 2015, 2016, and March 31, 2017, based on the Issuer's historical financial statements:

(in € millions)	As of December 31,			As of March 31,
	2014	2015	2016	2017
		(audited)		(unaudited)
Inventories	25.6	52.3	101.1	107.7
Trade and other receivables	52.8	82.3	217.7	235.5
Trade and other payables	75.7	111.1	267.8	250.4
Other current assets	5.7	8.3	10.2	9.4
Other current liabilities	43	29.5	157.7	165.9
Working capital	**(34.6)**	**2.3**	**(96.5)**	**(63.7)**

Changes in working capital are impacted by the timing of production and program delivery and by the production of scripted and non-scripted programs. Because non-scripted programs are mainly produced in less than a year, working capital requirements related to our non-scripted business is mainly impacted by fluctuations in the number of non-scripted programs we produce. We may record cut-off impacts related to non-scripted activity at the end of each year if some large-scale programs are still under production. On the other hand, scripted productions have longer production cycles, usually over two years, and higher working capital requirements. Our working capital related to scripted activity can be impacted significantly by cut-off issues at the end of the year. In addition, we sometimes finance a large part of our scripted programs through tax credits or subsidies paid after the delivery of the program, which has an impact on our working capital for the year during which we produce the program but have not yet delivered it.

Capital Expenditures

To support our business strategy and development plans and to further expand our business, we regularly incur capital expenditures. Capital expenditures for the year ended December 31, 2016, amounted to €56.1 million, compared to €2.3 million for the year ended December 31, 2015, and €1.8 million for the year ended December 31, 2014. Our capital expenditures for the years ended December 31, 2014, 2015 and 2016, consisted of investments in technical equipment for €1.8 million, €2.3 million and €8.6 million, respectively. In addition, €37.6 million of our capital expenditures for the year ended December 31, 2016, consisted of production costs for scripted programs and €10.1 million for intellectual property rights, including the acquisition of the format *El Legado*. We did not incur production costs for scripted programs prior to 2016.

We have incurred capital expenditures of €8.8 million during the three months ended March 31, 2017, consisting of scripted production costs of €7.6 million and investments in technical equipment costs of €1.2 million.

For the year ending December 31, 2017, our management expects to incur capital expenditures in the amount of approximately €37.0 million, consisting primarily of scripted production and technical equipment costs. We plan to fund our future capital expenditures with cash from operating activities.

Cash Pooling Arrangements

We have implemented an automated cash pool for our subsidiaries. The master account holders are the Issuer and Banijay Entertainment and all other members are connected via their local banks to the cash pool. Local positive bank balances are transferred automatically to the master account holders at the end of each bank working day and bank balances at local banks are automatically balanced by the master account holders at the end of the bank working day. As needed, we also have other credit lines, including, following consummation of the Transactions, under the New Revolving Credit Facility, available for utilization.

Contractual Obligations and Contingent Liabilities

The following contractual obligations and principal payments identify what we would have been obligated to make as of March 31, 2017, after giving effect to the Transactions.

	Payments due by period			
(in € millions)	**Total**	**Less than 1 Year**	**1–5 Years**	**More than 5 Years**
		(unaudited)		
Notes offered hereby	350.0	—	350.0	—
New Senior Term Loan	60.0	—	60.0	—
Bank overdrafts and other local financings(1)	30.5	29.8	0.7	0.0
Earn-out debts	95.6	55.5	34.2	5.9
Total	**536.1**	**85.3**	**444.9**	**5.9**

(1) Represents existing third-party borrowings that are expected to remain outstanding following the completion of the Transactions. The amount gives effect to the repayment of the DeA Loan. These third party borrowings consist of various credit facilities (including factoring or assignment of receivables or future receivables) to finance the development, production and operation of our programs, audiovisual or digital content. As of March 31, 2017, we had €28.4 million outstanding under these credit facilities. In addition, we had €2.1 million outstanding under other third-party borrowings, including financial leases. See "*Description of Other Financing Arrangements—Other Financing Arrangements.*"

The information presented in the table above reflects our estimates of the contractual maturities of our obligations. These maturities may differ significantly from the actual maturity of these obligations. The table above also mainly reflects those agreements and obligations that are customary and necessary in light of the activities in which we are engaged. We believe that our cash generated from operating activities and amounts available under the New Revolving Credit Facility will be sufficient to satisfy present working capital requirements. Following the completion of the Equity Conversion, we expect to record on our balance sheet as of June 30, 2017, approximately €98.3 million of other long-term liabilities to reflect earn-outs and put option agreements that remain outstanding, compared to €131.4 million as of December 31, 2016 (see note 6.7.14 to our audited financial statements for the year ended December 31, 2016, included elsewhere in this offering memorandum) and €127.0 million as of March 31, 2017. Payments of approximately €95.6 million in cash remain due under these earn-outs and put option agreements following the Equity Conversion, of which €89.6 million will be due prior to the maturity date of the Notes, and excluding €15.0 million that one of our key managers has committed to convert into ordinary shares of the Issuer in May 2018, together with 45% of his right to receive a payment in May 2020 under an earn-out agreement. Earn-out payments in an amount of approximately USD27.6 million due in March 2018 are secured over shares, assets and a portion of the cash flows of some of our U.S. subsidiaries.

Off-Balance Sheet Arrangements

We are party to various customary off-balance sheet arrangements. See note 6.9 to our audited financial statements for the year ended December 31, 2016, included elsewhere in this offering memorandum.

Quantitative and Qualitative Disclosure About Market Risk

Market risk represents the risk that our income and expenses, future cash flow or fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rates risk, credit risk and liquidity risk. Our financial policy is aimed at minimizing the effects of fluctuations in currency-exchange and interest rates on its results in the short term and following market rates in the long term.

Foreign Currency Risk

Because of the international nature of our operations, we are exposed to currency risks with respect to various currencies. Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities (when revenues or expense is denominated in a different currency from our presentation currency).

It is our policy to (partly) hedge the currency risks resulting from sales and purchases at the moment of recognition of the trade receivables and trade payables. In addition, operating companies may, under strict conditions, opt for hedging currency risks from firm commitments and forecasted transactions. The currencies giving rise to these risks are primarily the euro, the U.S. dollar and GBP. A variation of 5% in the U.S. dollar exchange rate would have an impact of €8.0 million on our revenues for the year ended December 31, 2016. A variation of 5% in the GBP exchange rate would have an impact of €3.8 million on our revenues. The risks arising from currency exposures are regularly reviewed and hedged when appropriate. We use flexible forward contracts to hedge the exposure to fluctuations in foreign exchange rates. At year end, these instruments had remaining maturities of less than one year. We have identified three types of foreign currency risks.

Translational Exposure

We face currency risk due to the translation of the functional currency of certain of our divisions, which differs from our reporting currency. Translational exposure does not give rise to an immediate cash expense or income, but we nevertheless closely monitor our translational exposure.

Transactional Exposure

We are exposed to changes in the price paid or received under foreign currency-denominated committed transactions. During the year ended December 31, 2016, 23.4% of our revenues was generated in U.S. dollars, and 11.0% of our revenues was generated in GBP.

Interest Rate Risks

Interest rate risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in market interest rates. Our interest rate risk policy is aimed at minimizing the interest rate risks associated with our financing and thus at the same time optimizing the net interest costs. This policy translates into a certain desired profile of fixed-interest and floating-interest positions, including cash and cash equivalents. We faced interest rate risk under the Existing Senior Credit Facilities for which we entered interest rate hedges for 67% of the principal amount thereof. The Existing Senior Credit Facilities will be repaid as of the Issue Date.

Credit Risk

Credit risk represents the accounting loss if one of our counterparties fails to perform in accordance with the terms of our agreements. Credit risk is related to financial instruments such as cash and cash equivalents, receivables and derivative financial instruments. As part of our risk management, we evaluate the credit of potential counterparties to derivative financial transactions or cash transactions before we agree to enter into a commercial relationship. We manage our credit risk according to policies, procedures and controls determined by us regarding the credit risk management of our customers. We are exposed to credit risk from our operating activities (primarily for trade receivables) and from our financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

We do not believe that we have a significantly concentrated exposure to credit risk because we have a large number of customers and no single customer generated more than 6.5% of our production revenues for the year ended December 31, 2016. In order to reduce our credit risk, our operating companies purchase credit insurance where appropriate, and in some cases, demand parent company guarantees or other security interests. To further mitigate our credit risk, our operating companies may sell part of their receivables on a nonrecourse basis. We periodically analyze the balances of each major client in order to determine the need for provisions or impairment.

Liquidity Risk

In addition to the management of currency and interest rate risks, liquidity management represents a key element of our financial management. Liquidity risk arises from our potential inability to meet our financial obligations to our suppliers and financing providers. The goal of liquidity management is to secure our ability to service our commitments and to make payments when required. Our liquidity situation is closely monitored and rolling forecasts of cash flow and cash holdings are prepared regularly.

We operate several legal entities in several countries. To address the liquidity risk, we have put in place cash pooling agreements in Europe, the United States, the United Kingdom and the Nordic Countries. See "*—Liquidity and Capital Resources—Cash Pooling Arrangements.*" We also monitor with high frequency our cash balances and cash forecasts. When required, additional debt or equity-based money transfers between our entities are implemented. We also manage financial liabilities and related derivative contracts on the basis of the remaining contractual maturities of these instruments.

Key Accounting Policies

The following are certain of the key accounting policies applied by us in preparing our consolidated financial statements.

Business Combinations and Goodwill

Business combinations are accounted when using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured on the acquisition date, at fair value, and the amount of any non-controlling interest in the target. For each business combination, the acquirer measures the non-controlling interest in the target either at fair value or at the proportionate share of the target's identifiable net assets. Acquisition costs incurred are expensed.

When we acquire a business, we assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the target.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the target is remeasured to fair value as of the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over our net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the target are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Foreign Currency Translation

Our presentation currency is the euro. Each entity of the Group records transactions and items in the statement of financial position in its functional currency. Transactions denominated in a currency other than the functional currency are recorded at the spot exchange rates prevailing on the date of the transactions.

Monetary assets and liabilities denominated in a currency other than the functional currency of the entity are translated at the closing rates. Exchange differences resulting from the settlement of these transactions and from the translation of monetary items are recognized in the income statement.

Non-monetary assets denominated in a currency other than the functional currency continue to be translated against the rate at initial recognition and will not result in exchange differences. On combination, the statement of financial position of subsidiaries whose functional currency is not the euro are translated into euro at the closing rate. The consolidated statements of comprehensive income of these entities are translated into euro at the average rates for the relevant period.

Exchange differences arising from the translation of the net investment in entities with a functional currency other than the euro are recorded through other comprehensive income in the translation reserve. The same applies to exchange differences arising from borrowings and other financial instruments in so far as they hedge the currency risk related to the net investment. On disposal of an entity with a functional currency other than the euro, the cumulative exchange differences relating to the translation of the net investment are recognized in the income statement.

Revenues Recognition

Revenues are recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably estimated. Revenues are measured at the fair value of the consideration received or receivable, net of commissions, pay backs, grants, subsidies and co-producers' contributions.

Production Revenues (from producing television programs)

Production revenues are recognized when programs are delivered to the client. Standard criteria to establish revenues recognition are:

(i) usually, a client's acknowledgement of receipt (such as a delivery notice signed or approved by the client);

(ii) the delivery of a certain number of episodes; or

(iii) the expiration of the period stated in the contract to reject or return the product.

In the event of the partial delivery of the same program over several periods of time (such as for a series), revenues, costs and margins are recognized according to the deliveries. Production revenues are booked net of grants, subsidies and co-production financing.

Distribution Revenues (from the sale of finished programs)

Distribution revenues are recognized when the rights are transferred to the client:

(i) on the basis of a signed contract or a deal memo;

(ii) when the related rights are granted; and

(iii) for the full revenues (revenues are not spread over the licensing period).

As a result, distribution revenues are only recognized when productions are completed and have been delivered.

Revenues from Other Rights and Services

Other rights and services include merchandising, music rights, other ancillary revenues and digital services.

Merchandising revenues are recognized when the rights are transferred to the client:

(i) on the basis of a signed contract or a deal memo;

(ii) when the licensing period begins; and

(iii) for the full revenues (revenues are not spread over the licensing period).

Advanced payments are recognized as revenues when the above criteria are met. Further payments are recognized as revenues when received.

Revenues from music rights are recognized as revenues when received. Revenues and costs related to the rendering of services are recognized on completion of the service rendered as long as they can be estimated reliably. A service can be considered delivered when the milestones specified in the contract have been reached. However, if the contract specifies and schedules several completion milestones, then revenues and costs can be recognized partially according to the defined completion milestones. For practical reasons, when services are performed by an undetermined series of actions over a specified period of time, revenues are recognized on a straight-line basis over the specified period, unless there is some evidence that some other method better represents the stage of completion (as described above).

When the outcome of the transaction cannot be estimated reliably, revenues shall be recognized only to the extent of the expenses recognized.

Commissions

When we act as an agent rather than as a principal in a transaction, the revenues recognized is the net amount of commission earned by us.

Government Grants

Grants and subsidies that recognized when there is reasonable assurance that the grant will be received and all attached conditions will be fully complied with.

Grants and subsidies that are strictly related to the financing of a given program are deducted from production costs. When they relate to an asset, grants and subsidies are directly deducted from the carrying amount of the asset and released to the amortization and depreciation calculated on the net amount over the useful life of the asset.

All other grants and subsidies, such as government grants or income tax credits such as the *Crédit d'impôt cinéma* in France, are recognized as "Other operating income" when granted.

Distinction Between Current and Non-current

An asset (liability) is classified as current when it is expected to be realized (settled) within twelve months after the end of the reporting period.

Impairment of Assets

When there are indications that the carrying amount of a non-current asset (whether intangible or tangible asset) may exceed the estimated recoverable amount (the higher between its value in use and its fair value less costs to sell), the possible existence of an impairment loss is investigated. If an asset does not generate sufficient independent cash flow, the recoverable amount is determined for the CGUs to which the asset belongs. In assessing the value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market interest rates and the risks specific to the asset.

All financial assets are reviewed for impairment. If there is objective evidence of impairment as a result of one or more events after initial recognition, an impairment loss is recognized in the income statement. The annual impairment tests are performed at year end. The recoverable amount of the CGUs concerned is based on a value-in-use calculation. The model is based on a four-year forecast of discounted cash flows, plus a terminal value. The net discounted cash flow are calculated before tax. Intangible assets are recorded at cost. As for audiovisual rights, they are depreciated on an accelerated basis following the decline in the net value of the asset following its initial broadcast. Other intangible and tangible assets are depreciated on a straight-line basis over the useful lives of the assets. The management of the Group uses its experience to estimate the remaining useful life and residual value of an asset.

When the recoverable amount of a non-current asset is less than its carrying amount, the carrying amount is impaired to its recoverable amount and an impairment charge is recognized in the income statement. An impairment loss is reversed when there has been a change in estimate that is relevant for the determination of the asset's recoverable amount since the last impairment loss was recognized.

The key assumptions in the cash flow projections relate to the market growth for the CGUs and the related revenues projections. The growth assumptions for these cash generating units are based on the growth of the global and regional markets for our products and services. The terminal value for the period after four years is determined with the assumption of a 2.0% growth rate.

Depreciation and Amortization

Intangible assets include:

(i) intellectual property rights on a format acquired from a third party or through business combinations;

(ii) our portfolio of finished programs, whether acquired or internally developed, for which we have the legal right to distribute and to receive revenues from the distribution of these programs;

(iii) production contracts, acquired through business combinations, for the production of television programs;

(iv) costs incurred for fiction productions that are not yet finalized and have not been delivered to the customer; and

(v) other intangible assets, such as rights for the film adaptation of books or software.

Initial Recognition

The initial recognition of intangible assets is at cost, except for those acquired in a business combination, which are recognized at fair value.

Depreciation and Amortization

Following initial recognition, intangible assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Intellectual property rights on formats and programs are considered to have a definite useful life. According to an amendment of IAS 38, effective January 1, 2016, intangible assets should be depreciated based on the consumption of the associated economic benefits and on the remaining useful life of the asset. Therefore, intellectual property rights to formats and programs are depreciated on an accelerated basis following the decline in the net value of the asset after its initial broadcast.

Intangible assets acquired in a business combination are depreciated as follows:

- catalogue: on a straight-line basis over a ten-year period; and
- customer contracts: on a straight-line basis over the duration of the contract.

The depreciation period and the amortization method are reviewed at least once per year, generally at the end of the financial year. Changes in the expected useful life or the expected projections of economic benefits of the asset are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Property, plant and equipment are recorded at their acquisition cost, less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the useful life of such fixed assets. The residual value, the useful life and depreciation methods of the fixed assets are reviewed and adjusted, if necessary, at the end of each financial year.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of our consolidated financial statements requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying our accounting policies, our management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenues Recognition

Revenues from the sale of goods is recognized when the significant risks and rewards of ownership are transferred to the buyer.

Deferred Tax Assets

Deferred tax assets related to compensating tax losses are recognized as long as it is probable that we will generate enough profit for tax purposes in order to set off these deferred tax assets. In order to determine the value of the deferred tax assets arising from tax losses compensating, a considerable degree of management assessment is required regarding the probable timing and level of the future taxable profits, combined with future fiscal planning strategies.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the year ending December 31, 2016, are described below. We base our assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond our control. Such changes are reflected in the assumptions when they occur.

Share-Based Payments

We measure the cost of equity-settled transactions with our employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option.

Earn-out Payments / Put Option Rights in Favor of Minority Shareholders

Following external growth transactions, we may commit to pay former or minority shareholders either earn-outs or an acquisition price adjustment pursuant to put options on their remaining shareholdings, based on prices depending on future profits. Related debts are accounted for in the balance sheet at their present value. We estimate these debts using assumptions on future profits and calculate scheduled cash outflows using a discount rate.

Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

There are no significant differences between the fair value and the carrying amount of both the on and off balance sheet items that are not carried at fair value.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. We establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of our companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Changes in Accounting Policies

For information regarding recent and pending changes to our accounting policies, see “New and amended standard and interpretations, effective for financial years starting after January 1, 2016” in Note 5.3 of our audited financial statements for the year ended December 31, 2016, included elsewhere in this offering memorandum.

INDUSTRY

Certain of the information set forth in this section has been derived from external sources, including, among other sources, a market report by Apex Insight Ltd. ("Apex") that we have commissioned and a report prepared by Boston Consulting Group ("BCG"). Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but some of the information may have been derived from estimates or subjective judgments or may have been subject to limited audit or validation. While we believe these market data and other information is accurate and correct, we have not independently verified them. Furthermore, such estimates or judgments, particularly as they relate to expectations about our market and industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors" and "Forward-Looking Statements" elsewhere in this offering memorandum. These projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements."

Overview

We are the world's leading independent producer of television programs based on revenues for the year ended December 31, 2016. We create, develop, sell and distribute television programs for a wide range of customers and operate across 16 countries. We produce both scripted and non-scripted content across all genres, including reality shows, entertainment and talk shows, game shows, adventure shows and drama. We have produced successful long-running programs such as *Keeping Up with the Kardashians*, *Beat the Star*, *71 Degrees North* and *Fort Boyard*, and recent popular programs such as *Undressed* and *Versailles*. We have also produced the French version of the *Survivor* format, *Koh-Lanta*, and will own the intellectual property rights to this format, including distribution rights, following the completion of the Castaway Acquisition.

Overview of the Television and Digital Content Production Sector

Content producers like us develop new concepts for television broadcasting, known as "formats." These formats can be either non-scripted, such as reality shows, game shows or talk shows, or scripted, such as comedies or dramas that follows a written story and plot line. Content may either be produced by the producer who created the format, or by a third party that acquires the exploitation rights of the format by means of a license agreement related to a specific format for a specific territory. Formats are developed to cater to a specific market's viewers' preferences but also to appeal to a wide audience on a global scale.

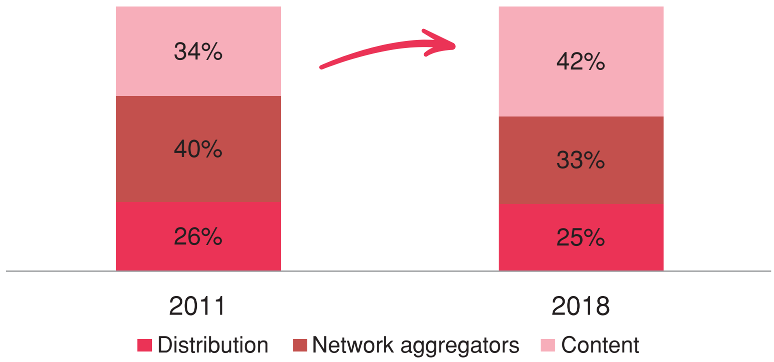
Once a format has been developed, it is then pitched to broadcasters. This presentation consists of a detailed description of the format or, in certain instances, a full pilot episode may be prepared by the production company, either at its own expense or with the financial support of the channel. The sales process also includes preparing detailed production schedules and budgets for broadcasters to fully consider when deciding whether or not to commission a program based on a particular format.

As part of this process, broadcasters may try to retain ownership of the intellectual property rights in and to the program and/or (when it is a first adaptation), of the format itself. The owner of the intellectual property rights can control the exploitation of such program and/or format worldwide and generate additional revenues by exporting the format to additional markets and worldwide program sales. Depending on the market, broadcasters can retain all or part of such rights in the format and/or program. Otherwise, production companies, such as us, retain full intellectual property rights to the format and program.

Once a broadcaster has confirmed its commissioning of a program based on a particular format, the production process begins and programs based on the format are produced. Broadcasters generally provide the initial funding for the production which involves preparing the production (which can vary significantly depending on the type of program), filming, editing the content and preparing the program for delivery to the broadcaster. The broadcaster has no obligation to air the program after its delivery. The commissioning broadcasters together with the producers may also exploit ancillary rights concerning the program, such as merchandising, DVD sales and mobile applications, which generate secondary revenues.

Scripted programs generally require a longer and more extensive development and production process, with higher costs than non-scripted programs.

As the traditional television industry evolves, content producers continue to increase their share of market value compared to content distributors and network aggregators (namely, networks that acquire or license content to syndicate). This trend is expected to continue as OTT models provide content producers with new customers and facilitate access to new markets. The chart below shows the historical split of global television value captured by content distributors, network aggregators and content producers in 2011 as well as the projected split for 2018.



The Future of television, BCG, September 2016

Overview of the Television and Digital Content Distribution Sector

Television and digital content distributors control the right to exploit content. Distributors enter into license agreements with licensees (mainly producers and broadcasters but also digital platforms such as Netflix), whereby such licensees may exploit certain rights in formats and programs, including the right to produce a format and air the corresponding program when the license relates to a format, or exploit programs for a certain period of time and for a predetermined number of runs, in a specific territory. Additional rights such as ancillary rights related to the formats and/or programs may also been granted to licensees.

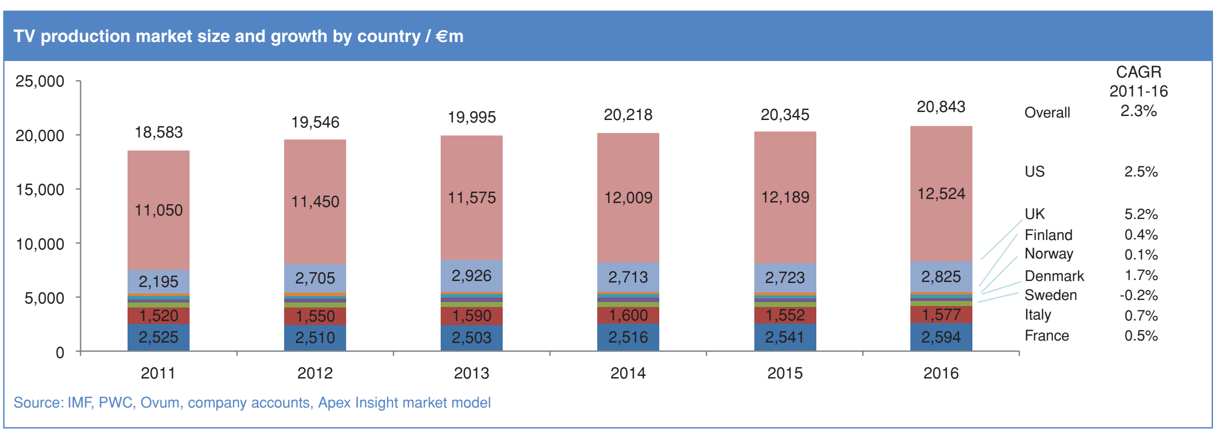
Certain producers have their own distribution business, such as us and our distribution company Banijay Rights Limited. However, some producers do not have their own distribution business and as such, grant licenses to distribution companies to distribute programs and formats on their behalf in exchange for a distribution commission.

The royalties generated by the distribution business (namely, the fees distributors receive from their licensees after deducting their commission) constitute important secondary revenues for the owners of the intellectual property rights of the format or program.

Our Key Markets

We operate across markets in 16 countries. Our primary geographic markets for television and digital content production include the United States, France, Italy, the United Kingdom and the Nordic Countries (Denmark, Norway, Sweden and Finland). The discussion that follows focuses on the television and digital content production sector in these key markets.

The chart below shows television and digital content production market size, expressed in millions of euros, in our key markets between 2011 and 2016:



According to Apex, companies in the television and digital production sector in our key markets generated total revenues of approximately €20.8 billion in 2016, having grown at a CAGR of 2.3% from approximately €18.6 billion in 2011. Revenues are forecast to continue to grow at a CAGR of 1.7% to reach an estimated €22.3 billion in revenues by 2020.

While we expect that our key markets will continue to expand, growth will likely be slower than in previous years. Although favorable macroeconomic conditions in our key markets are expected to continue to support accelerated GDP growth, main television networks and providers, such as cable and satellite, will likely offset this growth. These traditional broadcasters face ever-increasing competition from alternative forms of entertainment such as digital platforms, internet surfing and gaming platforms. However, the growth of OTT players and digital platforms has not yet offset the maturity of traditional platforms. In addition, television viewership levels continue to decline, which will affect sources of revenues within the industry. For example, advertising revenues are expected to grow at a similar rate to the past rather than increasing at an accelerate rate similar to GDP. Main networks and providers are losing their share of advertising revenues as advertisers increasingly turn to OTT and pay-TV platforms in order to reach their target audience. Although these new competitors might represent a threat for traditional broadcasters, we believe their growth represents an opportunity for content producers, especially for the independent ones such as ours, because they provide opportunities to diversify their client portfolio and therefore leverage their programs.

Each of our key markets requires a tailored approach to produce successful content. In particular, traditional platforms and alternative forms of entertainment vary in popularity and availability throughout our key markets. These differences are briefly presented below.

United States

The United States is an important geographic market for television content production, as a result of the size of its population and its high viewership levels. Television viewership levels remain high in the United States although they have decreased from a daily average per person of 289 minutes in 2011 to 270 minutes in 2016. Smartphone browsing has been one of the fastest growing alternative entertainment forms in the United States, where the average use per day has increased from 75 minutes to 152 minutes between Q4 2014 and Q4 2016, according to Apex. Revenues in the television production sector, excluding high-end productions rolled out by major studios, have continued to increase despite the decrease in viewership levels, reaching approximately €12.5 billion in 2016, up from approximately €11.1 billion in 2011, increasing at a CAGR of 2.5%, according to Apex. Since it is more difficult for independent producers to retain their rights in the United States than in other markets, the presence of independent producers in the United States production sector is lower than in most markets, representing approximately 17.0% according to Apex. This is mostly an issue when producing original content based on a new format which has never been produced elsewhere, but generally is not an issue for the local adaptation of existing formats.

The difficulty in retaining the intellectual property rights in the United States is partly offset by a higher level of production budgets, which increases production companies' margins and offsets losses from not being able to derive secondary revenues from a format or program.

United Kingdom

The United Kingdom is the leading geographic market for the creation and launch of formats because broadcasters demonstrate a willingness to experiment with new ideas and the legal framework protects producers' rights to their programs. Television viewership levels in the United Kingdom have declined to a daily average per person of 216 minutes in 2016 compared to 242 minutes in 2011. OTT services are popular in the United Kingdom, with Netflix and Amazon Video having 4.2 million and 1.2 million subscribers, respectively, according to Apex. Television production revenues have begun to increase again following a downturn in the economy in 2011, which caused a slump in ad spending as well as production spending. Television production revenues increased from €2.2 billion in 2011, to €2.8 billion in 2016, representing a CAGR of 5.2%, according to Apex. The United Kingdom's preferential regime makes it an attractive market for independent producers, who account for approximately 70.0% of the television production sector.

France

Viewership levels in France have not fluctuated significantly in recent years, reaching a daily average per person of 223 minutes in 2016 from a daily average of 227 minutes in 2011. Television production revenues have remained broadly flat over the past five years, from approximately €2.5 billion in 2011 to approximately €2.6 billion in 2016, according to Apex. Independent producers outnumber in-house broadcaster production companies by two-to-one in France and are very active in the television production sector. This high number of independent producers is explained by the fact that French law requires broadcasters to dedicate a specific percentage of their revenues to commissioning independent audiovisual works. France is a leader among European countries in IPTV with currently approximately 5.2 million households having the service as of 2016 according to Apex.

Italy

Italy has a relatively large offering of non-scripted content and imports many formats that have been successful in other markets. Viewership levels in Italy are higher than in other European markets, reaching a daily average per person of 250 minutes in 2016, slightly down from 253 minutes in 2011. The increased prevalence of smartphones has an impact on this decrease in television viewership levels. Similar to France, television production revenues have remained constant in Italy, at approximately €1.5 billion between 2011 and 2016. Although the prevalence of non-scripted content provides an opportunity for independent producers, there are fewer independent producers in Italy than in other markets because the two main broadcasters, Mediaset and RAI, account for up to 90.0% of production spending, according to Apex.

Nordic Countries

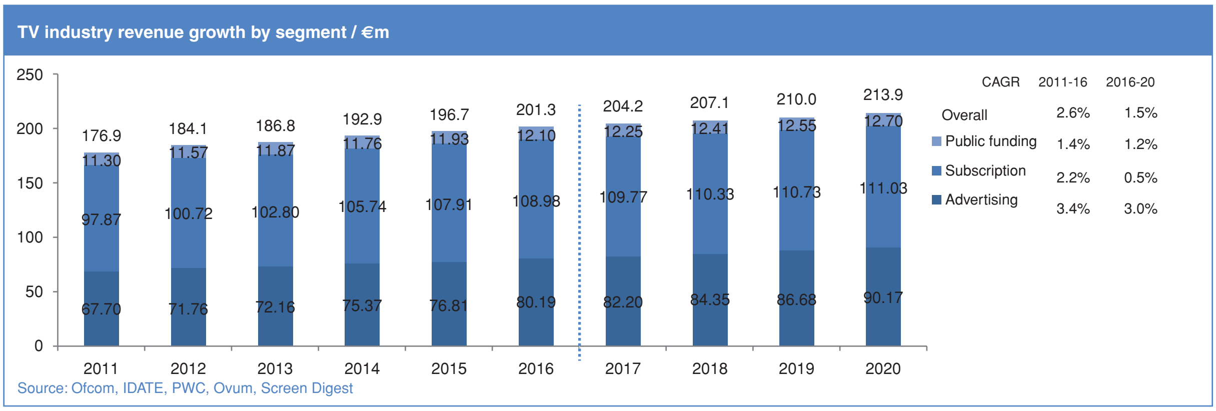
The Nordic Countries are individually smaller than other European markets but are relatively comparable between each other. Viewership levels in the Nordic Countries are lower than other European markets, reaching a daily average per person of 164 minutes in 2016, a decline from 179 minutes in 2011. Due to their advanced infrastructure, IPTV and OTT are widespread throughout the Nordic Countries and have steadily contributed to the decrease in television viewership levels. Television production revenues are lower, at approximately €1.3 billion in 2016. Revenues have remained broadly flat compared to 2011 (€1.3 billion). Broadcasters in the Nordic Countries are required to purchase a percentage of their productions from independent producers which provides opportunities in these markets for the creation in both scripted and non-scripted programs. In addition, the similarities between three of the Scandinavian countries (Denmark, Finland and Norway) in terms of culture, tastes and language as well as broadcasting groups which are often present in all of them, enable us to consider Scandinavia as one single larger market.

Key Market Drivers

Companies that are in the television and digital content development, production and distribution sectors have a B2B business model, with broadcasters as their primary customers. As a result, the dynamics affecting both sectors were for a long time closely tied to those that impacted the wider broadcasting industry. However, due to the emergence of new content buyers (such as OTT platforms), this traditional approach can be balanced. The number of clients willing to invest in original content (both scripted and non-scripted) has significantly increased as a result of new entrants such as Netflix, Hulu, Amazon Video and YouTube Red, which place the independent content developers, producers and distributors in a more favorable position vis-à-vis traditional broadcasters.

Broadcaster Revenues

Television production and distribution companies such as ours depend largely on the ability of broadcasters, including, television and internet-based broadcasters, to generate revenues so that they are able to license content from production and distribution companies. The chart below shows historical growth in broadcaster revenues (in billions of euros) in our key markets, split by source, from 2011 to 2016, as well as projected growth from 2017 to 2020, according to Apex.



In 2016, broadcasters in our key markets generated revenues of over €200 billion. According to Apex, these revenues have grown at a CAGR of 2.6% between 2011 and 2016. Revenues are forecast to grow at a CAGR of 1.5% to reach an estimated €214 billion by 2020.

The television industry has three traditional sources of revenues: subscriptions; advertising; and public funding. Subscription, the main source of broadcaster revenues, is expected to continue to grow over 2016 to 2020 although at a slower pace across our key markets (0.5%) than the historical rate (2.2%). Advertising is also expected to continue to grow at the same historical rate across our key markets. This rate, however, is lower than the expected GDP growth for the 2016 to 2020 period (4.0%) according to Apex. Platforms are now maturing with many of the largest seeing falling subscriber numbers, a trend which more than offsets the growth of new IPTV and OTT services. Advertising is expected to be the main growth driver for broadcaster revenues and should continue to grow at the same historical rate across our key markets (approximately 3.0%) although lower than expected GDP growth. As alternative entertainment forms and digital platforms continue to develop, there are new platforms for advertisers to reach consumers other than large, more traditional and terrestrial networks, which have traditionally been the preferred outlet for advertisers to reach a large audience. Certain dynamics affect each source of revenues as explained below.

Subscriptions

In 2016, subscriptions represented 54% of broadcaster revenues in our key markets and totaled approximately €109 billion for the same period, according to Apex. Fees for cable, satellite, IPTV and OTT are included in subscriptions. While consumers are less likely to purchase a new subscription service during an economic downturn, these revenues are less sensitive to economic fluctuations, because certain subscription services lock consumers into commitments for a set period of time. In addition, a reduction in subscription revenues has not historically had a direct impact on production spending. Most subscription channels and services dedicate the majority of their budgets to acquire the rights to broadcast specific content, such as sports programs or films, and are less likely to commission their own programs.

Newer platforms, such as IPTV, are attracting subscribers and continuing to grow. Consumers enjoy IPTV because it allows them to access traditional television channels as well as OTT services, such as Netflix and Amazon Video. In order to attract more subscribers, certain IPTV and OTT services have begun to commission their own productions to increase their appeal and generate new audiences. Some of these productions have become global successes, such as Hulu's *The Handmaid's Tale* and Netflix's *House of Cards*. These services often maintain the exclusive distribution rights to productions they have commissioned, which increases their return on investment. While these services are growing, in the short term their growth is not expected to be sufficient to compensate for the slowdown in growth in traditional platforms. This does, however, provide an opportunity for growth in the medium-to-long term as these platforms seek to increase their appeal by increasing their catalogue and commissioning their own productions, providing content producers with new customers. Infrastructure is a necessary component for these services to succeed in a particular market, because they depend on access to high-speed internet. Certain markets in which we operate have extensive internet coverage, such as the Nordic Countries, whereas high-speed internet in Italy, for example, is not currently accessible nationwide, impacting the number of consumers who have access to such services.

Advertising

According to Apex, revenues from advertising represented approximately 40% of broadcaster revenues in our key markets in 2016 and totaled approximately €80 billion for the same period. Advertising revenues are more closely linked to viewership levels and macroeconomic performance than are subscription revenues. In an economic downturn, advertisers are less likely to spend money on advertising as they look to reduce costs and there is less consumer spending available. Viewership levels may also affect advertising revenues because a program with high viewership levels will attract more advertisers in order to reach a larger pool of consumers or, potentially, a target audience. Accordingly, advertising revenues can quickly fluctuate from one period to another if advertisers determine that they have an opportunity to stimulate demand.

The most significant beneficiaries of advertising revenues have historically been large, public broadcasters. However, they have begun to lose this dominance as viewers' habits have changed. In the medium-to-long term, we expect that alternative forms of entertainment, such as YouTube and Hulu, will continue to increase their share of total advertising revenues.

As large networks see their share of advertising revenues reduced, the television and digital content production sector could be impacted. Large networks typically have a substantial budget for commissioning new content and formats. If their advertising revenues decrease, these networks could consequently be forced to reduce the amount that they are able to spend on commissioning new productions. This explains why, in recent years, production companies have made significant efforts to rationalize production and reduce their costs while maintaining a high level of quality in the programs delivered. The format business model, based on the adaptation of existing formats, using existing know-how and facilities, which reduces costs, is key to adapting to this new situation. However, because IPTV and OTT platforms tend to have lower budgets than larger networks, this may affect the level of production spending over time.

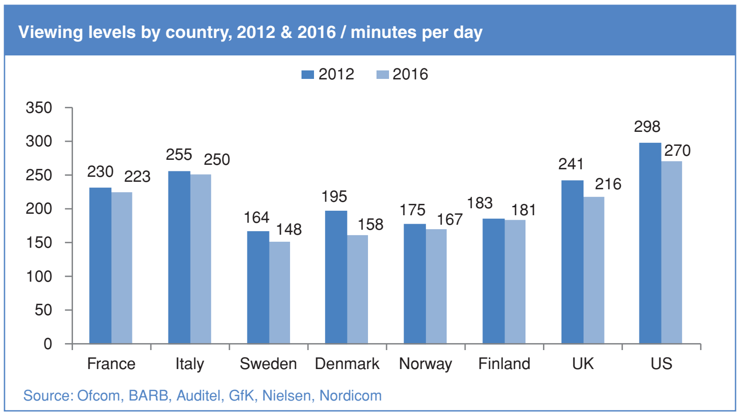
Public Funding

The third source of revenues in the television industry, public funding, is globally less significant than subscription and advertising revenues, representing approximately €12.0 billion, or 6.0%, of broadcaster revenues in our key markets in 2016 according to Apex. Consumers in many, but not all, of our European markets must pay an annual fee for a license to have a television in their homes. These fees are then used, in whole or in part, to fund public broadcasting. Certain other markets, such as Italy, have established a separate tax in order to make it more difficult for consumers to avoid paying the public fee. The United States, our largest market, has no similar source of public funding, the impact of this source of revenues on companies like us remains minimal. In Europe, however, license fees range from €137 per year in France to €335 per year in Denmark; while the tax amount varies on a case-by-case basis across markets.

Viewership Levels

Viewership levels have a direct impact on the revenues that our broadcaster customers are able to generate, thus impacting the amount of funding they have available to spend on commissioning programs. As alternative forms of entertainment such as internet surfing, gaming and mobile devices become more popular and easily accessible for consumers, television viewership levels have generally fallen in the markets where we operate in recent years.

The chart below shows historical viewership levels, in minutes per day, in each of our key markets in 2012 and 2016.

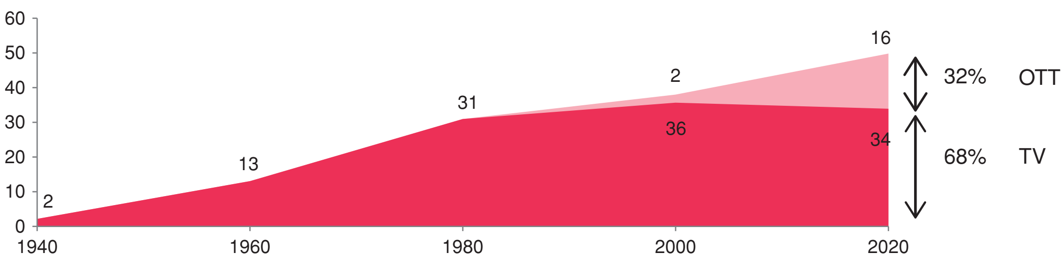


The strongest driver of viewership is the success of a particular format. A format's success is nearly impossible to predict. Furthermore even if a format is successful, achieving maximum profitability for an extended period of time requires that the format be correctly managed. Production companies must work with broadcasters to monitor the production techniques for programs. Broadcasters must also be careful to direct the program at its target audience, while taking care not to overexpose a format and tire audiences before it achieves its potential success.

Demographics also impact viewership levels, both in terms of content and in terms of distribution channel. On the one hand, viewers aged 50 and over spend a significant amount of time watching television programs and tend to prefer certain niche channels and programs. Television networks that are more specialized, such as networks dedicated exclusively to culinary programs, increase viewership levels among older viewers. In addition, older viewers have gravitated towards IPTV, which includes a large content library and provides consumers with several delivery options for media. IPTV is often offered as an additional service along with cable television and has contributed to its popularity with this age group.

On the other hand, viewers aged under 50, particularly those between 15 and 25, have been spending less time watching television programs. These viewers have grown up with more entertainment options, particularly the internet, and as a result, are more likely to gravitate towards alternative forms of entertainment such as OTT services and internet surfing rather than traditional television.

We expect that the increasing popularity of alternative forms of entertainment with younger generations will more than offset declining television viewership levels in the years to come, providing opportunities for television and digital content producers to cater to new customers and expand their services. The chart below shows historical video consumption in hours per week from 1940 to 2016 and projected through 2020, split between television and OTT services:



Source: BCG Report, Sept. 2016 'The Future of Television'

Macroeconomic Environment

Television production, and more broadly the television and entertainment industry as a whole, is impacted by macroeconomic factors. Macroeconomic conditions have a direct impact on advertising revenues, which in turn impacts the amount of funding broadcasters have to spend on commissioning programs.

Competitive Landscape

Competition in the television and digital content production and distribution sectors is relatively fragmented, with no participant having a global market share greater than 10%. In most markets, a number of small, independent production groups are important market participants.

We believe that access to capital in order to expand is the most significant barrier to entry in our industry. Without this capital, the operations of small independent groups remain on a small-scale and local, preventing them from entering and succeeding in the international market. Accordingly in recent years, there has been significant consolidation within the industry, particularly through vertical integration and business combinations of market participants with one another.

We believe that this consolidation is driven, in part, by production companies' desire to expand their respective content libraries, thereby allowing them to further develop their capacity to distribute their formats and programs. All leading production groups have also established distribution businesses. This branch of activity allows them to market and sell their content and formats internationally to broadcasters and digital platforms. Historically, large international production groups, (such as Endemol Shine or FremantleMedia), were centered on the idea of maintaining the exclusive exploitation of their format catalogues within their territories. This business model generates additional production value for the group companies and distribution revenues from format fees paid by broadcasters.

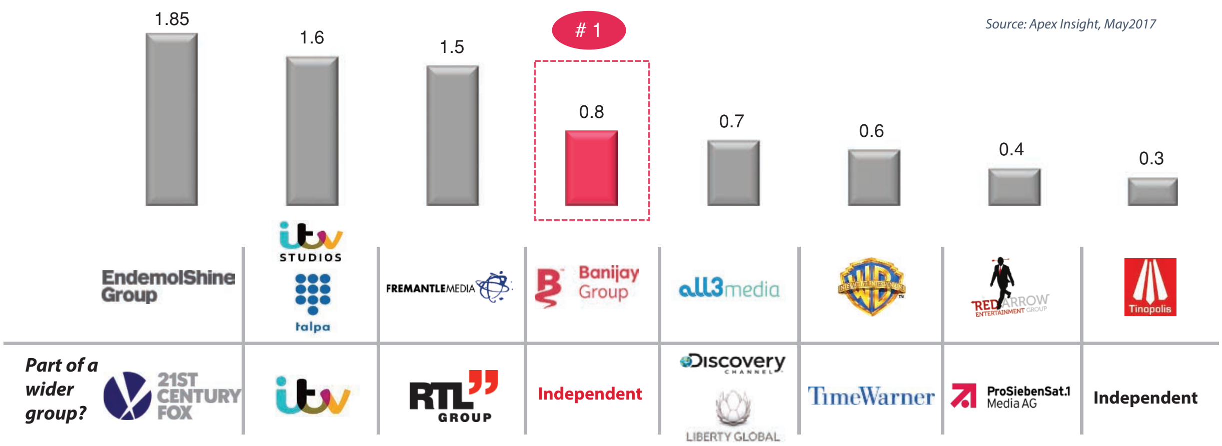
We have been an active and successful player in the consolidation of this industry and has been the only significant producer and distributor with worldwide operations that has managed to remain independent.

Distribution of content has allowed companies to increase their profits (because costs associated with managing and selling a content library are relatively low compared to production costs) while maintaining control over their intellectual property rights. We believe that the trend of consolidation in the industry as a whole will continue in the years to come.

Production

We are the world's leading independent producer of television programs and fourth largest television program producer based on revenues for the year ended December 31, 2016. We believe that we are in direct competition with other groups such as Endemol Shine, ITV Studios, FremantleMedia, All3Media, Warner Bros International TV Production, Tinopolis and Red Arrow. Certain competitors, such as ITV Studios, have experienced significant growth through M&A activity in recent years. This is a reflection of the overall consolidation trend in the industry.

According to Apex, the chart below shows global revenues (in billions of euros) of the leading television entertainment groups for the latest year, as of the date of the Apex report.



There are four main categories of participants in the television and digital content production sector. While there is some overlap across these categories, each has its own unique characteristics.

In-house Production Departments

Certain broadcasters, such as NBC and Netflix in the United States, maintain their own in-house production departments. These departments vary between broadcasters and across geographical markets.

Some may manage large in-house departments, whereas others, such as Channel 4 in the United Kingdom, now outsource all of their content production to third parties. We believe that, in general, these departments tend to focus on popular and already produced formats that they believe will be successful and reliable sources of revenues.

Hollywood Studios

Hollywood studios, such as Warner Bros., tend to produce high-quality and expensive scripted content. Although we do produce scripted content and intend to devote more of our business to scripted content in the future, we do not typically directly compete with Hollywood studios for content production contracts.

Super-independent Groups

Super-independents are often established through business combination transactions whereby independent producers in various markets are combined into one international group. In order to succeed and maximize market share, these groups typically maintain a presence in the United Kingdom and the United States in light of their importance for the overall industry. We are a member of this category and have expanded our presence in both markets in recent years.

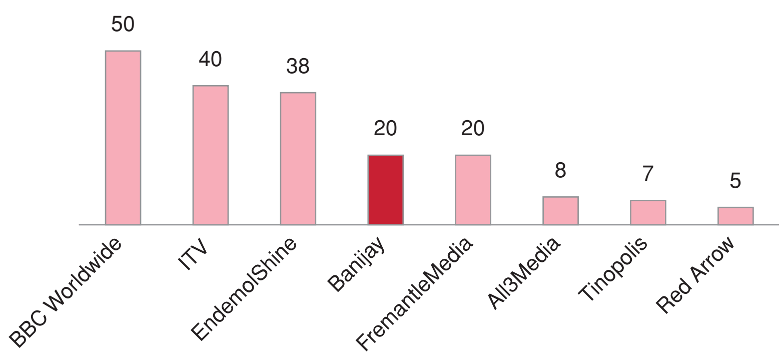
Super-independents are free to experiment with different content formats and pursue various production avenues. They are well-known for producing non-scripted formats which are popular with broadcasters as they tend to be low-risk opportunities as their production costs are significantly lower than scripted content. In addition, in markets in the European Union, Directive 89/552/CEE dated October 3, 1989, and revised by the EU Directive 2010/13/EU dated March 10, 2010 (the "EU Media Directive"), requires members states to ensure that at least 10% of programming is produced by independent content producers. In these markets, independent producers such as us have a competitive advantage by allowing broadcasters to satisfy these regulatory requirements.

Smaller Independent Companies

The final group, independent companies, consists of groups whose activities are limited to a specific domestic market. In general, small independents focus on a particular niche area or may even specialize in a specific show format. Smaller independents are known for producing creative content and are often on the cutting edge of innovation. However, their growth is often difficult as a result of their limited access to capital. Smaller independent companies include Elephant & Cie, 3ième œil and Coyote in France, Hat Trick and Avalon in the United Kingdom, Cattleya and Ballandi in Italy and 7 y Accion and Zebra TV in Spain.

Distribution

We believe that the size of a distributor's content library can serve as a helpful element for measuring its competitive advantage. The chart below shows the content libraries of leading production groups and studios (in thousands of hours) as of May 2017, as estimated by Apex:



Our direct competitors in the distribution business include super-independent production companies that maintain distribution branches for their content, as well as Hollywood studios with significant content libraries.

BUSINESS

Overview

We are the world's leading independent producer of television programs based on revenues for the year ended December 31, 2016. We create, develop, sell and distribute television programs for a wide range of customers and operate across 16 countries. We produce both scripted and non-scripted content across all genres, including reality shows, entertainment and talk shows, game shows, adventure shows and drama. We have produced successful long-running programs such as *Keeping Up with the Kardashians*, *Beat the Star*, *71 Degrees North* and *Fort Boyard*, and recent popular programs such as *Undressed* and *Versailles*. We have also produced the French version of the *Survivor* format, *Koh-Lanta*, and will own the intellectual property rights to this format, including distribution rights, following the completion of the Castaway Acquisition.

We generate revenues through the sales of the programs we create and produce and the distribution of programs on which we retain intellectual property rights. Our customer base includes approximately 250 broadcasters and digital platforms, including approximately 130 broadcasters in Europe and the United States, our main geographic markets. These broadcasters include France Télévisions, TF1, the BBC, Channel 4 Television, Fox and MTV, and digital platforms such as Netflix and Amazon Video. No single broadcasting group represented more than 9% of our production revenues for the year ended December 31, 2016. We employ creative talents in the countries in which we operate to develop original formats and produce television programs based on our analysis of trends in the industry and the demands of our customers. We approach broadcasters with our concepts and formats, time lines and budget plans for production. Broadcasters pay us a fee which generally finances the production costs in full, at least for non-scripted programs. Only once a format has been developed and sold to a broadcaster, which typically funds the production budget, do we start the production process, whereby a program based on the format sold is produced. We retain intellectual property rights for most of our formats and programs, which are assets that we distribute worldwide, when possible, to continue to generate revenues through various channels, in addition to the initial sales to broadcasters. Following the Banijay Zodiak Merger, we own intellectual property rights for a broad and diversified portfolio of formats and programs with more than 20,000 hours of content. We distribute and license the content we own and control through our subsidiary Banijay Rights Limited to a traditional customer base of broadcasters and to global digital platforms.

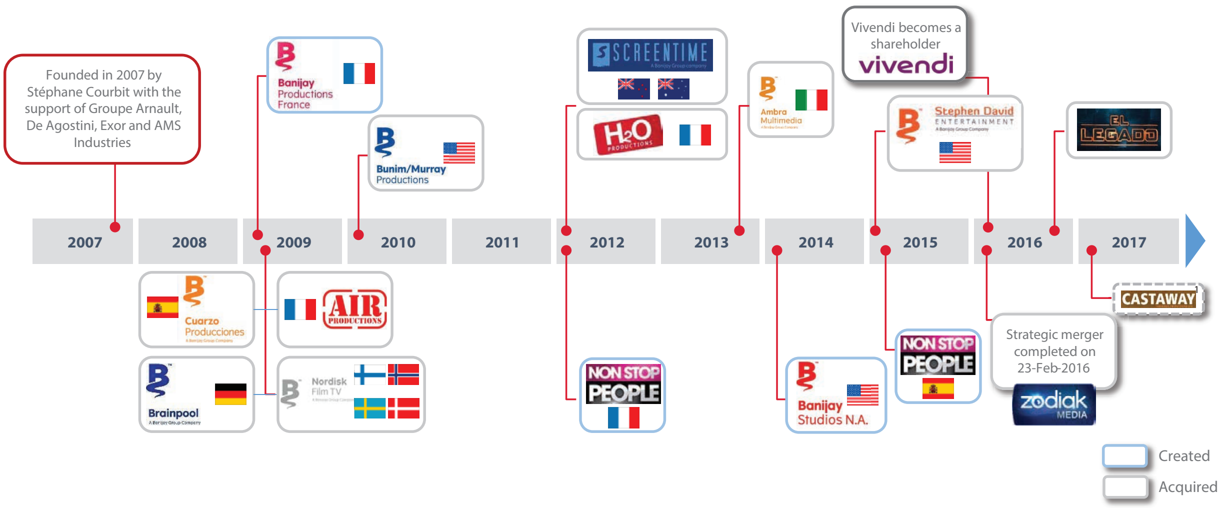
For the twelve months ended March 31, 2017, we generated revenues of €819.5 million. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), we generated pro forma revenues of €776.6 million and, over the same period, we generated production revenues of €695.0 million (89.5% of our revenues) and our programs generated distribution and secondary revenues of €81.6 million (10.5% of our revenues). For the twelve months ended March 31, 2017, we generated Adjusted EBITDA of €122.0 million and, assuming the Castaway Acquisition closes, we would have generated Pro Forma Adjusted EBITDA of €127.6 million on a pro forma basis giving effect to the Castaway Acquisition as if it had closed on April 1, 2016. See "*Summary—Summary Historical Financial and Other Information—Other Financial and Operating Data*."

History

The Group was established in 2007 by a team of experienced professionals led by Stéphane Courbit, the founder and former CEO of Endemol France, currently one of our main competitors on this market. Mr. Courbit initially invested in Banijay Holding through his family holding company, LOV Group Invest S.A.S., and subsequently integrated other private investors such as the Agnelli Family through Exor N.V., the Drago and Boroli families through De Agostini S.p.A., Jean-Paul Bize through AMS Industries and Bernard Arnault through Groupe Arnault S.E. The Group is currently managed by Mr. Courbit, who serves as Chairman, and by Marco Bassetti, our Chief Executive Officer.

Mr. Courbit created the Group in order to build it into a worldwide brand in the production of television and digital content, mostly through acquisitions of key local television and digital content producers. We have acquired several television production companies since 2007, attracting leading managers in the television and entertainment industries. 2016 was a turning point for the Group following the completion of the Banijay Zodiak Merger. The Banijay Zodiak Merger significantly reinforced our library in both non-scripted and scripted content. Zodiak also had a complementary client base (e.g., in France focused on scripted content) and geographical reach (e.g., with a strong presence in the United Kingdom). Upon the completion of the Banijay Zodiak Merger, Stéphane Courbit increased his shareholding in the Group and Vivendi acquired a strategic stake in the Group.

The following graphic shows the main companies created and the acquisitions made during the development of our business:



Our Strengths

We believe that the following strengths differentiate us from our competitors and provide us with competitive advantages in the markets in which we operate:

World's Leading Independent Producer of Television Programs in a Growing but Fragmented Television Content Production Market

We are the world's leading independent producer of television programs based on revenues for the year ended December 31, 2016. We are among the top three production companies in terms of revenues in seven of the 16 countries in which we operate.

We are an independent producer, exclusively focused on providing innovative content to our broad customer base, including broadcasters and digital platforms. Our independence from broadcasters enables us to continue to innovate, to deliver original, differentiated programs, and to work with a diversity of creative talents around the world. We have developed best-in-class format-sharing practices within our Group and, due to our size and decentralized organizational structure, are more flexible than larger production groups. Our independence from customers allows us to sell our programs to any broadcaster, providing us with a competitive advantage in the industry. In addition, our shareholders are industry experts who understand the television production business and are focused on developing original content. Six of the eight largest content producers (in terms of revenues) in the world are affiliated with an entertainment group or a distribution network, while we are not controlled by a specific entertainment group or distribution network. We have also strengthened our bargaining power with customers since our merger with the Zodiak Group in February 2016, which improved our scale of revenues from €367.5 million prior to the Banijay Zodiak Merger (as of the year ended December 31, 2015), to €819.5 million as of the last twelve months to March 31, 2017 and our program portfolio to 20,000 hours of content.

We are one of the few independent producers with the scale, geographical coverage, diversified programs portfolio and expertise to be able to benefit from a global increase in demand for new content. As an independent producer, we benefit from regulations in certain markets that require broadcasters to commission a quota of their programs from independent producers. We believe that we are well positioned to take advantage of the growing television production market, which is ultimately a function of television viewership levels. Viewership levels drive our customers' revenues and therefore impact their level of spending on the content we produce.

The television production market has grown at a CAGR of 2.3% between 2011 and 2016 in our key markets. This market is expected to continue to grow, fueled by higher viewership levels due to the rise in the number of channels and the use of video multiple devices to view content. In particular, we believe that digital platforms such as Netflix or Amazon Video will demand an increasing number of new programs in order to reach as many viewers as possible. In addition, the television production market remains fragmented, with no group having a global market share higher than 10% as of 2016, while we operate a fully integrated business with a distribution capacity. We benefit from the fragmentation of the television production market because some of our competitors do not have a distribution capacity or the scale to negotiate directly with broadcasters. Our size has also allowed us to develop internal policies and standardized production processes that we can offer to our customers, while smaller producers are required to take more financial risks to produce their programs and satisfy customers.

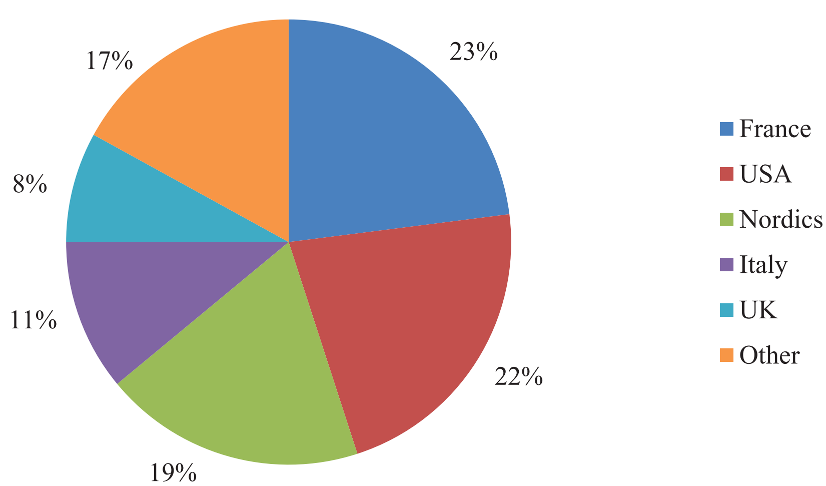
Integrated Business Model with an Entrepreneurial Spirit to Foster Creativity

We operate an integrated business with a complete array of resources to source, develop and distribute television content. We have resources dedicated to every stage of the content production business. We have key partnerships with successful and creative talents around the world who work with us to produce original content at local and international levels. Our distribution network then allows us to distribute our formats and programs and monetize our successful formats and programs by generating secondary revenues. As a result, we are able to cost-effectively control each stage of television content development, production, sale and distribution. In addition, we face minimal potential for a loss from our productions because broadcasters provide full financing for our non-scripted programs, exposing us to little risk. We have developed various policies at the Group level to ensure that if one of the formats or programs for which we own or control intellectual property rights is sold in a country in which we have a presence, it must be produced by one of our production companies which have a total exclusivity on our catalogue. These policies enable us to maximize the circulation of our formats within the Group, preserve our integrated business model and benefit from a competitive advantage over our competitors in the markets in which we operate.

Our business is constructed as a group of talents and entrepreneurs, operating at the local level and in specific geographic markets, to foster creativity and innovation within the Group. This approach enables our employees and partners to easily exchange ideas and rapidly respond to demands from customers or new trends in the industry. We provide advice and support at the Group level to help our subsidiaries negotiate the best terms possible with customers around the world. This decentralized approach also benefits production companies that we acquire because they are able to retain their creative autonomy while benefiting from shared services at the Group level. To ensure cohesion and consistency throughout the Group, we provide our production companies with guidelines and policies to ensure control over our intellectual property rights that are designed to monitor creation risks, establish employee incentive schemes, focus on the most profitable genres and time slots and maximize cash generation while promoting financial discipline. Furthermore, we have entered into incentive arrangements with some of our key managers and creative talents, in the form of earn-outs or put options, to ensure that their interests and our interests in creating value remain aligned.

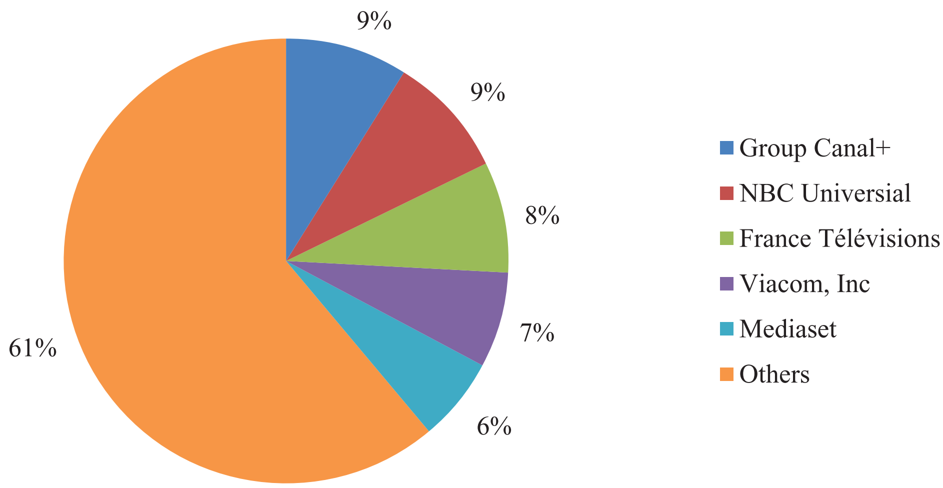
High Degree of Diversification Across Geographies and Customers

We are a global producer of television programs and we generate revenues in 16 countries, none of which represented more than 23% of our revenues for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger). We strive to continuously increase our geographic presence, including through acquisitions or joint-ventures. The following chart shows the breakdown of our revenues by geography for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger):



We are currently among the three largest production companies in terms of revenues in seven of our markets: France, Italy, the Nordic Countries and New Zealand. Thanks to our portfolio of successful formats and programs that adapt to a variety of audiences, we believe we are well positioned to maintain and grow our market shares in each of our current markets. We have been successful in acquiring reputable production companies in these markets and we believe that we have already established ourselves among the top three production companies in New Zealand, a market we entered in 2012. We have also in the last several years entered into important new markets, including India and Australia.

The following chart shows the breakdown of our production revenues by broadcasting group (each of which includes several broadcasters affiliated with the same group or network) for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger):

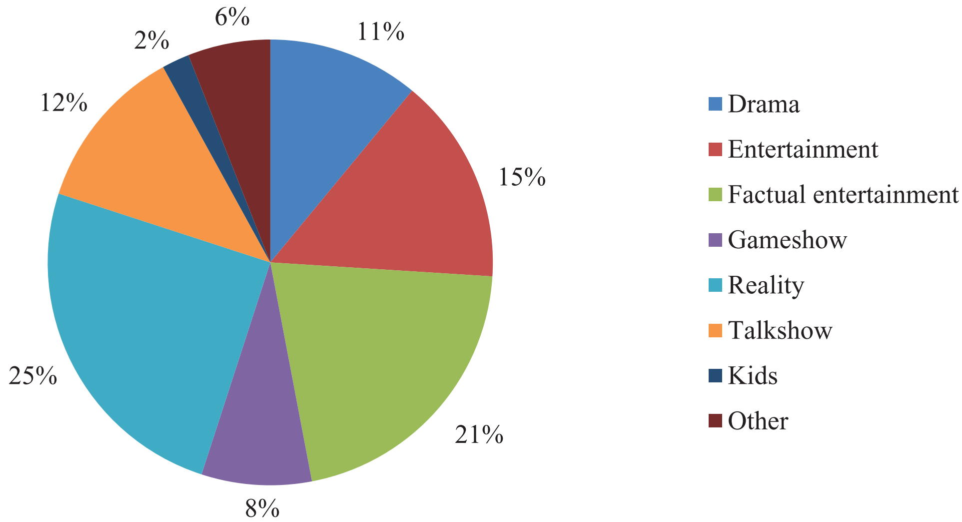


Even though the Group was established in 2007, some of our production companies have produced television content for more than 15 years and benefit from long-standing relationships with broadcasters. We believe that our ability to propose original formats with a cost-efficient production process has increased customer loyalty. We are also focused on developing relationships with new customers, particularly digital platforms such as Netflix and Amazon Video. Our distribution business enables us to license our portfolio of formats and programs around the world, including to customers located in markets in which we do not currently maintain production operations.

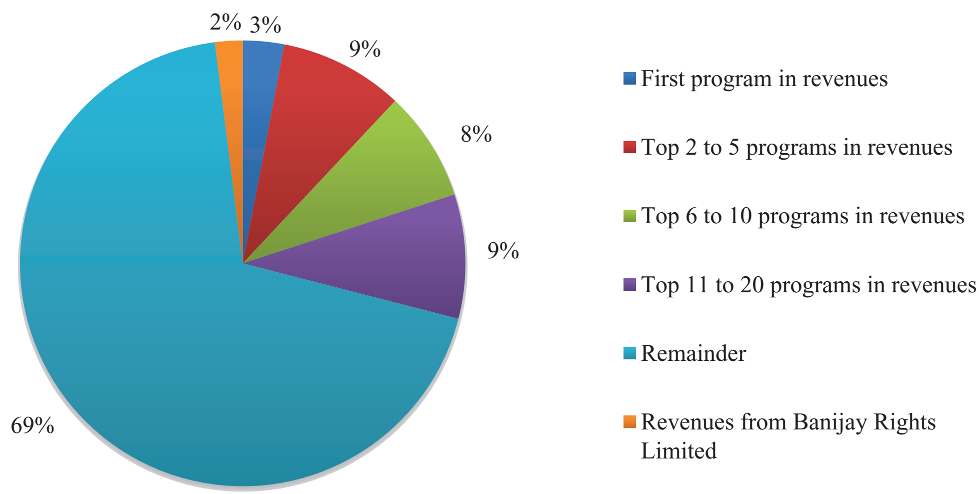
Broad and Diversified Portfolio of Formats and Programs Generating Primary and Secondary Revenues

We believe our broad and diversified portfolio of formats and programs makes us less vulnerable to decreases in demand for a particular format or program. We have historically focused on producing non-scripted content across various genres, such as reality shows, game shows, entertainment and talk shows. Since the Banijay Zodiak Merger, we have further diversified our business with the production and distribution of scripted content. Viewership levels of non-scripted programs, our core market, have sharply improved in the last decade. Non-scripted programs are more cost-effective to produce than scripted programs; related production costs are fully covered by broadcasters. Scripted programs, on the other hand, require a longer development period and higher production costs but can generate significant secondary revenues, especially if such programs are in English because they can be sold to a broad base of customers around the world, including local or global digital platforms that are increasingly demanding new programs ready to be aired. We produce most genres of non-scripted programs and one genre of scripted content (drama).

The following chart shows the breakdown of our production revenues by genre for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger):



In addition, our diverse portfolio allows us to capitalize on different formats and programs, thereby limiting our exposure to the success of certain blockbusters. Even though we benefit from the revenues of long-running programs, such as *Real World, The Challenge, Keeping Up with the Kardashians*, *Don't Forget the Lyrics*, *71 Degrees North* and *Fort Boyard*, no single program accounted for more than 3.0% of our revenues for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger). The following chart shows the breakdown of our revenues attributable to our top 20 shows for the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger):



The complementary nature of our formats and programs also creates its own benefits for our business. We have increasingly focused on formats that, once produced for a local market, can be licensed internationally to customers in other markets. For example, our reality show format *Undressed* was originally developed in Italy and then adapted internationally in eight countries. Once we have developed a format in a country we have a better understanding of the production process and the associated costs. We also leverage this expertise to assess production costs when negotiating with broadcasters in other countries to develop the format. We also systematically try to retain intellectual property rights in the formats and programs we produce, which is key to maximizing distribution and other secondary revenues. This business model enables us to generate additional revenues from the licensing of the format in other markets as well as from the production of local adaptations by other production companies in the Group in markets in which we operate. Our revenues from our distribution business complement revenues from sales to broadcasters and produce higher margins because our costs are limited once a format has been developed and a program has been produced.

Cash Generative Business Model Supported by Strong Financial Performance

Over the last three years, we have achieved a significant improvement in the generation of our Adjusted EBITDA, which has grown from €41.2 million for the year ended December 31, 2014, to €122.0 million for the twelve months ended March 31, 2017, as the result of external growth when we completed the Banijay Zodiak Merger, and in our Adjusted EBITDA margins, which have grown from 13.5% for the year ended December 31, 2014, to 14.9% for the twelve months ended March 31, 2017, higher than the 11% average EBITDA margin of the producers of television programs that we consider to be our main competitors.

Our strong financial track record is further underpinned by the development of our revenues, which grew at a CAGR of 59.5% between the year ended December 31, 2014, and the year ended December 31, 2016 (pro forma the Banijay Zodiak Merger), and by the generation of approximately €12 million of annualized synergies resulting from the Banijay Zodiak Merger in 2016 (over a total of approximately €17 million of expected annualized synergies by the end of 2017). During this time, we maintained strong cash generation, with our Adjusted Free Cash Flow ranging from €40.1 million for the year ended December 31, 2014, to €64.5 million for the year ended December 31, 2016. Our cash conversion ratio (defined as Adjusted Free Cash Flow divided by Adjusted EBITDA) for the same period ranged between 97.3% and 62.4% and, we believe, will stabilize in the short term, supported by our low capital expenditures (which represented 4.3% of revenues on average from the year ended December 31, 2014, to the year ended December 31, 2016) and our limited cash interest expense due to our acquisition schemes based on earn-outs and put options. Moreover, we benefit from low fixed costs, representing 23.0% of our costs for the year ended December 31, 2016, and low working capital requirements, with changes in working capital of €19.2 million for the year ended December 31, 2016.

Highly Experienced Management Team with Proven Track Record of Retaining Key Managers and Creative Talents

We have a highly experienced and professional senior management team, consisting of Stéphane Courbit, our Chairman and founder of the Group, Marco Bassetti, our CEO, and Sophie Kurinckx, our CFO. Stéphane Courbit and Marco Bassetti both have a successful track record of television content production, having held senior positions in Endemol Group. Since 2007, we have become the world's leading independent content producer in terms of revenues and our management team has a strong track record of delivering on their budget. In addition, we benefit from the support and network of our shareholders, including DeA and Vivendi, two groups that have invested in the distribution of content and broadcasters. Unlike some of our competitors, our Group is led by industry experts who understand our creative talents and local production managers. This common culture and vision between our management team and our creative talents have allowed us to attract and retain the most successful managers, employees and partners. For example, some of our key managers and creative talents have managed to enter into framework production agreements with broadcasters, which cover several programs and are usually difficult to obtain from broadcasters. We have entered into earn-outs or put option agreements with the founders and key managers of companies we have acquired to ensure the commitment of local management teams and to discourage their departure by rewarding them based on their respective production companies' performance.

Our Strategies

We intend to further strengthen our business by focusing on the following key strategic objectives.

Continue to Attract and Retain Key Personnel and Talents

We rely on our management team to implement our growth strategies and on our creative talents to produce formats that address our customers' needs. Attracting, cultivating and retaining talents has been, and will remain, critical to our success. We plan to continue to attract and retain highly skilled personnel, particularly for their creative talents. We intend to strengthen our entrepreneurial culture by further incentivizing our local managers to foster the high flexibility, independence and autonomy of each of the Group's subsidiaries. For example, we are currently implementing a new long-term incentive plan that will reward key personnel and talents based both on the performance of their production company and on the performance of the Group. We also believe that since the Banijay Zodiak Merger, our Group has become more attractive for new talents because we are the only independent producer with a true entrepreneurial culture.

We continuously and proactively seek new talents. One of our strategies is to offer such individuals the possibility of entering into joint venture agreements with us. This is especially attractive to talents who would like to maintain their independence in the short-term but are interested in a strong partnership with our Group because they cannot develop their business on a stand-alone basis. With the joint venture, they benefit from our talents network, access to financing, information, contacts and, most importantly, our distribution capacity. In addition, they are able to sell us their remaining shareholding once the business has developed and is successful. If a joint venture were to be successful, we may acquire the remaining share capital in the production company on pre-agreed financial terms. As of March 31, 2017, we had established two joint ventures with local partners. This allows us to be involved in the early stages of potential successes and, in the long term, to secure the possibility of acquiring a controlling interest for a price based on a pre-existing formula that takes into account our investment and support. We also have talent management systems in place in order to anticipate departures and plan for successions in the event of upcoming departures.

Sustain a Solid Pipeline of New Formats and Programs and Develop our Scripted Business

We have a successful track record of developing popular new formats and programs and intend to continue creating formats and programs that address major trends in the markets in which we operate, such as trends in entertainment shows and scripted programs. For example, in 2016, we produced *Undressed*, a successful non-scripted format in the reality genre, and *Versailles*, a scripted drama. We focus our strategy on developing the most profitable formats, such as game shows or talk shows that can be broadcast daily with the potential for high returns, and formats for the most profitable time slots and prime-time access. We also have several entertainment formats in our pipeline that we believe have a strong international appeal because of their subject matter and the current viewers' demand. These include *Child Support*, *The Bravest* and *All Against 1,* which we believe could generate significant production and secondary revenues in the future.

In 2016, we merged with the Zodiak Group partly in order to reinforce our scripted format and program production capacity. We produce scripted programs in 13 of the 16 countries in which we operate and, for the year ended December 31, 2016, production revenues from our scripted programs represented 11.2% of our revenues. We intend to leverage our merger with the Zodiak Group and its creative talents to further diversify our scripted programs portfolio. We also aim to build revenues on Zodiak's track record for premium scripted drama, with programs such as *Versailles* and *Millennium*. Our goal is to focus on high premium potential scripted formats and programs that can be distributed easily worldwide to broadcasters and digital platforms. We mainly target scripted programs with high profitability that can run for a long period of time, such as *Occupied*, and maximize tax rebates by producing such formats in countries that offer the most significant tax credits and rebates and access to all required resources. Our library of scripted programs is an intangible asset that generates recurring revenues every time the program is run, and we intend to maximize its profitability.

Continue to Expand our Distribution Business

For the year ended December 31, 2016, we generated 2.5% of our revenues from our distribution business. Our distribution business, through Banijay Rights Limited, has been successful in selling or licensing our catalogue of more than 20,000 hours of programs, including to customers in markets where we do not produce content. We intend to increase the size of our program portfolio to reach new customers in emerging markets, such as India, where there is great potential for growth in terms of viewers and where the same program can be produced for different regions in different languages. We aim to further develop our distribution business to market formats and programs internationally and by sourcing partnerships and deals that generate best returns, for example by licensing popular formats that will benefit from exposure to new customers through our distribution affiliates, such as *The Legacy* and *SAS Who Dares Wins*. Formats that have already been developed and that have already been produced, together with existing programs, can be distributed with high margins. The Castaway Acquisition is part of this strategy because we are acquiring the intellectual property rights for *Survivor*, a successful and profitable format that will be integrated in our catalogue. We also intend to focus on addressing the demands of digital platforms because they are important customers of our distribution business.

Selective External Growth and Geographical Expansion

We are currently among the top three production companies in seven of the 16 countries in which we operate in terms of revenues. We aim to become part of the top three production companies in all of our markets. We seek to grow our business through selective acquisitions, investments and joint ventures. While we plan to continue to monitor our business and consider investment opportunities as they arise, we believe that our current geographic diversification is a strength of our business, and we intend to selectively participate in the consolidation of the markets in which we are active and to seek to continue our international expansion. To further improve our geographical diversification, we will continue to analyze potential opportunities in markets in which we are not yet established. We also plan to leverage our extensive know-how and experience to optimize creativity as we expand our network of production companies and hire new talents, and we also intend to maintain our profitability in the process through the realization of synergies, economies of scale and the continued implementation of efficiency measures.

Following the Banijay Zodiak Merger, we gained access to the United Kingdom, a market where we were not previously present. We intend to increase our presence in the United Kingdom, which is one of our key markets. The United Kingdom television and digital content market is large for the size of the country, partially due to the international premium on English-language content, which means that productions in the United Kingdom have greater distribution potential than those from other countries. We intend to increase creative output on entertainment formats and to develop our production of scripted content in the United Kingdom. We also intend to enter or further develop our activity in fast-growing emerging markets such as Poland, India and Southeast Asia.

In addition, we believe that Spain and Germany are two key markets for the development of our business in Europe. We already have a presence in these countries but we believe there is further growth potential in these countries. We are currently the fourth largest production company in Spain in terms of hours of production. Germany is a dynamic TV market with a high level of viewers. Our production activities in Germany have focused on large-scale entertainment shows, some comedy shows and a talk show with Stefan Raab, a popular television host in Germany. Our market positions in Germany and Spain were negatively impacted due to the retirement of Stefan Raab from his television activities at the end of 2015 and the departure of certain managers of our Spanish production company in 2015. In order to increase our market share in Germany, we intend to further align the interests of local creative talents and management. In addition, we will continue to invest in producing scripted content in Germany by hiring new talents or through targeted acquisitions. In Spain, we plan to focus on a dedicated customer for each of our production companies.

As we look to expand into new markets through external growth, we focus our acquisition strategy on defensive deals that will allow us to protect our market share from competitors while seeking scarce and valuable assets, such as blockbuster formats. By expanding, we secure our revenues, improve our margins and bring our know-how and capabilities to new markets.

Our Operations

We create, develop, sell and distribute television formats and programs for a global market across the 16 countries in which we operate. We consider the operations of all of our subsidiaries to be similar and thus classify our operations into the following two main businesses:

- *Production Business:* Our production business consists in creating and developing original formats of television programs (scripted and non-scripted) through our production companies based on our analysis of trends in the industry and the needs of broadcasters, OTT such as Netflix and Amazon Video and other digital platforms. We benefit from the creativity and expertise of all our talents. These talents are necessary in order to maintain our policy to exclusively adapt our format catalogue through the Group's local production companies in markets where we are present. In addition, we also acquire from time to time licenses for formats owned by third parties in order to license the program based on such formats to a broadcaster. Our production companies generate production revenues (i.e., licenses of programs to broadcasters), revenues from intellectual property rights and other secondary revenues.
- *Distribution and Secondary Business:* We generate revenues from the international exploitation, distribution, licensing of intellectual property rights and merchandizing of successful formats. Our distribution business consists of licensing and distributing our portfolio of formats and programs owned and/or controlled by the Group to traditional television channels, local producers and digital platforms. We operate our distribution business through our subsidiary in the United Kingdom, Banijay Rights Limited.

The following graphic shows the main steps from developing a format to distribution and secondary exploitation:

Production

We develop television programs both based on formats created in-house or by licensing formats from third parties in order to meet the demands of broadcasters.

Development of Formats

The first step in our production process is to develop new concepts for television programming. Once these concepts are developed and formalized, we refer to them as "formats" and maintain intellectual property rights over such formats, when possible. A successful track record and creative reputation are key to continuing to develop original formats. From time to time, we also license the right to produce formats that are owned by third parties, rather than developed in-house, in order to address popular consumer trends and broadcasters' needs. We either continue to develop these formats in-house or pitch them to broadcasters. We develop a wide variety of formats in order to limit our exposure to blockbusters and to keep a diversified portfolio of formats.

We classify our formats in two main categories: non-scripted and scripted. Non-scripted content includes formats that do not follow a written story (e.g., entertainment, game shows or reality shows), which are the majority of the formats we develop; while scripted content includes formats that follow a written scenario, mainly drama and comedy. We have historically focused on developing non-scripted formats, which is the core business implemented by our founder and Chairman, Stéphane Courbit. Non-scripted formats benefit from lower production costs, a shorter development period and more advantageous financing arrangements, because the broadcaster who purchases the non-scripted format fully finances production costs. Non-scripted formats can generate significant secondary revenues because they can be licensed and produced in several countries under different names. For example, a game show with a strong brand awareness can be developed in many countries, sometimes under different names but with an identical concept. Several large production groups, such as Endemol and Fremantle, have grown by exporting successful non-scripted formats in all countries where they maintain operations. On the other hand, scripted formats require higher upfront development costs and often need to be co-produced by several parties. We have begun developing scripted formats in order to diversify our portfolio of programs and to meet our customers' demands, and have further increased our capacity to develop scripted formats with the Banijay Zodiak Merger, because the Zodiak Group historically focused on scripted formats. Scripted programs can also generate significant secondary revenues, especially if such programs are in English because they can be sold worldwide to broadcasters and to local or global digital platforms.

We develop new formats in each of our geographic markets. Our local subsidiaries have their own creative teams which work together with a central content team at the Group level. Our central content team coordinates the local teams, keeps them informed of market trends outside their own territories and contributes to the creation of formats that address both local markets needs and global trends. If successful, these formats may be licensed and exploited in different markets and via different platforms.

We develop original formats and programs in five principal genres:

- Non-scripted:
  - *Entertainment and Talk Shows:* Entertainment and talk shows mainly encompass entertainment formats and programs that are studio-based. Our most successful entertainment programs include *Undressed*, *Touche pas à Mon Poste!* (internationally named *It's Only TV!*), *Go*, *Beat the Star*, *Versus*, *All Against 1, Fort Boyard, Big Class Reunion* and *Let's All Play*. Entertainment titles have significant potential for secondary format sales because they are easily adaptable to different local markets. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), our entertainment content and talk show programs generated €181.5 million in production revenues.

- *Reality:* Reality includes television programs in which ordinary people are continuously filmed outside their usual environment, designed to be entertaining rather than informative. Our most successful reality programs include: *The Challenge*, *Real World*, *71 Degrees North, Survivor* (following completion of the Castaway Acquisition), *Temptation Island, The Bravest* and *Party Workers* (called *Les Marseillais* and *Les Ch'tis* in France). For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), our reality content programs generated €179.0 million in production revenues.
- *Factual Entertainment:* Factual entertainment is a combination of factual/documentary and entertainment programs, focusing on social experiments and popular topics. Our most successful factual entertainment programs include *The Secret Life of 4 Year Olds*, *Location, Location, Location*, *I am Innocent*, *Revealed*, *Wife Swap*, *Keeping up with the Kardashians*, *Secret Millionaire* and *Eat Well For Less*. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), our factual entertainment content programs generated €147.6 million in production revenues.
- *Game Shows:* Game shows are predominantly programs in which contestants compete for prizes during games of knowledge, physical challenges or by luck. Our most successful game shows include *Don't Forget the Lyrics*, *Tipping Point, Killer Karaoke* and *The Legacy*. Game shows have significant potential for secondary format sales because they are easily adaptable to different local markets. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), our game show content programs generated €53.9 million in production revenues.

- Scripted: Scripted includes drama, docu-fiction and scripted comedy filmed in several episodes following a written script. Our most successful drama programs include *Versailles*, *Wallander*, *Occupied, Millennium, Wolf Creek* and *Saint-Tropez (Sous le soleil)*. Successful docu-fiction brands include *The Men Who Built America* and *Roman Empire*. Formatted comedy series include *Solsidan* and *Ladykracher*. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), our scripted content programs generated €87.1 million in production revenues.

For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), other genres of non-scripted content programs generated €31.0 million in production revenues and other programs such as animation programs generated an additional €14.8 million in production revenues. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), non-scripted content programs generated in total €593.1 million or 85.3% of our production revenues.

Once a concept has been selected, our teams develop the format itself, through the creation of mechanics, game play, casting, set and music.

Sales and Commissioning to Broadcasters

Once we have developed original formats in-house or acquired option rights to third-party formats, we organize various presentations to pitch these formats to broadcasters. We usually approach broadcasters with a detailed presentation and/or a trailer for non-scripted formats, but when we present a scripted format, our pitch consists of a logline, a synopsis and a treatment. A logline is a one-sentence description of the show. A "synopsis" is a brief summary of the show that includes information about the main characters and the theme of the show. A "treatment" is the more detailed, in that it includes detailed descriptions of the characters and the show's plot. We also develop, in some instances, a trailer or a full pilot episode for a television show.

We provide broadcasters with detailed project time lines and budget plans for production and negotiate with them to agree on the terms of their acquisition of rights to our programs, particularly with respect to pricing and retaining intellectual property rights that will enable us to generate secondary sales across various platforms and distribute the program in other regions. Key negotiation points include: (i) the duration of the license; (ii) the scope of rights granted to broadcasters, such as free subscription video-on-demand services (as discussed below) and ancillary rights; and (iii) holdbacks and options for renewal. We use our combined resources across other production projects and our expertise to propose competitive and lean production plans to broadcasters.

Production Process

Once a format has been developed and sold to a broadcaster, we begin the production process and produce a program based on such format. The process consists of producing and filming the show, editing the content and choosing and, when possible, editing the soundtrack. We operate a fully funded production model for the majority of our programs whereby broadcasters commit upfront to fund the full cost of the production in exchange for their right to exploit the program within the scope agreed with them. Broadcasters also often receive a portion of the secondary revenues and, subject to market trends and our bargaining power, a portion of the intellectual property rights in the format or the program.

We aim to keep intellectual property rights to our programs. Rights to a program are easier to protect than rights to a format, because a program is a finished product that has already aired, compared to a formalized concept. However, certain of our customers may ask to retain a portion or all of the intellectual property rights; our programs, depending on market practices. See "*Risk Factors—Risk Related to Our Business—Customers may request to obtain intellectual property rights to the formats we create and programs we produce, which may have a negative impact on our revenues*."

We have implemented cost-efficient, flexible and scalable production processes throughout our Group. For example, we use freelancers and lease production facilities in order to limit our investment in fixed assets. We have also implemented strict cost control, in order to deliver final programs on time and respect customers' budgets. Cost control is especially important for scripted programs which require higher costs and longer production processes than non-scripted programs.

Internal Circulation of our Formats

As an independent production group, one of our major strengths is our network of producers who have exclusive access to our catalogue of formats in their respective geographic markets. This internal feed of formats is key for our local Group companies because there are increasingly fewer third-party formats available to license on the international market as the market continues to consolidate. We prioritize the production of successful formats in the markets in which we operate. Our central content team centralizes all the relevant information and material on new formats and upcoming, promising titles are circulated among our production companies. For example, *Undressed*, *The Secret Life of 4 Year Olds*, *Wild Things*, *Eat Well for Less* and *Location, Location, Location* are successful formats developed by one of our production companies in a given market and then produced by several of our production companies in their respective markets.

Distribution and Secondary Revenues

Our Group policy is to aim to retain intellectual property rights on our formats and programs. These formats and programs are assets that continue to generate secondary revenues through various channels, other than the initial sale to a broadcaster. We own all or part of the intellectual property rights to a broad and diversified portfolio of existing formats and programs, for which distribution rights are granted to Banijay Rights Limited while intellectual property rights are kept by third parties owners. We distribute both formats and programs that we have produced and formats and programs in which we have acquired intellectual property rights but that have been produced by a third-party production company. Approximately 30% of the catalogue, in terms of hours of programs, of our distribution business consists of third-party programming from independent producers without their own distribution business and networks from around the globe. We distribute the content we own and license through Banijay Rights Limited to a traditional client base of broadcasters and producers as well as digital platforms. We license our portfolio of formats to producers, broadcasters and digital platforms, who can acquire from Banijay Rights Limited an option to pitch our formats to broadcasters. Once the format is commissioned by such broadcaster and the production of a program based on such format commences, such licensee acquires a license of the format through a format license agreement. The licensees pay us an option fee if they successfully pitch the format and a format fee upon signing of the format license agreement. In consideration of such format fee, they are allowed to produce a program based on our format and to distribute it in their local territory for a certain period of time.

Distribution of Programs to Broadcasters

We distribute our portfolio of television programs directly to broadcasters, basic and premium cable networks, and international pay-television distributors. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), sales of programs to broadcasters generated 76% of our distribution revenues. The broadcasters pay us a license fee in return for the right to air a program across a given period of time and for a given number of runs. Banijay Rights Limited receives a commission on that license fee for its distribution activity, and the remainder of the license fee is paid to the owner of the program (i.e., either our local production company owning the intellectual property rights or the third-party owner of the intellectual property rights).

Distribution of Programs to Global Digital Platforms

We distribute our portfolio of television program titles to digital platforms such as Netflix or Amazon Video. For the year ended December 31, 2016 (pro forma for the Banijay Zodiak Merger), the digital revenues of our distribution business represented 24% of the revenues of our distribution business, based on the revenues generated by the sales of our portfolio of programs licensed to digital platforms such as Netflix or Amazon Video (about 17% of our distribution revenues) and the other revenues allocated to other digital platforms (mainly SVOD rights).

In the United States and, to a lesser extent, Europe, consumers, particularly younger consumers, are viewing more content on more devices and through non-traditional platforms, such as Netflix, Hulu, Apple TV, Google TV, Amazon Video and Roku, and in an OTT content model. One of the distribution forms within the OTT content model is made up of SVOD. SVOD requires consumers to enter into a subscription contract giving the consumer access to exclusive content from the content provider. In the United States, SVOD services have increased the value of our catalogue series and movies due to increased viewership by consumers and the correlating demand and spending by content providers. Netflix, for example, committed to spending $6 billion in acquiring content from 2015 through 2018. However, SVOD services specifically and the OTT model generally remain less popular in Europe due to free-to-air offerings and the lower cost of pay-television bundles in Europe compared to the United States.

As of December 31, 2016, we have license agreements with seven of the main digital platforms and aim to further expand our agreements with them. These customers, such as Hulu, Amazon Video and Netflix, exploit our content on their platforms. These partnerships allow subscribers of the relevant networks to access our programs across a variety of devices. As of December 31, 2016, our content was available to approximately 166 million subscribers indirectly through our partnerships with Hulu, Amazon Video and Netflix.

Other Secondary Revenues

Other secondary revenues include revenues from commercial exploitation, such as merchandizing, DVD sales, music and events. Other secondary revenues complement revenues from the initial sale to broadcasters and our distribution revenues.

Our Markets and Production Companies

We derive revenues from our operations in 16 countries, including the United States, France, the four Nordic Countries, Italy, the United Kingdom, Germany, Spain, Australia, New Zealand, Belgium, the Netherlands, Russia and India. We manage our production companies in these countries through a decentralized structure. This structure incentivizes our local managers and partners to grow their respective brand in their respective markets.

United States

We are the sixth independent television content producer in the United States, the world's largest market for the consumption of television programs and digital entertainment content, in terms of revenues. We generated 23.2% of our revenues (including production revenues) in the United States for the twelve months ended March 31, 2017. We have three subsidiaries in the United States:

- *Bunim/Murray Productions:* Bunim/Murray Productions was co-founded in 1987 by Mary-Ellis Bunim, a soap opera producer, and Jonathan Murray, who built his career in news and documentaries. Together, they created a reality genre with mass appeal beginning with *The Real World*, the 32nd season of which aired in 2017. Bunim/Murray Productions is also involved in movie production and music edition. Bunim/Murray Productions has continued to be a leader in producing reality programming, having produced shows such as *Keeping Up with the Kardashians, The Challenge, Bad Girls Club* and the fashion competition show *Project Runway.*

- *Banijay Studios North America:* Banijay Studios North America is a joint venture founded in 2014 with David Goldberg. It creates original network, syndicated and cable programming. David Goldberg produced *Big Brother* in the United States, the two-time Emmy Award-winning series *Extreme Makeover: Home Edition*, *Deal or No Deal*, *Fear Factor*, *Wipeout* and the Emmy Award-winning series *Steve Harvey*. Banijay Studios North America has been commissioned to produce two prime-time entertainment series for ABC network: *Big Fan* (with Jimmy Kimmel) and *Child Support* (with Ricky Gervais).
- *Stephen David Entertainment:* Stephen David Entertainment was founded in 2010 by Stephen David, who created a new form of hybrid documentary especially well adapted for major historical events, combining storytelling with special effects not typically seen on television. Stephen David Entertainment specializes in non-scripted historical series and docudramas and documentaries, as well as selected scripted series. Stephen David Entertainment has received multiple awards, including Emmy awards, for its productions, including *The Men Who Built America*, *Sons of Liberty*, *The West* and many other history programs.

France

We are the largest independent television content producer in France in terms of hours of television and digital content produced in 2015. We generated 22.3% of our revenues (including production revenues) in France for the twelve months ended March 31, 2017. We have seven subsidiaries in France:

- *Adventure Line Productions:* Adventure Line Productions was founded in 1972 and joined the Group as part of the Banijay Zodiak Merger. Adventure Line Productions produces original formats and programs based on formats owned by third parties for all French broadcast, cable and satellite channels in a range of genres, including adventure, reality, light entertainment, factual, dramas and game shows. It is famous for its long-standing production of the French version of *Survivor* (*Koh-Lanta*) and *Fort Boyard*. It also produces factual reality and some scripted programs. The current president of Adventure Line Productions is Alexia Laroche-Joubert, a well-known French television personality.
- *Air Productions:* Air Productions was founded in 1993 by Nagui, one of France's most popular hosts. Air Productions produces game shows, fiction and entertainment formats as well as French versions of many third-party titles, mainly with Nagui as host. Nagui hosts game shows such as *Don't Forget the Lyrics* and *Hold On to Your Seat* as well as several entertainment prime-time shows. He is also the founder and producer of an iconic music show called *Taratata* which has been airing since 1993.
- Banijay Productions: Banijay Productions was founded in 2008 with two French producers, Alexia Laroche-Joubert and Lionel Vialaneix, both formerly at Endemol France. Banijay Productions produces a range of genres, but is most recognized for its reality franchise, *Les Ch'tis*, known internationally as *Party Workers*, which is now in its 16th season, including spin-offs as well as the more family oriented *Une Saison au Zoo*, in its eighth season, which itself has numerous spin-offs. Banijay Productions is also known for its adaptations of international shows such as *Popstars* and *The Weakest Link*.
- *Banijay Studios France:* Banijay Studios France was founded in 1999 by Christian Charret. Banijay Studios France produces, directly or indirectly through its subsidiaries, drama programming. Its most successful program are *Saint-Tropez* (*Sous le soleil*) and *Versailles*, which has been sold internationally to more than 130 countries. Multiple productions by Banijay Studios France have also received awards at the La Rochelle Television Festival.
- *H2O Productions:* H2O Productions was founded by French media personality, Cyril Hanouna, and produces its own entertainment formats as well as third-party formats. H2O Productions' flagship production is the daily live talk show hosted by Cyril Hanouna, *Touche pas à mon poste*, the number one daily entertainment talk show in France, which has been adapted in Lebanon and Italy, where it is known as *It's Only TV*.
- *KM:* KM was founded in 1994 by Renaud Le Van Kim. KM produces current affairs programming, documentaries and large-scale live promotional events. The company was originally known for producing France's highest-rated daily talk show, *Le Grand Journal*, which featured interviews with Hollywood celebrities and senior French politicians for over ten years. Today, among KM's most successful productions are the annual opening and closing ceremonies of the Cannes Film Festival and

the French national film awards, *La Nuit des Césars*. It also produces a daily current affairs talk show, *28 minutes*, and the documentary series *Revealed*.

- *Non Stop People:* Non Stop People was founded in 2012 as the first 24/7 news channel entirely focused on celebrity news, broadcasting only original content with approximately four hours of new content per day. Non Stop People employs an average of approximately 85 journalists to cover international and local stars for television as well as for digital platforms, such as mobile devices, tablets and other OTT content. In 2015, Non Stop People celebrated its first development on the international scene by launching a 100% Spanish version in Spain.

Nordic Countries

We are the largest independent television content producer in Denmark, Finland, Norway and Sweden in terms of hours of television and digital content produced as well as revenues. We generated 18.9% of our revenues (including production revenues) in the Nordic Countries for the twelve months ended March 31, 2017. We have twelve subsidiaries in the Nordic Countries and the holding company Zodiak Media AB is a result of the Banijay Zodiak Merger in 2016:

Denmark

- *Mastiff:* Mastiff is one of the leading production companies in Denmark in many genres including reality, entertainment, lifestyle, factual entertainment, reportage, crime, kids and scripted comedy genres and sub-genres annually. Mastiff produces both original and international formats, including *Wimps in the Wilderness, Strictly Come Dancing, Paradise Hotel* and *The Bravest.*
- *Nordisk Film Television:* Nordisk Film Television develops and produces more than 700 hours annually of premium content for major broadcasters across a range of genres and sub-genres, including drama, comedy, sketch comedy, reality television, factual entertainment, current affairs, game shows and talents shows, as well as across digital and new distribution channels. Its most well-known programs include the talk show franchise *Go, All Against 1, Wonderkids* and *My Childhood in Hell*.
- *Pineapple Entertainment:* Pineapple Entertainment produces comedy, talk shows and entertainment shows, both factual and fictional, including, *Night Shift* and *We Love Cars*.
- *Respirator:* Respirator is the oldest comedy production company in Denmark. It produces satires, comedies and documentaries, including, *Dybvaaaaad*, which is in its fifth season.

Finland

- *Banijay Finland:* Banijay Finland produces prime-time shows for all major Finnish networks. Banijay Finland's shows include *The Voice*, *The Best Singers*, *Temptation Island* and *Have I Got News For You*, the latter of which is currently in its 19th season.
- *Zodiak Finland:* Zodiak Finland produces television dramas. In 2013, Zodiak Finland produced its first feature film, *Jill and Joy*, which premiered in cinemas in January 2014 and led the company to produce three additional films. Its most well-known programs include *Cuckoo's Nest, Frozen Hearts, Brothers* and *The Look of a Killer*.

Norway

- *Mastiff Norway:* Mastiff Norway is the third largest production company in Norway. Mastiff Norway has produced a number of award-winning factual programs, factual entertainment and consumer shows, such as *The Best Singers, Paradise Hotel* and *TV2 Helps You*.
- *Nordisk Film & Television:* Nordisk Film & Television focuses on reality, drama and factual entertainment as well as, more recently, comedy. Its most profitable programs include *71 Degrees North, The Voice, The Power of the Spirits, Psychic Challenge, Hands Off, Chef!* and *All Against 1*.

Sweden

- *Jarowskij:* Jarowskij is one of Sweden's oldest production companies. Jarowskij produces many genres and sub-genres such as feature films, drama, current affairs, reality, entertainment and comedy. Jarowskij's famous program is *Solsidan* adapted in Finland and France. Jarowskij has also won several national awards for its original work as well as an Emmy for *Wild Kids*.

- *Mastiff Sweden:* Mastiff Sweden is one of Sweden's largest production companies, developing and producing its own entertainment formats, as well as international and third-party formats for all major channels in Sweden. Its most successful programs include *Wife Swap, Secret Millionaire, Survivor Dropped* and *Trash or Treasure*.
- *Nordisk Film Television Sweden:* Nordisk Film Television Sweden produces many genres and sub-genres such as entertainment, drama, factual, reality, children's and branded entertainment, including programs such as *The Unknown, Renovation Angels, The Rysberg Family* and *The Big Painting Challenge*.
- *Yellow Bird:* Yellow Bird has an international development slate with a range of television series and feature films, such as the *Millennium Trilogy, Wallander* and *Occupied*.

Italy

We are the third largest independent television content producer in Italy in terms of revenues. We generated 11.2% of our revenues (including production revenues) in Italy for the twelve months ended March 31, 2017. We have four subsidiaries in Italy:

- *Ambra Banijay Italy:* Ambra Banijay Italy and its subsidiary, Aurora Television, produce television series, including, *Ladies' Paradise*.
- *Don't Repeat Yourself:* Don't Repeat Yourself, originally set up as a joint venture in 2016, focuses on creating and producing original formats for Italian and international markets in broadcast television, pay- television, digital terrestrial television and digital television platforms, including *The Real, È uno sporco lavoro* and *Hell's Kitchen.*
- *Magnolia Italy:* Magnolia Italy is an independent production company for original and third-party formats across factual, entertainment, reality, game shows, lifestyle, documentaries, talk shows, drama, comedy and kids' shows. Its most well-known shows include *Undressed, Celebrity Survivor, Pechino Express* and *Top Chef*.
- *Nonpanic:* Nonpanic develops and produces factual entertainment, entertainment and reality programs for satellite and digital terrestrial television channels as well as for new distribution channels, such as *Married at First Sight* or *It's Only TV* (Sbandati). In addition, Nonpanic creates and produces advertisement and branded content products for various platforms.

United Kingdom

We generated 7.3% of our revenues (including production revenues) in the United Kingdom for the twelve months ended March 31, 2017. The United Kingdom television and digital content market is large for the size of the country, partially due to the international premium on English-language content, which means that productions in the United Kingdom have greater export potential than other countries. Our subsidiaries in the United Kingdom includes several production companies, such as RDF, RDF West, Fizz, IWC Media, Touchpaper, The Comedy Unit and Bwark.

- *RDF Television:* RDF Television is one of the largest production companies in the United Kingdom and produces formats in entertainment, factual entertainment, comedy, documentaries, daytime and features, including *Wife Swap*, *The Secret Millionaire*, *The Secret Life of 4, 5 and 6 Year Olds* and *Eat Well For Less?*. RDF's entertainment label, Fizz, produces a daily daytime quiz show, *Tipping Point*, which has a record of seven seasons aired to date.
- *IWC Media:* IWC Media produces a range of television programs across various genres and sub-genres. Its most successful television programs include *Extreme Fishing*, *Wild Things*, *Lost Kingdoms*, *Brave New World*, *Making Faces* and *Location, Location, Location*, the latter of which won at BAFTA Scotland in 2014 and is now in its 26th season.
- *The Comedy Unit:* The Comedy Unit is the largest comedy company in Scotland. Its most successful television programs include *Chewin' the Fat*, *The Karen Dunbar Show* and *Rab C Nesbitt*. The Comedy Unit has won at BAFTA Scotland six times, in addition to winning multiple RTS Scotland awards and receiving several Rose D'Or nominations.
- *Touchpaper Television:* Touchpaper Television is an independent production company with a back-catalogue of dramas that have been distributed internationally, including, the BAFTA-winning *Murder, Rebellion, Charlie* and *The Queen's Sister*.

- *Castaway:* We entered into an agreement in March 2017 to acquire Castaway (through Banijay Rights Limited), the company that created, owns and distributes widely popular programs such as *Survivor*. *Survivor* won an Emmy Award in 2001 for outstanding non-fiction show and aired in more than 50 territories. In 2016, *Survivor* currently airs in 16 countries and is in its 30th season in some countries.

Other Markets

We generated 17.1% of our revenues (including production revenues) in the other following markets where we operate for the twelve months ended March 31, 2017.

- *Germany:* We operate in Germany primarily through the Brainpool companies. The Brainpool companies produce entertainment and comedy shows for German broadcasters and major live shows broadcasted in Germany and internationally. Brainpool produced, for two consecutive years, the live final of the Eurovision song contest, the most-watched live entertainment event ever televised, broadcasted in more than 100 countries. Brainpool's productions have received national and international awards.

- *Spain:* After the Banijay Zodiak Merger, we created a central management team in Spain that coordinates the operations of our four companies in Spain, including three production companies. Cuarzo Producciones creates programming within the entertainment, factual entertainment, talk shows and docu-reality genres on all national networks, including, *Little Giants* and *El Programa de Ana Rosa*. Its integration into the Group in 2009 has also helped bring shows from around the world to Spain. Day Light On produces television movies and family and comedy series within the fiction genre that are broadcast internationally. Magnolia produces factual entertainment, reality and entertainment shows that include *The Secret Life of 4 Year Olds* and *Undressed*. A Spanish version of Non Stop People airs on Spain's largest pay-television operator, Movistar +, and has a team of young journalists reporting on Spanish and international celebrities.

- *Australia:* We operate in Australia through Screentime Australia. Screentime Australia produces drama, documentaries, reality and factual entertainment formats, as well as corporate television, and is best known as the creator of *Popstars*, the world's first music reality competition. With adaptations in over 50 countries, *Popstars* is one of the most successful television franchises of all time. Screentime's catalogue boast the successful drama franchises *Underbelly* and *Wolf Creek*.

- *New Zealand:* We operate in New Zealand through Screentime New Zealand. Screentime New Zealand produces dramas, docudramas, documentaries and factual entertainment programs, including, *How to Murder Your Wife, Police Ten 7* and *I am Innocent*. Screentime New Zealand has won national and international awards for its productions and has recently taken on a line-producing role for overseas productions that come to New Zealand to film as tax incentives are available.

- *Belgium:* We operate in Belgium through Zodiak Belgium. Zodiak Belgium produces factual, reality, entertainment, drama, comedy, scripted reality and feature films for all major Belgian channels. Its most successful programs include *So You Think You Can Dance*, *The Beat* and *The Best Singers*. Zodiak Belgium also developed a business as a local producer for third-party producers interested in benefiting from Belgian tax incentives.

- *The Netherlands:* We operate in the Netherlands through Zodiak Nederland. Zodiak Nederland produces original programming for all major Dutch networks, both public and commercial. Zodiak Nederland focuses on the development and production of factual entertainment content aimed at large audiences, including entertainment and reality, such as *The Secret Life of 4 Year Olds, The Big Help Test, The Raft* and *The Nation's Brightest*.

- *Russia:* We operate in Russia through Mastiff Russia. Mastiff Russia produces entertainment, reality and comedy shows from our catalogues for the Russian market, including, *Wild Things* and *Who Can Beat Them*.

- *India:* We operate in India through Sol. Sol produces reality shows, talents shows, talk shows, kids' programming, dramas and daily soap operas, as well as live televised events in India, including *Just Dance* and *Koffee with Karan*. Sol was one of the pioneers of non-scripted shows in India and has won multiple production awards.

Our Competition

Our businesses operate in highly competitive industries and different competitive factors apply in each segment of our operations.

Production

The television program production market is fragmented both in Europe and in the United States. We are among the top three production companies in seven of the 16 countries in which we operate (France, Italy, New Zealand, Denmark, Sweden, Norway and Finland). Production companies in the United States also have greater exposure to content production and licensing revenues. In the United States, independent producers are mainly contracted to provide non-scripted formats to broadcast networks, and increasingly also to cable networks, while drama series tend to be produced in-house by these networks, such as HBO.

Recent acquisitions of independent producers by large media companies seeking vertical integration or by larger independent production groups illustrate the strategic importance of geographical presence and access to content. Acquisitions enable market players to increase their content library and distribution capabilities and expand to different countries and distribution channels. This has also limited the offer of programs from unaffiliated production companies. Ongoing market consolidation has led to the creation of a few large international television production and distribution groups, including our biggest competitors, Endemol Shine, Fremantle Media and ITV Studios & Talpa, each of which provide their local production companies with exclusive access to their catalogues.

Our competitive position is greatly affected by the quality of, and public response to, our content. We also compete with other production companies and studios for the services of creative talents, producers, directors, writers, actors and others and for the acquisition of intellectual property.

Distribution

We also face competition for the licensing and distribution of our formats and programs. As a distributor of programs, we compete with other studios, television production groups and independent producers.

New opportunities in the distribution business have emerged due to the growing demand for new programs. Audience fragmentation has increased due to digital platforms such as Netflix and Amazon Video. The portfolio of potential customers is increasing as are the opportunities for distribution and for secondary rights exploitation. We also compete for viewers' time against other forms of entertainment, including other television networks, premium pay-television services, local over-the-air television stations, OTT services, motion pictures, home entertainment products and services, video games, print media, live events, radio broadcasts and other forms of news, information and entertainment, as well as pirated content.

Marketing and Sales

Each of our subsidiaries develops its marketing and sales strategies independently to address the local needs of broadcasters. Our Group central team focuses on increasing the international appeal of our programs and how to market programs in other countries in order to export successful formats into new markets. Local production teams work in close relationship with our central marketing team to provide all the material needed (e.g., sales trailers or presentations) to promote the show internationally. Our distribution business promotes our formats and programs in various markets at conferences and events such as MIPCOM, MIPTV, NATPE and DISCOP.

Our Customers

We work with a broad network of customers and partners, including broadcasters, television channels, producers and digital platforms active in the markets in which we operate as well as with licensees and retailers of consumer products from around the world. We produced content to approximately 130 broadcasters in most of the major markets in Europe and the United States, and had approximately 400 customers in 2016.

Our main customers for our production business include France Télévisions, TF1 Group, ITV, the BBC, Channel 4 Television, M6 Group, TV2 Denmark, MTG Group, DR Denmark, TV4 Sweden, SKY, Mediaset, Rai, Canal Plus Groupe, Netflix, ABC Network, E! and MTV. For the year ended December 31, 2016, the top ten customers of our production business accounted for 45.2% of the production revenues of this business and no single customer accounted for more than 6.5% of the production revenues of this business. Our main customers for our distribution business include Netflix, Foxtel, Discovery, BBC and Amazon Video. For the year ended December 31, 2016, the top ten customers of our distribution business accounted for 43.2% of the revenues of this business and no single customer generated more than 12.3% of the revenues of this business.

Employees

As of December 31, 2016, we had 907 full-time employees. We also use the services of a significant number of freelance production artists and technicians. This number varies from time to time depending, in part, on the level of television production activity in which we are engaged.

In connection with the acquisition of production companies in various jurisdictions, we have entered into, and continue to enter into, earn-outs or put option agreements with certain managers and creative talents of these companies in order to incentivize them to continue to work with us following the relevant acquisition. See "*Certain Relationships and Related Party Transactions—Earn-outs*." In addition, our management has developed and intends to implement shortly a long-term incentive plan to ensure the commitment of local management teams by rewarding key personnel based on their respective contribution to the value creation of their entity and that of the Group.

Many of our employees, including writers, producers and technical and production personnel, as well as some of our on-air and creative talents, are subject to collective bargaining agreements. As of December 31, 2016, approximately 17% of our full-time, part-time and freelance employees were covered by collective bargaining agreements. In 2016, there were no active strikes or work stoppages, and we believe that our relations with our union and non-union employees are good.

We contribute to pension plans and other post-employment benefits as required by local law or on a non-mandatory basis.

Intellectual Property

Our intellectual property assets principally include copyrights in our formats and programs, filmed entertainment and other content; trademarks and service marks in brand names; trade names and logos and domain names, as well as licenses to exploit other intellectual property rights and licenses of our intellectual property to others.

Our proprietary content constitutes a significant part of the Group's value, and the protection of our brands and content is important. To protect our intellectual property rights, we rely upon a combination of copyright, trademark, unfair competition, trade secret and domain name laws, as well as nondisclosure agreements.

We seek to limit challenges to our intellectual property rights, especially with respect to rights in our formats which are more difficult to protect. We monitor trademark registrations and relevant third-party productions to ensure that there is no copyright infringement of our proprietary content. By involving our Group legal team in all material intellectual property litigation across the Group, we are able to ensure consistency in our claims and defenses.

Information Technology

Our business depends on the successful operation of information systems and other standard technology. We have also developed Becom, an internal network where creative talents and managers of the entire Group can share ideas, discuss trends and broadcasters' demands and access content created by all entities of the Group and competitors. Becom forms part of the entrepreneurial and independent culture of our Group.

Property

We do not own any real estate. Instead, in order to limit our fixed costs, we lease properties and production facilities that we use for our production business. In certain countries, such as the United States and Germany, our subsidiaries own production equipment and lease it to other entities of the Group or third parties.

Quality Management

We maintain a stringent quality assurance program to ensure the quality of our formats and programs. To this end, we conduct regular training of our employees and we perform regular audits at each of our subsidiaries, employing several professionals active in auditing and improving the quality assurance of our operations.

Insurance

We have property, directors' and officers', key man, workers' compensation and other specific production insurance coverage in place to the extent that we believe it to be appropriate for operating our business. We cannot guarantee, however, that we will not incur losses beyond the limits or outside the coverage of our insurance policies. In addition, longer interruptions of business at one or more of our studios can, even if insured, result in the loss of sales, profit, customers and market share.

Environment, Health and Safety

We seek to achieve and maintain compliance with all applicable environmental, health and safety laws and regulations, and believe that we are currently in compliance with all such applicable laws and regulations.

Legal Proceedings

From time to time, we are party to a variety of claims and legal proceedings that arise in the ordinary course of our business. We do not expect the final disposition of these matters to have a material adverse effect on our results of operations, cash flow or financial condition. We have insurance and reserves to cover self-insured retentions for any material adverse outcomes in most claims. For claims in which insurance coverage may not be available, we have established reserves deemed to cover possible adverse outcomes and related fees. While it is not feasible to predict the outcome of all pending suits and claims, the ultimate resolution of these matters or of future lawsuits could have a material adverse effect on our business, results of operations, financial position or reputation.

Legal Proceedings in Relation to Accidents That Have Occurred During Our Productions

Dropped

Dropped is a format where two teams of athletes or former athletes are dropped in a remote location by helicopter and have to make their way back to civilization without a map or a compass as quickly as possible. We developed this format into a successful program in Sweden and Norway where it aired in 2014 and 2015. At the end of 2014, we began to develop the format for a program in France through our subsidiary, Adventure Line Productions, with Argentina chosen as the location for the first series. Adventure Line Productions had subcontracted the logistics of the show to a specialized company, SAX Logistica ("SAX"). On March 9, 2015, two helicopters took off from Villa Catelli (La Rioja province) in Argentina carrying three contestants (renowned yachtswoman Florence Arthaud, Olympic champion swimmer Camille Muffat and Olympic boxer Alexis Vastine) and five employees of Adventure Line Productions. The helicopters collided with each other shortly after takeoff causing the deaths of all the passengers onboard each helicopter and the two pilots. Following the crash, the Argentinean federal prosecutor initiated a criminal investigation. Argentina's aviation investigations unit, JIAAC, concluded that the crash had occurred because the pilots, although both experienced, failed to realize how close the helicopters were to each other as they were flying. The Argentinean judge in charge of the investigation has requested the depositions of the director of aviation for the La Rioja province, the secretary for tourism for the province and two individuals representing SAX, each of whom have been indicted. The helicopters that SAX provided were owned by the La Rioja province and the two pilots were employed by the La Rioja province. In France, the Paris prosecutor received Adventure Line Productions as a supervised witness (*témoin assisté*), a process by which a witness is questioned by the court in the presence of an attorney. Adventure Line Productions has not been indicted as of the date of this offering memorandum. The criminal investigations in Argentina and France are ongoing.

The families of the five deceased employees of Adventure Line Productions have initiated separate civil actions against Adventure Line Productions and are requesting aggregate damages of approximately €3.8 million. In addition, the families of two of the three athletes who died in the crash have filed a civil claim against Adventure Line Productions for damages amounting to €4.2 million (with one family still estimating the damages incurred). Our production risks insurer, Liberty Syndicates Management Ltd, paid

€2.1 million to Adventure Line Productions in connection with this event. We intend to file a claim under our professional liability insurance with AXA for any potential damages awarded to the families of the victims in connection with the pending civil actions.

Koh-Lanta

In 2013, a participant in *Koh-Lanta*, a reality program we produce in France through Adventure Line Productions, died as a result of a heart attack during the filming of the program. Following his death, a French court opened a criminal investigation into whether anyone had caused the involuntary manslaughter of the participant. It has since been established that the participant suffered from a pre-existing heart condition. While the family and heirs of the participant have not initiated any civil proceedings, the criminal investigation is still pending. We expect the court to drop the case but are not a party to the investigation and therefore do not have access to court documents. We will continue to argue that the death of the participant was the result of natural causes and that our production company was not in any way responsible.

Regulation

The main regulation applicable to our business in Europe is the EU Media Directive, which requires that a certain portion of the programs broadcasters air (excluding sports, news, events, games, advertising, teletext services and teleshopping) are created in Europe and that at least 10% of their broadcasting time or 10% of their programming budget are for programs created in Europe by independent producers. Based on the definition of independent producer in each relevant Member State, we are independent with respect to all broadcasters worldwide except for Canal Plus in France. There are no similar regulations in countries outside Europe in which we operate.

In addition to the EU Media Directive, certain Member States such as the United Kingdom and France impose additional requirements on broadcasters in relation to the broadcasting of certain types of programs produced by independent producers.

- In the United Kingdom, a new regulation introduced by the Communications Act 2003 set out two key provisions to develop independent production of television content. Public service broadcasters in the United Kingdom have to secure a minimum of 25% of their qualifying programming in each year for independent producers in order to receive a license to broadcast from the Office of Communications, the government-approved regulatory and competition authority for the broadcasting and telecommunications industries of the United Kingdom. In addition, certain broadcasters in the United Kingdom can only produce in-house content within a limited framework or, in some instances, not at all. For example, C4 is not permitted to produce any of its programs in-house.
- In France, broadcasters are subject to (i) quotas of production whereby broadcasters must contribute to specific independent audiovisual works (called "*oeuvres audiovisuelles*" with a sub-quota for "*oeuvres patrimoniales*"), with a certain percentage of the broadcasters' revenues to be invested in such specific independent audiovisual works, and (ii) quotas of programs aired whereby broadcasters must air specific independent audiovisual works. These quotas vary from one broadcaster to another. For example, France Televisions must invest 20% of its revenues and no less than €400.0 million in "*oeuvres patrimoniales*," of which at least 75% represents programs produced by independent producers. The quotas for each broadcaster are negotiated with professional unions of independent producers. They are included in each broadcaster's license agreement with governmental authority CSA.

The other regulations applicable to our business are employment related regulations, including regulations governing unions and guilds that can materially impact the production cost of programs (e.g., minimum wages and limitations on number of working days/hours). Specific regulations may also apply to certain productions (e.g., children or animals participating in programs, health and safety rules, product placement rules and rules governing the use of monuments or art).

MANAGEMENT

The Issuer

The Issuer is a *société par actions simplifiée* incorporated in France, with its registered office at 5, rue François 1er, 75008 Paris, France. It is registered with the *registre du commerce et des sociétés de Paris* under registration number 499 797 041. The President of the Issuer is LOV Group Invest S.A.S., a *société par actions simplifiée* incorporated in France. The sole legal representative (*représentant légal*) of the President is Stéphane Courbit.

The following table sets forth the names, ages and positions of the representative of the Issuer.

Name	Age	Position
LOV Group Invest S.A.S., represented by Stéphane Courbit	52	Sole Legal Representative

Stéphane Courbit. Mr. Courbit is the sole legal representative of LOV Group Invest S.A.S., the President of the Issuer. Mr. Courbit is the founder and chairman of LOV Group, the indirect majority shareholder of the Issuer, which he created in 2007. For a description of LOV Group, see "*Shareholders*." Prior to founding LOV Group, Mr. Courbit was the CEO of Endemol France from 2001 to 2007. Endemol France was founded in 1998 and became in a few years, under Mr. Courbit's leadership, a leading producer of television programs in France. On May 28, 2015, Mr. Courbit was fined €250,000 by the Court of Bordeaux for the offense resulting from the receipt by LOV Group of proceeds from an investment by Mrs. Liliane Bettencourt, which was decided by Mrs. Liliane Bettencourt's authorized representatives, allegedly when Mrs. Bettencourt did not have the full capacity to make a reasoned decision. Mr. Courbit believed these allegations to be without merit, but he decided not to appeal the judgement.

Management

An executive management team manages the affairs of the Issuer, led by our Chairman, our Chief Executive Officer and our Chief Financial Officer. The following table sets forth the names, ages and positions of the current members of the executive management team.

Name	Age	Position
Stéphane Courbit	52	Chairman
Marco Bassetti	60	Chief Executive Officer
Sophie Kurinckx	38	Chief Financial Officer

Marco Bassetti. Mr. Bassetti has held the position of Chief Executive Officer of the Group since 2013. Before joining the Group, Mr. Bassetti was the sole shareholder of the television production company Ambra Multimedia Srl., a company he founded in 2012. Prior to that, Mr. Bassetti was president of the Endemol Group. Mr. Bassetti holds a degree in Economic and Social Sciences from Bocconi University in Milan and a degree in Political Sciences from Milan University.

Sophie Kurinckx. Ms. Kurinckx has held the position of Chief Financial Officer of the Group since 2013. From 2011 to 2012, Ms. Kurinckx was the Head of Financial Control for the Group. Before joining the Group, Ms. Kurinckx was an auditor for KPMG and later the Deputy Head of Group Consolidation and Group IFRS Specialist for JCDecaux. Ms. Kurinckx holds a Masters of Science degree in Management from the ESSEC Business School in France.

Share Ownership

Following the Equity Conversion, certain key managers, including our Chief Executive Officer, and other creative talents of the Group own indirectly 9.7% of the shares in the Issuer. In addition, our Chairman, Stéphane Courbit, controls LOV Banijay, our majority shareholder. See "*Shareholders*."

Insurance for Directors and Officers

For the benefit of our directors and officers, we have entered into a global directors and officers insurance policy with AIG. The policy covers our present, former and future directors and officers, general managers, authorized officers and senior staff. It applies globally and provides for an insured limit of €20 million per claim per year. This insurance policy covers financial losses resulting from liability of our directors and officers and we believe the limitations of our coverage are in line with industry practice.

Remuneration and Other Benefits

Financière LOV S.A.S., a company controlled by Stéphane Courbit, received €4.5 million in the year ended December 31, 2016, and between €1.6 million and €2.1 million per year for the previous five years for his services as representative of the President of the Issuer. For the year ended December 31, 2015, Banijay Holding repurchased certain of its class A shares owned by LG Industrie SAS, a company controlled by Stéphane Courbit, for a purchase price of €20 million. See "*Certain Relationships and Related Party Transactions—Compensation of the Management Team*." In addition, for the years ended December 31, 2014, 2015 and 2016, Prader Inversiones 2007 Srl, a company controlled by Marco Bassetti, received €0.9 million per year for his management services. The management services agreement was terminated in December 2016 and Marco Bassetti is currently employed by the Issuer as Chief Executive Officer.

No loans have been granted to the members of the executive management team or to enterprises in which these individuals hold interests. The Issuer has assumed no guarantees or security arrangements for management members. Banijay Entertainment has also granted in the past stock options. 750 stock options granted in 2010 will be exercised by their holders by the end of June 2017, giving their beneficiaries the right to subscribe to 750 shares of Banijay Entertainment for a price of €100 per share. Upon the issuance of such shares, the Issuer will acquire the shares from the beneficiary pursuant to the exercise of a put option. No stock option will remain outstanding.

In addition, our management has also developed a new long-term incentive plan that will reward key personnel and talents based on both the performance of the production company and the performance of the Group to ensure the commitment of local management teams.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we regularly enter into agreements with related parties. These related parties include our shareholders, companies over which we directly or indirectly exercise significant influence, companies with which we share key management personnel and companies that exercise significant influence over us. The agreements that we enter into with these related parties may be material and relate to, among others, contracts with affiliated customers and shareholder debt.

Contracts with Affiliated Customers

We regularly enter into commercial contracts with customers affiliated with Vivendi Content or an affiliate of Vivendi Content, which owns a portion of the share capital of Banijay Group Holding, the parent company of the Issuer, such as commercial contracts with channels that are part of the Canal Plus Group in France, such as Canal Plus (*La Nuit des Césars,* produced by our subsidiary KM) and C8 (*Touche pas à Mon Poste!,* produced by our subsidiary H2O Productions). In France, the channel *Non Stop People* is aired on CanalSat, a French subscription satellite, cable and IPTV service provider owned by Vivendi.

We acquire from time to time companies owned by our shareholders. For example, in February 2016, the Issuer acquired the shares of LOV Banijay S.A.S., a company controlled by Stéphane Courbit, in My Major Company and Bamago, a participative music label, for approximately €8 million. In addition, Banijay Entertainment acquired from Marco Bassetti 100% of the shares in Ambra Multimedia Srl in two steps (in February 2014 and July 2016) for a purchase price of €9.4 million, €6 million of which were paid through a vendor loan made by Marco Bassetti to Banijay Entertainment.

In the course of our ordinary business activities, we also regularly enter into agreements with companies controlled by our shareholders. These agreements relate to, among others, the provision of billing, IT and accounting services and the rendering of other intragroup services, such as business advisory, treasury and finance, marketing, human resources, legal and tax. For example, we organize from time to time seminars for our employees in hotels owned by LOV Hotel Collection, a company controlled by Stéphane Courbit, and Geca Italia Srl, a company controlled by Marco Bassetti, regularly provides industry consulting services for our production companies in Italy. Betclic Everest Group S.A.S., a company 50% of which is owned by Stéphane Courbit, has also entered into sublease agreements with a subsidiary of the Issuer.

Compensation of the Management Team

Financière LOV S.A.S., a company controlled by Stéphane Courbit, received €4.5 million in the year ended December 31, 2016, and between €1.6 million and €2.1 million per year for the previous five years for his services as representative of the President of the Issuer. For the year ended December 31, 2015, Banijay Holding bought back certain of its class A shares owned by LG Industrie SAS, a company controlled by Stéphane Courbit, for a price of €20 million.

In addition, for the years ended December 31, 2014, 2015 and 2016, Prader Inversiones 2007 Srl, a company controlled by Marco Bassetti, received €0.9 million per year for his management services. The management services agreement was terminated in December 2016 and Marco Bassetti is currently employed by the Issuer as Chief Executive Officer.

Earn-outs

In connection with the acquisition of production companies in various jurisdictions, we have entered into, and will continue to enter into, earn-outs or put option agreements with certain key managers and creative talents of these companies, when they are the sellers of such companies, to incentivize them to continue to work with us following the relevant acquisition. Although we do not use a standard earn-out agreement across all such acquisitions, payments pursuant to such earn-outs are generally contingent and are calculated based on the performance of the acquired company over a specified time period following the acquisition. This period also corresponds to an exclusivity period during which the key manager or creative talents agrees to work exclusively for our Group. We usually pay a portion of the acquisition purchase price on the acquisition closing date and the remaining portion in installments over the exclusivity period, which vary based on the performance of the acquired company. The key commercial points involved in negotiating these earn-out agreements are the performance metric on which we base the contingent payments, the establishment of the earn-out period (usually in an eight-year range), and the timing and the structure of the contingent payments. Following the completion of the Equity Conversion, we expect to record on our balance sheet as of June 30, 2017, approximately €98.3 million of other long-term liabilities to reflect earn-outs and put option agreements that remain outstanding, compared to €131.4 million as of December 31, 2016 (see note 6.7.14 to our audited financial statements for the year ended December 31, 2016, included elsewhere in this offering memorandum) and €127.0 million as of March 31, 2016. Payments of approximately €95.6 million in cash remain due under these earn-outs and put option agreements following the Equity Conversion, of which €89.6 million will be due prior to the maturity date of the Notes, and excluding €15.0 million that one of our key managers has committed to convert into ordinary shares of the Issuer in May 2018, together with 45% of his right to receive a payment in May 2020 under an earn-out agreement. Earn-out payments in an amount of approximately USD27.6 million due in March 2018 are secured over shares, assets and a portion of the cash flows of some of our U.S. subsidiaries.

New ORANs and Banijay Group Holding Shareholder Loan

On June 22, 2017, Banijay Group Holding entered into a subscription agreement with Société d'Investissements et de Gestion 116—SIG 116 ("SIG 116"), a *société par actions simplifiée* incorporated in France, for the issuance of €104.1 million aggregate principal amount of subordinated notes. The proceeds of the New ORANs were subsequently on-lent to the Issuer through the Banijay Group Holding Shareholder Loan and used to reimburse in full amounts due under the Existing ORANs (consisting of €100.0 million in aggregate principal amount and €4.1 million of accrued and unpaid interest). The Existing ORANs had been issued on February 23, 2016, by the Issuer to SIG 116 in connection with the Banijay Zodiak Merger and the acquisition of shares in the Issuer by Vivendi Content. SIG 116 is an affiliate of Vivendi Content.

The Issuer intends to use approximately €39.1 million of proceeds of the Offering to partially repay the Banijay Group Holding Shareholder Loan. Banijay Group Holding will, in turn, use the proceeds of such repayment to reimburse an equivalent principal amount of the New ORANs. In addition, on or about the Issue Date, Vivendi Content or one of its affiliates will contribute €40.0 million to the capital of Banijay Group Holding pursuant to the New Vivendi Equity Injection, the proceeds of which will be used by Banijay Group Holding to reimburse a corresponding principal amount of New ORANs. As a result, following completion of the Transactions, €25.0 million in aggregate principal amount of New ORANs will remain outstanding and €65.0 million will remain outstanding under the Banijay Group Holding Shareholder Loan.

The New ORANs are redeemable in cash or in ordinary shares in Banijay Group Holding, bear pay-in-kind interest at a rate of 3.0% per annum and will mature on February 23, 2023. The New ORANs will be redeemable (i) in cash at any time at the option of Banijay Group Holding, (ii) in shares on the maturity date of the New ORANs or (iii) upon a change of control, absent an agreement to the contrary between Banijay Group Holding and SIG 116.

On June 22, 2017, Banijay Group Holding on-lent the proceeds of the New ORANs to the Issuer through the Banijay Group Holding Shareholder Loan and the Issuer used the proceeds from the Banijay Group Holding Shareholder Loan to repay the Existing ORANs. The Banijay Group Holding Shareholder Loan satisfies the conditions to constitute "Subordinated Shareholder Funding" under the Indenture.

SHAREHOLDERS

Our Shareholders

As of the date of this offering memorandum and after giving effect to the Equity Conversion and the Refinancing, the issued share capital of the Issuer consists of 68,856,280 ordinary shares with a total par value of €68,856,280. Following the completion of the Equity Conversion, Banijay Group Holding holds 90.3% of the issued share capital of the Issuer. The remaining 9.7% is held indirectly by certain key managers and creative talents of the Group through wholly owned or majority-owned intermediate holding companies.

Following the New Vivendi Equity Injection, LDH holds 68.6% of the share capital of Banijay Group Holding and Vivendi Content holds the remaining 31.4%. LOV Banijay holds 50.1% of the share capital of LDH and DeA holds the remaining 49.9%. For more information on our shareholders, see "*Summary—Our Principal Shareholders*."

Shareholders' Agreements

Banijay Group Holding

On June 22, 2017, we entered into a shareholders' agreement among Vivendi S.A., Vivendi Content, SIG 116 and LDH (the "Banijay Group Holding Shareholders' Agreement"). The Banijay Group Holding Shareholders' Agreement contains provisions concerning, among other things: (i) the governance of Banijay Group Holding and its subsidiaries by Banijay Group Holding's president and board of directors; (ii) transfers of shares in Banijay Group Holding; (iii) rights of first offer and lock-up periods in respect of such transfers; (iv) drag-along rights in case LDH or any of its shareholders receives a fully financed binding offer for 100% of the shares of LDH in Banijay Group Holding issued by a *bona fide* third party; (v) the cooperation of the parties in respect of any public offering; and (vi) compensation of the President.

The Banijay Group Holding Shareholders' Agreement provides that the board of directors of Banijay Group Holding will comprise:

- five (5) Directors appointed by LDH as directed by LOV Group Invest S.A.S., an affiliate of LOV Banijay;
- three (3) Directors appointed by LDH as directed by DeA; and
- two (2) Directors appointed by Vivendi Content and its affiliates.

The Issuer

Following the Equity Conversion, certain key managers, including our Chief Executive Officer, and other creative talents of the Group own indirectly 9.7% of the shares in the Issuer. These key managers have agreed that their ordinary shares in the Issuer will be subject to a lock-up period expiring on June 30, 2024 with, for certain of these key managers, a three-month sales window in 2022 during which they can put their shares in the Issuer (up to 0.5%) to Banijay Group Holding. These key managers benefit from specific sales windows for up to, but no more than, 50% of their respective shareholding of the Issuer in the event of a change in control or an initial public offering of the Issuer or Banijay Group Holding.

On June 22, 2017, and in connection with the Equity Conversion, we entered into a shareholders' agreement among, *inter alios*, Banijay Group Holding and the minority shareholders of the Issuer (the "Issuer Shareholders' Agreement"). The Issuer Shareholders' Agreement contains provisions concerning, among other things: (i) a strategic committee without veto rights at the level of the Issuer; (ii) transfers of shares in the Issuer by the minority shareholders; (iii) preemption rights in favor of Banijay Group Holding in respect of such transfers; (iv) drag-along rights in case Banijay Group Holding or any of its shareholders receives a binding offer for the shares of Banijay Group Holding in the Issuer; (v) tag-along rights of the minority shareholders in the event of a sale of Banijay Group Holding's shares in the Issuer; (v) call options and put options exercisable only the maturity date of the Notes; and (vi) non-compete agreement of the minority shareholders.

DESCRIPTION OF OTHER FINANCING ARRANGEMENTS

The following is a summary of the material terms of our principal financing arrangements in addition to the Notes after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries not otherwise defined in this offering memorandum have the meanings ascribed to them in the respective agreement.

New Senior Credit Facilities Agreement

Overview and Structure

In connection with the refinancing of certain existing indebtedness of the Issuer and the financing of the Castaway Acquisition, the Issuer will, on or prior to the Issue Date, enter into the New Senior Credit Facilities Agreement with, among others, (i) Société Générale as facility agent, (ii) Elavon Financial Services DAC, UK Branch, as security agent, (iii) Credit Suisse International, Natixis and Société Générale Corporate & Investment Banking as mandated lead arrangers and (iv) Natixis and Société Générale Corporate & Investment Banking as bookrunners. The New Senior Credit Facilities Agreement will provide for a New Revolving Credit Facility in a principal amount of €35 million and a New Senior Term Loan in a principal amount of €60 million.

The New Senior Term Loan may be utilized by Issuer and may be used to finance: (i) part of the Refinancing, (ii) the payment directly or indirectly of the consideration for the Castaway Acquisition and (iii) the payment directly or indirectly of certain fees, costs and expenses incurred in connection with the Refinancing and/or the Castaway Acquisition. The New Revolving Credit Facility may be utilized by the Issuer to finance the Group's working capital needs and general corporate purposes (other than the financing of the Castaway Acquisition).

Availability

Subject to the conditions set forth in the New Senior Credit Facilities Agreement, the New Senior Term Loan will be available on and from the date of the New Senior Credit Facilities Agreement up to (and including) September 30, 2017.

Subject to the conditions set forth in the New Senior Credit Facilities Agreement, the New Revolving Credit Facility may be utilized from (and including) the Closing Date (as such term is defined in the New Senior Credit Facilities Agreement) to (and including) the date falling one month prior to the maturity date of the New Revolving Credit Facility.

Conditions Precedent

Utilizations of the New Senior Credit Facilities are subject to customary conditions precedent.

Interest and Fees

Loans under the New Revolving Credit Facility will initially bear interest at rates per annum equal to EURIBOR or, for loans denominated in GBP or USD, LIBOR, plus an applicable margin of 2.50% p.a. (or 2.75% p.a. for loans denominated in GBP or USD), which in each case will be subject to a margin ratchet based on the ratio of Net Debt to Consolidated EBITDA (each as defined in the New Senior Credit Facilities Agreement).

For the first time on the basis of the Compliance Certificate (as defined in the New Senior Credit Facilities Agreement) for the financial semester ending on December 31, 2017, the margin applicable to the New Revolving Credit Facility will be subject to adjustment by reference to the Leverage Ratio (as defined in the New Senior Credit Facilities Agreement) as shown in the then most recent compliance certificate, to equal the rate per annum set out in the following table:

Leverage Ratio:	Revolving Credit Facility Margin (% per year) for loans denominated in euros	Revolving Credit Facility Margin (% per year) for loans denominated in GBP or USD
Equal to or greater than 3.50x	2.75	3.00
Equal to or greater than 3.00x but less than 3.50x	2.50	2.75
Equal to or greater than 2.50x but less than 3.00x	2.25	2.50
Equal to or greater than 2.00x but less than 2.50x	2.00	2.25
Less than 2.00x	1.75	2.00

The New Senior Term Loans will initially bear interest at rates per annum equal to EURIBOR or, for loans denominated in GBP, LIBOR, plus an applicable margin of 2.75% p.a. (or 3.00% for loans denominated in GBP), which in each case will be subject to a margin ratchet based on the Leverage Ratio.

For the first time on the basis of the Compliance Certificate (as defined in the New Senior Credit Facilities Agreement) for the financial semester ending on December 31, 2017, the margin applicable to the New Senior Term Facility will be subject to adjustment by reference to the Leverage Ratio as shown in the then most recent compliance certificate, to equal the rate per annum set out in the following table:

Leverage Ratio:	Senior Term Loan Margin (% per year) for loans denominated in euros	Senior Term Loan Margin (% per year) for loans denominated in GBP
Equal to or greater than 3.50x	3.00	3.25
Equal to or greater than 3.00x but less than 3.50x	2.75	3.00
Equal to or greater than 2.50x but less than 3.00x	2.50	2.75
Equal to or greater than 2.00x but less than 2.50x	2.25	2.50
Less than 2.00x	2.00	2.25

If EURIBOR or LIBOR is less than zero, EURIBOR or LIBOR (as the case may be) shall be deemed to be zero in respect of any New Senior Credit Facilities.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the New Revolving Credit Facility from the Closing Date to the end of the availability period applicable of the New Revolving Credit Facility at a rate of 40% of the applicable margin for the New Revolving Credit Facility. Commitment fees will be payable quarterly in arrears and on the date the New Revolving Credit Facility is canceled in full or on the date on which the relevant lender cancels its commitment.

A ticking fee will be payable on the aggregate undrawn and uncancelled amount of the New Senior Term Loan from the day immediately after the Closing Date to the end of the availability period applicable of the New Senior Term Loan at a rate of 35% of the applicable margin for the New Senior Term Loan. Ticking fees will be payable quarterly in arrears and on the date the New Senior Term Loan is canceled in full or on the date on which the relevant lender cancels its commitment.

A utilization fee will be payable on the aggregate outstanding amount of any loans under the New Revolving Credit Facility from the Closing Date of the New Senior Credit Facilities Agreement to the termination date of the New Revolving Credit Facility at a rate of:

(a) 0.15% of the outstanding New Revolving Credit Facility loans if such outstanding New Revolving Credit Facility loans are equal to or less than one third of the total commitments of the New Revolving Credit Facility; or

(b) 0.25% of the outstanding New Revolving Credit Facility loans if such outstanding New Revolving Credit Facility loans are greater than one third of the total commitments of the New Revolving Credit Facility and less than or equal to two thirds of the total commitments of the New Revolving Credit Facility; or

(c) 0.50% of the outstanding New Revolving Credit Facility loans if such outstanding New Revolving Credit Facility loans are greater than two thirds of the total commitments of the New Revolving Credit Facility.

Such accrued utilization fees will be payable quarterly in arrears and on the termination date of the New Revolving Credit Facility.

Default interest will be calculated as an additional 1% on the defaulted amount.

Repayments

The New Senior Term Loan will be repaid in eight (8) half-yearly instalments each of an amount of €3,750,000 and the outstanding balance will be repaid at the latest on the date that is the earlier of (i) the date which is five (5) years after the Closing Date and (ii) the date falling one (1) month before the maturity of the Notes. In respect of the New Revolving Credit Facility, each advance will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over cash drawings. All outstanding amounts under the New Revolving Credit Facility will be repaid at the latest on the date that is the earlier of (i) the date which is five (5) years after the Closing Date and (ii) the date falling one (1) month before the maturity of the Notes. Amounts repaid by the Borrower on loans made under the New Revolving Credit Facility may be reborrowed, subject to certain conditions.

Mandatory Prepayment

The New Senior Credit Facilities Agreement will permit voluntary prepayments to be made (subject to *de minimis* amounts) and will require mandatory prepayment in full or in part in certain circumstances, including:

- on a change of control of the Issuer (such mandatory prepayment shall only apply upon a lender exercising its individual right to be repaid within the prescribed time period) or disposal (whether in a single transaction or a series of related transactions) of all or substantially all the assets of the Restricted Group;
- on an initial public offering of a member of the Group which constitutes a change of control;
- on an initial public offering of the Issuer or any of its holding company which does not constitute a change of control (subject to the level of the Leverage Ratio);
- from certain net cash proceeds received by Issuer from certain asset disposals, insurance proceeds to the extent required to be applied in prepayment of the New Senior Credit Facilities; and
- upon a Restricted Debt Purchase (as such term is defined in the New Senior Credit Facilities Agreement).

Guarantees and Security

The New Senior Credit Facilities will be guaranteed by the Guarantors and (subject to certain agreed security principles set out in the New Senior Credit Facilities Agreement) will be secured by security over certain assets of the Guarantors as further described in the section entitled "*Description of the Notes—Security*." Subject to certain agreed security principles in the New Senior Credit Facilities Agreement, the New Senior Credit Facilities Agreement will require the Issuer to ensure that Material Subsidiaries (as defined in the New Senior Credit Facilities Agreement) are guarantors under the New Senior Credit Facilities Agreement and grant security interest over their assets on the date which is at the latest 60 days after the day on which it is determined it is a Material Subsidiary. The provision and the terms of the security set forth above will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the New Senior Credit Facilities Agreement. See "*Risk Factors—Risks Related to the Notes—The Note Guarantees and the Security Interests over the Collateral may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability*."

Representations and Warranties

The New Senior Credit Facilities Agreement will contain certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including: (i) status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law and enforcement, consents, fillings and laws applicable to operations and *pari passu* ranking; (ii) no insolvency, no litigation, taxation-social security, filing and stamp taxes, no breach of laws; (iii) no default, financial statements, accounting reference date, group structure, and no misleading information in relation to the information memorandum and the financial model relating to the Banijay Group and certain diligence reports provided; (iv) no liens, guarantees or indebtedness, except as permitted; (v) legal and beneficial ownership; (vi) intellectual property; (vii) centre of main interests and (viii) compliance with OFAC, sanctions, anti-money laundering and anti-corruption laws.

Certain representations and warranties will be made on the Closing Date and repeated on the date of each utilization, on the first day of each interest period and at certain other times.

Covenants

The New Senior Credit Facilities Agreement contains customary positive and negative covenants (including restrictive covenants that will largely replicate those which apply to the Notes), including (subject to certain agreed exceptions) (i) limitations on indebtedness; (ii) limitations on restricted payments; (iii) limitations on liens; (iv) limitation on distributions from restricted subsidiaries; (v) limitations on sale of assets and subsidiary stock; (vi) limitations on affiliate transactions; (vii) merger and consolidation; (viii) additional guarantees; and (ix) no impairment of security interests.

In addition, the New Senior Credit Facilities Agreement also requires the Issuer and certain of its restricted subsidiaries to observe certain other customary positive and negative covenants, subject to certain exceptions and grace periods, including covenants relating to: (i) authorizations and consents; (ii) compliance with laws; (iii) change of business, (iv) preservation of assets; (v) *pari passu* ranking; (vi) acquisitions; (vii) joint ventures, (viii) dividends and share redemptions; (ix) indebtedness; (x) insurances; (xi) treasury transactions, (xii) payment of taxes; (xiii) preservation and use of intellectual property, (xiv) amalgamations; (xv) intra-group dealings; (xvi) provision of guarantees and security, (xvii) further assurance; (xviii) restricted debt purchase condition; (xix) restrictions on payments of subordinated notes and investors' liabilities; (xx) compliance with sanctions and anti-corruption laws; and (xxi) maintenance of centre of main interests.

The New Senior Credit Facilities Agreement requires that the Leverage Ratio and the Adjusted Leverage Ratio (as defined thereunder) shall not exceed certain specified ratios for the periods described therein. Such financial covenant will be calculated and tested half-yearly by reference to each compliance certificate delivered pursuant to the New Senior Credit Facilities Agreement.

The New Senior Credit Facilities Agreement contains an equity cure provision enabling the shareholders of Issuer to make shareholder injections by way of debt and/or equity to Issuer to decrease the Net Debt (as defined in the New Senior Credit Facilities Agreement) and in the event of shareholder injections by way of debt, prepay the New Senior Credit Facilities up to 50% of the amount of such shareholder injection, so that the financial covenants be satisfied as a result of such shareholder injections . The equity cure right may not be exercised on more than two occasions during the term of the New Senior Credit Facilities and may not be utilized in consecutive semesters.

Events of Default

The New Senior Credit Facilities Agreement provides for customary events of default which are substantially the same events of default as under the Notes. In addition, the New Senior Credit Facilities Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods, including: (i) payment default, (ii) breach of the financial covenant; (iii) breach of other obligations, (iv) inaccuracy of representation or statement when made; (v) breach of obligations under the New Senior Credit Facilities Agreement, (vi) invalidity and unlawfulness of the New Senior Credit Facilities financing documents; (vii) failure to comply with the Intercreditor Agreement; (viii) cross defaults and cross acceleration in respect of other obligations, including any event of default under the Notes; (ix) occurrence of material adverse change; (x) occurrence of litigation; (xi) audit qualification; and (xii) creditors' process.

Governing Law

The New Senior Credit Facilities Agreement is governed by, construed in accordance with and will be enforced in accordance with French law although the meaning of the words or expressions used in the section regarding additional covenants (as listed in schedule 11 of the New Senior Credit Facilities Agreement) and the section regarding the events of default (as listed in schedule 12 of New the Senior Credit Facilities Agreement) will be interpreted in accordance with New York law (without prejudice to the fact that the Senior Credit Facilities Agreement is governed by French law).

Intercreditor Agreement

To establish the relative rights of certain creditors under the financing arrangements, the Issuer, each of the Guarantors and certain other members of the Group (together, along with any other members of the Group that accede to the Intercreditor Agreement from time to time, the "Debtors"), on or about the Issue Date will enter into an intercreditor agreement with, among others, Société Générale as 2017 Senior Facility Agent, the revolving lenders under the New Revolving Credit Facility and Elavon Financial Services DAC, UK Branch, as Security Agent and U.S. Bank Trustees Limited as trustee for the Notes. Unless stated otherwise, capitalized terms set forth and used in the remainder of this section entitled "*Intercreditor Agreement*" have the same meaning as set forth in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms used elsewhere in this Offering Memorandum.

The Intercreditor Agreement sets forth, among other things:

- the relative ranking of certain indebtedness of, and security interests over certain assets and property granted by, the Debtors (such security, the "Transaction Security");
- when payments can be made in respect of certain indebtedness of the Debtors;
- the terms pursuant to which certain indebtedness will be subordinated;
- when enforcement actions can be taken in respect of that indebtedness;
- when Transaction Security and guarantees may be released to permit a sale or disposal of any assets subject to Transaction Security;
- turnover provisions; and
- the order for applying proceeds from enforcement action and other amounts received by the Security Agent.

The Intercreditor Agreement also contains provisions relating to certain other and future permitted indebtedness, including:

- obligations to counterparties to certain hedging agreements permitted under the terms of the Senior Debt Documents and Subordinated Note Documents (each as defined below) and entered into by the Issuer for the purpose of hedging interest rate risk ("Hedge Counterparties," and such obligations, the "Hedging Liabilities" and each finance document relating thereto, a "Hedging Agreement");
- indebtedness entitled to be treated *pari passu* with the New Senior Credit Facilities (excluding Hedging Liabilities) in respect of the Transaction Security and under the terms of the Intercreditor Agreement (such indebtedness the "Senior Debt Liabilities" and the holders of such indebtedness, the "Senior Debt Creditors" and each finance document relating thereto, a "Senior Debt Document"); and
- indebtedness arising from the issuance of subordinated notes by the Issuer or any holding company of the Issuer and subordinated to the Senior Debt Liabilities and the Hedging Liabilities in respect of the Transaction Security under the terms of the Intercreditor Agreement (such indebtedness, the "Subordinated Notes").

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines your rights as holders of the Notes. For the avoidance of doubt, by accepting a Note, the relevant holder thereof shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement.

Ranking and Priority

Ranking and Priority of Liabilities

The Intercreditor Agreement provides that the liabilities shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior-ranking liabilities as follows:

- first, the "Senior Liabilities," consisting of the Senior Debt Liabilities and any Hedging Liabilities (and the holders of such Senior Liabilities, the "Senior Creditors") and the "Subordinated Note Trustee Amounts," consisting of certain fees, costs and expenses payable to the trustee for the any

Subordinated Notes (the "Subordinated Note Trustee") for its own account and certain Liabilities payable to the Security Agent *pari passu* and without any preference between them; and

- second, the liabilities in respect of the Subordinated Notes (the "Subordinated Note Liabilities," and the holders of such Subordinated Note Liabilities, the "Subordinated Note Creditors" and each finance document relating thereto, a "Subordinated Note Document") (excluding any Subordinated Note Trustee Amounts).

The Intercreditor Agreement provides that certain intercompany obligations of the Issuer and certain of its subsidiaries to other members of the Group (the "Intra-Group Liabilities") and investor debt consisting of liabilities owed by the Issuer to certain shareholders of the Issuer ("Investor Liabilities") are postponed and subordinated to the liabilities owed by the Debtors to the Senior Creditors and the Subordinated Note Creditors (such creditors together, the "Primary Creditors"). The Intercreditor Agreement does not purport to rank any of the Investor Liabilities or the Intra-Group Liabilities as between themselves.

Subject to the section below entitled "*—Application of Proceeds*," the Intercreditor Agreement will not prevent payment by the Debtors of certain fees, costs and expenses (as set out in further detail in the Intercreditor Agreement) owing to the representatives of the creditors in relation to the Senior Debt Liabilities and the Subordinated Note Liabilities (each such representative, a "Creditor Representative").

Ranking and Priority of Security

The Intercreditor Agreement provides that the Transaction Security shall rank and secure the following liabilities (but only to the extent such Transaction Security is expressed to secure those liabilities) as follows:

- first, the Senior Liabilities, the Subordinated Note Trustee Amounts and certain liabilities payable to the Security Agent *pari passu* and without any preference between them; and
- second, the Subordinated Note Liabilities (excluding any Subordinated Note Trustee Amounts).

Under the Intercreditor Agreement, the proceeds from an enforcement of Transaction Security are required to be applied as provided under the section below entitled "*—Application of Proceeds*").

New Debt Financing

The Intercreditor Agreement provides, subject to certain conditions, for the implementation of existing, additional, supplemental or new financing arrangements that will constitute, for the purposes of the Intercreditor Agreement, Senior Debt Liabilities, Subordinated Debt Liabilities or Hedging Liabilities (each a "New Debt Financing"). The conditions include certification by Banijay Group (the "Company") that such New Debt Financing is not prohibited under the terms of the Senior Debt Documents.

Such financing arrangements may be implemented by way of refinancing, replacement, exchange, set-off, discharge or increase of any such new, existing, additional, supplemental or new financing arrangement under the relevant finance documents. In connection with any New Debt Financing, each Debtor and the Security Agent is authorized to enter into any new security document, amend or waive any term of an existing security document and/or release any asset from the Transaction Security subject to certain conditions, including as regards the parties in whose favor such security is granted, and the terms of such security (which shall be, unless otherwise agreed by the Company, substantially the same as the terms applicable to the existing Transaction Security over equivalent assets).

Restrictions on Senior Debt Liabilities and Subordinated Note Liabilities

Permitted Payments: Senior Debt Liabilities

The Intercreditor Agreement imposes no restrictions on payments to be made in respect of the Senior Debt Liabilities pursuant to the Senior Debt Documents at any time in accordance with, and subject to the provisions of, the Senior Debt Documents.

Permitted Payments: Subordinated Note Liabilities

The Intercreditor Agreement restricts any member of the Group from making payments in respect of the Subordinated Note Liabilities, except in certain circumstances as summarized below.

Prior to the later of the date on which all the Senior Liabilities are discharged in full (the "Senior Discharge Date"), certain payments may be made in respect of the Subordinated Note Liabilities in accordance with the Subordinated Note Documents if:

(a) (i) the payment is of any of the principal amount (including capitalized interest) of the Subordinated Note Liabilities or any other amount which is not an amount of principal or capitalized interest, in each case, which is not prohibited from being made by any Senior Debt Document or Hedging Agreement (together, the "Senior Finance Documents"); (ii) no Subordinated Note Payment Stop Notice (as defined below) is outstanding; and (iii) no default arising by reason of non-payment under any Senior Finance Document has occurred and is continuing (a "Senior Payment Default"); or

(b) the requisite majority of Senior Facility Lenders (the "Majority Senior Facility Lenders") and each Creditor Representative acting on behalf of any Senior Noteholders (as defined in the Intercreditor Agreement) (the "Required Senior Note Creditors") give prior consent to that payment being made; or

(c) the payment is of any Subordinated Note Trustee Amount; or

(d) the payment is of costs, commissions, taxes and expenses reasonably incurred (with documented evidence thereof) in respect of the Subordinated Note Documents up to an aggregate amount not exceeding €2,000,000.

The Intercreditor Agreement provides that, on or after the Senior Discharge Date, payments may be made to the Subordinated Note Creditors in respect of the Subordinated Note Liabilities in accordance with the Subordinated Note Documents.

Permitted Payments: Subordinated Note Liabilities—Issue of Subordinated Note Payment Stop Notice

The Intercreditor Agreement provides that until the Senior Discharge Date, except with the prior consent of the Instructing Group (as defined below), the Debtors will not be entitled to make, and no Subordinated Note Creditor will be entitled to receive from the Debtors or any of their subsidiaries, any payment in respect of the Subordinated Note Liabilities (other than such payments permitted under the Intercreditor Agreement) if a Subordinated Note Payment Stop Notice is outstanding.

The Intercreditor Agreement provides that a Subordinated Note Payment Stop Notice is "outstanding" during the period from the date on which, following the occurrence of an event of default arising under any Senior Finance Document (other than a Senior Payment Default) (a "Subordinated Note Payment Stop Event"), any Creditor Representative (other than the Subordinated Note Trustee) (acting on the instructions of the Majority Senior Facility Lenders or the Required Senior Note Creditors) (a "Relevant Representative") issues a notice (a "Subordinated Note Payment Stop Notice") to the Subordinated Note Trustee and the Security Agent (with a copy to the Issuer) advising that that Subordinated Note Payment Stop Event has occurred and is continuing until the first to occur of: (i) the date which is 179 days after the date of issue of the Subordinated Note Payment Stop Notice; (ii) if a Subordinated Note Standstill Period (as defined below) commences after the issue of a Subordinated Note Payment Stop Notice, the date on which that Subordinated Note Standstill Period expires; (iii) the date on which the Subordinated Note Payment Stop Event in respect of which that Subordinated Note Payment Stop Notice was issued is no longer continuing provided that, at such time no other event of default is continuing under any Senior Finance Document; (iv) the date on which the Relevant Representative cancels that Subordinated Note Payment Stop Notice by notice to the Subordinated Note Trustee and the Security Agent (with a copy to the Issuer); (v) the Senior Discharge Date; and (vi) the date on which any Subordinated Note Creditor takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

The Intercreditor Agreement provides that the ability of a Relevant Representative to deliver a Subordinated Note Payment Stop Notice is subject to certain conditions, including that: (i) a new Subordinated Note Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Subordinated Note Payment Stop Notice; and (ii) no Subordinated Note Payment Stop Notice may be delivered in reliance on a Subordinated Note Payment Stop Event more than 60 days after the date each Relevant Representative received notice of that Subordinated Note Payment Stop Event.

Permitted Enforcement: Subordinated Note Creditors

The Intercreditor Agreement restricts the Subordinated Note Creditors from taking any enforcement action in respect of the Subordinated Note Liabilities prior to the Senior Discharge Date, except in certain circumstances as summarized below.

The Intercreditor Agreement provides that the Subordinated Note Creditors may take enforcement action in respect of the Subordinated Note Liabilities if, at the same time as, or prior to, that action (and subject to certain other conditions): (i) the Subordinated Note Trustee has given notice (a "Subordinated Note Enforcement Notice") to each Creditor Representative and the Security Agent specifying that an event of default under the Subordinated Note Documents has occurred and is continuing; (ii) a period (a "Subordinated Note Standstill Period") of not less than 179 days has elapsed from the date on which that Subordinated Note Enforcement Notice becomes effective; and (iii) the relevant event of default is continuing at the end of the Subordinated Note Standstill Period.

The Intercreditor Agreement provides that the Subordinated Note Creditors may also take certain limited enforcement action: (i) in circumstances where the Senior Creditors take any enforcement action in relation to the Issuer (provided that the Subordinated Note Creditors may only take the same enforcement action in relation to the Issuer as the enforcement action taken by the Senior Creditors against the Issuer (but not against any other Debtor or any other member of the Group)); and (ii) in certain circumstances, following the occurrence of an insolvency event in relation to the Issuer (but only to the extent that such insolvency event did not arise as a result of any action taken by, or at the request of, a Subordinated Note Creditor).

Restrictions on Investor Liabilities and Intra-Group Liabilities

Restriction on Payment: Investor Liabilities

The Intercreditor Agreement provides that, prior to the Final Discharge Date, neither the Issuer nor any other Debtors shall, and the Debtors shall procure that no other member of the Group will, make any payment of the Investor Liabilities at any time unless such payment is a permitted payment or the taking or receipt of such payment is a permitted enforcement under the Intercreditor Agreement.

Permitted Payments: Investor Liabilities

The Intercreditor Agreement provides that the Issuer may make payments in respect of the Investor Liabilities if:

(a) the payment is not prohibited by the New Senior Credit Facilities Agreement(s), the Senior Note Indenture(s) and the Subordinated Note Indenture(s); or

(b) the Majority Senior Facility Lenders and the Required Senior Note Creditors or, after the Senior Discharge Date, the Majority Subordinated Note Creditors, each consent to such payment being made.

Restriction on Payment: Intra-Group Liabilities

The Intercreditor Agreement provides that, prior to the Final Discharge Date, the Debtors shall not, and shall procure that no other member of the Group will, make any payments of the Intra-Group Liabilities at any time unless such payment is a permitted payment or the taking or receipt of such payment is a permitted enforcement under the Intercreditor Agreement.

Permitted Payments: Intra-Group Liabilities

The Intercreditor Agreement provides that the Debtors and other members of the Group may make payment in respect of Intra-Group Liabilities, subject to the circumstances as summarized below.

The Intercreditor Agreement provides that payments in respect of Intra-Group Liabilities may not be made if, at the time of payment, an Acceleration Event has occurred unless:

(a) the Majority Senior Facility Lenders and the Required Senior Note Creditors, or (after the Senior Discharged Date) the Majority Subordinated Note Creditors, consent to such payment being made; or

(b) the payment is made to facilitate the making of a Permitted Senior Debt Payment or a Permitted Subordinated Note Payment.

Enforcement of Transaction Security

The Intercreditor Agreement provides that Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by the relevant Instructing Group (as defined below).

Enforcement of Transaction Security: Majority Senior Creditors

The Intercreditor Agreement provides that, subject to certain exceptions including those summarized in the sections below entitled "Enforcement of Transaction Security: Majority Senior Creditors" and "Enforcement of Transaction Security: Majority Subordinated Note Creditors," the Security Agent will act in accordance with the enforcement instructions provided by the requisite majority of Senior Creditors (the "Majority Senior Creditors").

Enforcement of Transaction Security: Majority Subordinated Note Creditors

The Intercreditor Agreement provides that, prior to the Senior Discharge Date, the Security Agent shall give effect to any instructions to enforce the Transaction Security (but only to the extent such security is expressed to secure the Subordinated Note Liabilities) which the requisite majority of Subordinated Note Creditors (the "Majority Subordinated Note Creditors") are then entitled to give in accordance with the section above entitled "*—Permitted Enforcement: Subordinated Note Creditors*" if:

(a) (i) the Majority Senior Creditors have instructed the Security Agent to cease or not to proceed with enforcement; or (ii) in the absence of such instructions; and

(b) in each case, the Majority Senior Creditors have not required any Debtor to make a Distressed Disposal (as defined below).

The Intercreditor Agreement also provides that, notwithstanding the above paragraph, if at any time the Majority Subordinated Note Creditors are entitled to give the Security Agent instructions as to enforcement of the Transaction Security pursuant to the above paragraph and give such instructions, the Majority Senior Creditors shall remain entitled to give instructions to the Security Agent as to enforcement in lieu of any instructions given by the Majority Subordinated Note Creditors and the Security Agent shall act on the first instructions received from the Majority Senior Creditors.

Exercise of Voting Rights and Power of Attorney

Each creditor in respect of the Intra-Group Liabilities and the Investor Liabilities and each Subordinated Note Creditor is required to cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency, rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent (acting in accordance with the terms of the Intercreditor Agreement), and each such creditor, together with the Debtors, irrevocably appoints the Security Agent to be its attorney to (with respect to any Investor, following the occurrence of any Event of Default) do anything which that creditor, or Debtor (as the case may be), has authorized the Security Agent to do under the Intercreditor Agreement or is itself required to do under the Intercreditor Agreement but has failed to do (including casting any vote as described above) (but not to waive or amend Debt Documents in relation to the Investor Liabilities to reduce the amount of or discharge or extend the date for payment of, or reschedule Investor Liabilities).

Payment of the "soulte"

(a) If, following an Appropriation (as defined below), a "soulte" is owed by the Secured Parties to any Debtor or Investor, as the case may be, such "soulte" shall not be immediately payable but shall be payable only on the earlier of (i) the date following 12 months after the date of the enforcement of the Transaction Security pursuant to which such obligation arose and (ii) the Final Discharge Date.

(b) The payment of any "soulte" payable by the Secured Parties to any Debtor or Investor, as the case may be, is a several obligation (*conjointe et non solidaire*) of each Secured Party. The amount payable in this respect by each Secured Party shall be equal to a percentage of the appropriate amount of "soulte" to be paid equal to the percentage reported by (i) the amount of Secured Obligations owed to that Secured Party extinguished through the enforcement of the Transaction Security pursuant to which such "soulte" obligation arose to (ii) the total amount of Secured Obligations extinguished through such enforcement.

(c) Each Secured Party shall pay to the Security Agent the amount it owes pursuant to the previous paragraphs promptly upon first demand of the Security Agent.

(d) Any payment of the "soulte" to any Debtor or Investor, as the case may be, which shall occur prior to the Final Discharge Date shall be made by the Security Agent to a bank account of such Debtor held with the Security Agent or any bank account holder selected by it and pledged pursuant to a pledge agreement (a "Pledge Agreement") in the form of the French Transaction Security Documents over bank accounts entered into pursuant to the Debt Documents, in favor of the Secured Parties, as security for any obligation of the Debtors or Investors under any of the Debt Documents to which they are party including any obligation under this Agreement to pay back any Recoveries by each Debtor or Investor prior to the Final Discharge Date. The Pledge Agreement shall include an irrevocable instruction from each of the relevant Debtors and Investors to make from such pledged bank accounts any payment required to be fulfilled under the Intercreditor Agreement or any other Debt Document.

Enforcement Principles

The Intercreditor Agreement provides that the Security Agent shall enforce the Transaction Security or take other action as to enforcement in such manner as the relevant group of Primary Creditors entitled to give instructions as summarized in the section above entitled "Enforcement of Transaction Security" (the "Instructing Group") shall instruct (provided that such instructions are consistent with the enforcement principles) or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate and consistent with the enforcement principles.

The enforcement principles are set out in a schedule to the Intercreditor Agreement and provide, among other things, that:

(a) it shall be the primary and over-riding aim of any enforcement to maximize, to the extent consistent with a prompt and expeditious realization of value, the value realized from enforcement ("Enforcement Objective"), provided that the Security Agent shall have no obligation to postpone (or request the postponement of) any Distressed Disposal (as defined below) or liabilities sale in order to achieve a higher price; and

(b) on: (i) a proposed enforcement in relation to assets other than shares in a member of the Group over which Transaction Security exists, where the book value of the assets exceeds €5,000,000.00; or (ii) a proposed enforcement in relation to the shares in a member of the Group over which Transaction Security exists, which, in each case, is not being effected through a public auction, the Security Agent shall, if requested by the Majority Senior Creditors (and subject to certain exceptions), appoint a financial adviser to provide a fairness opinion in relation that enforcement.

Release of the Guarantees and Transaction Security

Non-distressed Disposal

The Intercreditor Agreement provides that, in circumstances in which a disposal to a person outside the Group is permitted under the relevant financing documents and is not being effected: (i) at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable; (ii) by enforcement of the Transaction Security; or (iii) after a Senior Debt Acceleration Event or an Acceleration Event in respect of the Subordinated Note Liabilities has occurred ((ii) and (iii), a "Distress Event" and a disposal in the circumstances of (i), (ii) or (iii), a "Distressed Disposal"), the Intercreditor Agreement will provide that the Security Agent is irrevocably authorized to, among other things, release the Transaction Security or any other claim (relating to a Debt Document (as defined in the Intercreditor Agreement)) over that asset and, where the relevant asset consists of shares in the capital of a member of the Group, to release the Transaction Security or any other claim (relating to a Debt Document (as defined in the Intercreditor Agreement)) over that member of the Group's property, provided that, in each case, the release of Transaction Security or such claims will only be effective upon the making of the disposal.

The Intercreditor Agreement provides that the Security Agent is also authorized to release Transaction Security or any other claim (relating to a Debt Document) where such release is necessary to implement a merger or a reorganization permitted under the Senior Debt Documents, the Subordinated Note Documents and the Hedging Agreements or where a member of the Group is designated as Unrestricted Subsidiary in accordance with the terms of each of the Senior Debt Documents and the Subordinated Note Documents, in each case, subject to the conditions mentioned therein.

Distressed Disposal

The Intercreditor Agreement provides that where a Distressed Disposal is being effected, the Intercreditor Agreement will provide that the Security Agent is irrevocably authorized, among other things: (i) to release the Transaction Security or any other claim over the asset subject to the Distressed Disposal; (ii) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or a holding company of a Debtor, to release that Debtor or holding company and any subsidiary of that Debtor or holding company from all or any part of its liabilities under the Debt Documents (as defined in the Intercreditor Agreement) and Transaction Security granted by that Debtor or holding company or any subsidiary of that Debtor or holding company or any claims in respect of Intra-Group Liabilities or Investor Liabilities; (iii) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or a holding company of a Debtor, the disposal of all, or any part, of certain liabilities under the Debt Documents (as defined in the Intercreditor Agreement) and certain other liabilities, provided that, if it is intended that the transferee will not be treated as a Primary Creditor or secured party, the transferee will not be treated as a Primary Creditor or secured party, and, if it is intended that the transferee should be a Primary Creditor or secured party, then all, and not party only, of the liabilities owed to the Primary Creditors (other than to any Creditor Representative or arranger) and certain other liabilities shall be disposed of; and (iv) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or holding company of a Debtor, the transfer to another Debtor of all or any part of the disposed entity's obligations under Intra-Group Liabilities or other liabilities owed to a Debtor.

The Intercreditor Agreement provides that the net proceeds from each Distressed Disposal and each debt disposal shall be paid to the Security Agent for application in accordance with the section below entitled "*—Application of Proceeds*" below.

Certain Limitations

The Intercreditor Agreement will also include limitations on the ability to release the Subordinated Note Liabilities and Transaction Security pledged in favor of the Subordinated Note Creditors as part of a Distressed Disposal, including: (i) that the proceeds of such sale or disposal must be in cash (or substantially in cash) and applied in accordance with the section below entitled "*—Application of Proceeds*"; and (ii) the sale or disposal must be made pursuant to a competitive sales process or where a financial adviser has delivered an independent opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale.

The Intercreditor Agreement provides that, if a Distressed Disposal is being effected at a time when the Majority Subordinated Note Creditors are entitled to give, and have given, enforcement instructions in accordance with the section above entitled "*Enforcement of Transaction Security: Majority Subordinated Note Creditors*," the Security Agent is not authorized to release any Debtor or any subsidiary or holding company of a Debtor from certain liabilities under the Debt Documents (as defined in the Intercreditor Agreement) owed to any Senior Creditor unless those liabilities (together with any other amounts owing to the Senior Secured Creditors) will be paid (or repaid) in full in cash, upon that release.

Effect of Insolvency Event

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event in relation to any member of the Group, any party entitled to receive a payment or distribution out of the assets of that member of the Group (in the case of the Senior Creditors, only to the extent that such amount constitutes enforcement proceeds) in respect of liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to make that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full and the Security Agent shall apply such distributions in accordance with the section below entitled "*—Application of Proceeds*."

Turnover

Turnover by the Senior Secured Creditors

The Intercreditor Agreement provides that if any of the Senior Creditors receives or recovers any enforcement proceeds except in accordance with the section below entitled "—*Application of Proceeds*" that Senior Creditor shall, subject to certain exceptions:

(a) in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by creditors (other than the Senior Creditors)

The Intercreditor Agreement provides that if any of the creditors (other than a Senior Creditor) receives or recovers:

(a) any payment or distribution in relation to any liability which is neither a permitted payment under the Intercreditor Agreement nor made in accordance with the order of application summarized under the section below entitled "—*Application of Proceeds*";

(b) except with respect to certain set-off rights, any amount by way of set-off in respect of any liability owed to it which does not give effect to a permitted payment under the Intercreditor Agreement;

(c) except with respect to certain set-off rights, (i) any amount in relation to any liabilities after the occurrence of a Distress Event or as a result of litigation or proceedings against a member of the Group (other than after the occurrence of an insolvency event in respect of that member of the Group); or (ii) any amount by way of set-off in respect of any liabilities owed to it after the occurrence of a Distress Event, other than, in each case, except in accordance with the order of application summarized under "—*Application of Proceeds*" below;

(d) the proceeds of any enforcement of any Transaction Security, except in accordance with the order of application summarized under "—*Application of Proceeds*" below; or

(e) except with respect to certain set-off rights, any distribution in relation to any liability owed by any member of the Group which is not in accordance with the order of application summarized in "—*Application of Proceeds*" below and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of the Group,

then that creditor will, subject to certain exceptions:

(a) in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds

The Intercreditor Agreement provides that all amounts received or recovered by the Security Agent pursuant to the sections above entitled "—*Effect of Insolvency Event*" and "—*Turnover*" or in connection with the realization or enforcement of all or any part of the Transaction Security or any other Distressed

Disposal or otherwise paid to the Security Agent for application as summarized in this section shall be held by the Security Agent on trust and applied in the following order of priority:

(a) in discharging any sums owing to the Security Agent (other than pursuant to the parallel debt provisions), any receiver or any delegate and in payment to the Creditor Representatives of certain fees, costs and expenses payable to the Creditor Representatives for their own account pursuant to terms of the Intercreditor Agreement;

(b) in discharging all costs and expenses incurred by any Primary Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or certain action taken at the request of the Security Agent (including any "soulte" effectively paid in cash pursuant to the terms of the Intercreditor Agreement to the relevant Debtors in connection with the enforcement of any Transaction Security);

(c) in payment to the Secured Parties of any "soulte" owed but not yet paid by the Secured Parties pursuant to the terms of the Intercreditor Agreement (for the avoidance of doubt without double-counting for any payment made (if any) pursuant to paragraph (b) above with respect to any "soulte" effectively paid in cash pursuant to the terms of the Intercreditor Agreement to the relevant Debtors in connection with the enforcement of any Transaction Security;

(d) in payment or distribution to: (i) the Creditor Representatives in respect of any Senior Debt Liabilities on its own behalf and on behalf of the Senior Debt Creditors for which it is the Creditor Representative; and (ii) the 'Hedge Counterparties, for application towards the discharge of: (A) the Senior Debt Liabilities (in accordance with the terms of the relevant Senior Debt Documents) under the relevant Senior Facility Agreement; and (B) the Senior Debt Liabilities (in accordance with the terms of the relevant Senior Debt Documents) on a pro rata basis between Senior Debt Liabilities under separate Senior Notes Indentures; and (C) the Hedging Liabilities on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty, on a pro rata basis between sub-paragraph (A), sub-paragraph (B) and sub-paragraph (C);

(e) in payment or distribution to the Subordinated Note Trustee in respect of any Subordinated Note Liabilities on its own behalf and on behalf of the Subordinated Noteholders for which it is the Creditor Representative for application towards the discharge of the Subordinated Note Liabilities (in accordance with the terms of the relevant Subordinated Note Documents) on a pro rata basis;

(f) once the Final Discharge Date has occurred, in payment to the relevant Debtors or Investor to which a "soulte," if any, is payable or has been paid and returned to the Security Agent by the relevant Debtors pursuant to the terms of the Intercreditor Agreement;

(g) if none of the Debtors is under any further actual or contingent liability under any Hedging Agreement, Senior Debt Document or Subordinated Note Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Debtor; and

(h) the balance, if any, in payment or distribution to the relevant Debtor.

Equalization

The Intercreditor Agreement provides that if, for any reason, any Senior Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Creditors in the proportions their respective exposures at the enforcement date bore to the aggregate exposures of all the at the enforcement date, the Senior Creditors will make such payments from such payments among themselves as the Security Agent shall require to put the Senior Creditors in such a position that (after taking into account such payments) their losses are borne in those proportions.

The Intercreditor Agreement provides that if, for any reason, following an appropriation (or similar process) of the shares in the capital of a member of the Group by the Security Agent (or any Receiver or Delegate) which is effected (to the extent permitted under the relevant Security Document and applicable law) by enforcement of the Transaction Security (the "Appropriation") of Transaction Security over shares, certain Secured Parties have not paid their share of the corresponding resulting "soulte" (if any), such Secured Parties will make such payments among themselves as the Security Agent shall require to put the Secured Parties in such a position that (after taking into account such payments) the amount paid or payable in respect of such corresponding "soulte" is borne by all the Secured Parties having participated in such Appropriation in the proportions which their respective Exposures at the date of the Appropriation bore to the aggregate Exposures of all such Secured Parties at the date of the Appropriation.

Option to Purchase

The Intercreditor provides that, following a Distress Event, some or all of the Subordinated Noteholders shall have an option (subject to the conditions set out in the Intercreditor Agreement) to purchase all (and not only part) of the Senior Debt Liabilities.

Snooze/lose

If in relation to a request for a consent, to participate in a vote of a class of creditors, to approve any action or to provide any confirmation or notification, in each case, under the Intercreditor Agreement, any Senior Debt Creditor and Subordinated Note Creditor fails to respond to the request within 15 Business Days (or any other period of time notified by the Company, with the agreement of each of the agents or trustee in the case of a shorter period of time) or fails to provide details of its credit participation, such creditor will be disregarded or be deemed to have zero participation in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable.

Consents, Amendments and Override

The Intercreditor provides that, subject to certain exceptions, the Intercreditor Agreement will provide that it may be amended only with the consent of each Creditor Representative, the Majority Senior Facility Lenders, the Required Senior Note Creditors, the Majority Subordinated Note Creditors and the Security Agent unless it is an amendment or waiver that has the effect of changing or that relates to, among other things: (i) the order of application or subordination under the Intercreditor Agreement; or (ii) the provisions in respect of redistribution, the enforcement of Transaction Security, the application of proceeds, amendments and waivers, the effect of an insolvency event and turnover, which shall not be made without the consent of:

- the Creditor Representatives (save that the consent of the Subordinated Note Trustee shall not be required for any amendment or waiver in relation to the enforcement provisions, except for an amendment or waiver to the rights of the Subordinated Note Creditors to take enforcement action as summarized in the section above entitled "*Enforcement of Transaction Security: Majority Subordinated Note Creditors*");
- the Senior Facility Lenders;
- each Senior Note Trustee on behalf of the Senior Noteholders (as each term is defined in the Intercreditor Agreement) in respect of which it is the Creditor Representative;
- the Subordinated Note Creditors (save that the consent of the Subordinated Note Trustee shall not be required for any amendment or waiver in relation to the enforcement provisions, except for an amendment or waiver to the rights of the Subordinated Note Creditors to take enforcement action as summarized in the section above entitled "*Enforcement of Transaction Security: Majority Subordinated Note Creditors*");
- each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty); and
- the Security Agent.

The Intercreditor Agreement provides that, subject to the above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent of that party.

The Intercreditor Agreement also provides that, unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents (as defined in the Intercreditor Agreement) to the contrary.

Governing Law

The Intercreditor Agreement is governed by English law.

Shareholder Debt

We are party to several debt financing instruments with our shareholders. For a description of these instruments, see "*Certain Relationships and Related Party Transactions—New ORANs and Banijay Group Holding Shareholder Loan*" below.

Other Financing Arrangements

From time to time we enter into various credit facilities (including by way of factoring or assignment of receivables or future receivables) to finance the development, production and operation of a specific program or audiovisual or digital content. As of March 31, 2017, we had €28.4 million outstanding under these credit facilities. In addition, as of March 31, 2017, we had €2.1 million outstanding under other third-party borrowings, including finance leases.

As of March 31, 2017, our production financing included bilateral lending facilities for €9.9 million and local line of credits of €14.2 million incurred in connection with the financing of the production of scripted content. In addition, as of March 31, 2017, we had €4.7 million outstanding under our recourse factoring agreements. These various credit facilities will mature in 2017 and 2018 and are secured with assets of the relevant borrowers.

DESCRIPTION OF THE NOTES

The following is a description of the €350.0 million in aggregate principal amount of % Senior Secured Notes due 2022 (the "*Notes*"). The Notes will be issued by Banijay Group S.A.S. (the "*Issuer*"). In this "Description of the Notes," the "Issuer" refers only to Banijay Group S.A.S., and any successor obligor to Banijay Group S.A.S. under the Indenture and the Notes, and not to any of its Subsidiaries.

The proceeds of the offering (the "*Offering*") of the Notes sold on the Issue Date will be used by the Issuer to repay all amounts outstanding under the Existing Senior Term Loan, repay certain other indebtedness of the Issuer and to pay the fees and expenses incurred in connection with Transactions, as further described in this offering memorandum under the caption "*Use of Proceeds*."

The Issuer will issue the Notes under an indenture, to be dated as of the Issue Date (the "*Indenture*"), among, *inter alios*, the Issuer, U.S. Bank Trustees Limited, as trustee (the "*Trustee*") and security agent (the "*Security Agent*"). The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. See "*Notice to Investors*." The terms of the Notes include those stated in the Indenture. The Indenture will not be qualified under, be subject to, or include or incorporate by reference terms of, the Trust Indenture Act of 1939, as amended.

The following is a summary of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement and the Security Documents. It does not purport to be complete and is qualified in its entirety by reference to all provisions of the Indenture, the Notes, the Intercreditor Agreement and the Security Documents, respectively. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture, the Intercreditor Agreement and the Security Documents in their entirety. Copies of the Indenture, the Intercreditor Agreement and the Security Documents are available as described under "*Listing and General Information*." You can find the definitions of certain terms used in this description under "*—Certain Definitions*."

The registered Holder of a Note will be treated as the owner of it for all purposes. In general, only registered Holders will have rights under the Indenture.

Brief Description of the Notes

Ranking of the Notes

The Notes will:

- be general, senior obligations of the Issuer, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with all of the Issuer's existing and future Indebtedness that is not subordinated in right of payment to the Notes (including, following the consummation of the Transactions, the obligations of the Issuer under the Senior Credit Facilities, certain Hedging Obligations, if any, and certain other future Indebtedness permitted to be incurred and secured on the Collateral);
- rank senior in right of payment to all of the Issuer's future Indebtedness that is subordinated in right of payment to the Notes;
- be guaranteed by the Guarantors, in each case on a senior secured basis, which will also guarantee the Senior Credit Facilities, as described below under "*—The Note Guarantees*";
- be effectively subordinated to any existing and future Indebtedness or obligation of the Issuer and its subsidiaries that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligation or Indebtedness; and
- be structurally subordinated to any existing or future Indebtedness of subsidiaries of the Issuer (including obligations to trade creditors) that do not guarantee the Notes.

The Note Guarantees

The Notes will be guaranteed on a senior secured basis on the Issue Date by each of the following subsidiaries of the Issuer: (i) in France: Banijay Entertainment SAS, Banijay France SAS, Adventure Line Productions SAS and H2O Productions SAS (the "*French Guarantors*"), (ii) in England and Wales: Zodiak Media Limited, Banijay Rights Ltd, RDF Television Ltd, Banijay UK Ltd and Bwark Productions Ltd, (iii) in Sweden: Zodiak Media AB, Mastiff AB and Jarowskij Sverige AB (the "*Swedish Guarantors*"), and (iv) in the United States: Bunim-Murray Productions LLC, MTheory Entertainment Inc. and Mobility

Productions Inc. (together, the "*Guarantors*"). Certain other Restricted Subsidiaries may be required to guarantee the Notes in the future under certain circumstances. Each Note Guarantee of a Guarantor will:

- be a general senior obligation of the relevant Guarantor;
- rank *pari passu* in right of payment with all of such Guarantor's existing and future Indebtedness that is not subordinated in right of payment to its Guarantee (including, following the consummation of the Transactions, its Guarantee granted in favor of the Senior Credit Facilities and certain Hedging Obligations, if any);
- rank senior in right of payment to all of such Guarantor's future Indebtedness that is subordinated in right of payment to its Guarantee;
- rank effectively senior to any existing and future unsecured Indebtedness of such Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the Guarantees;
- rank effectively senior to any existing and future Indebtedness of such Guarantor secured on a second-ranking basis by property or assets that secure the Guarantee on a first-ranking basis;
- be effectively subordinated to any existing and future Indebtedness of the Issuer and that Guarantor (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property and assets securing such obligations or Indebtedness; and
- be structurally subordinated to any existing and future Indebtedness of such Guarantor's subsidiaries (including obligations to trade creditors) that do not guarantee the Notes; and
- be subject to limitations described herein and in "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security over the Collateral will not be granted directly to the holders of the Notes,*" "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries and effectively subordinated to liabilities that are secured on assets that do not secure the Notes*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The insolvency and administrative laws of applicable jurisdictions may not be as favorable to creditors, including investors in the Notes, as the insolvency laws of the jurisdictions with which you are familiar; and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral.*"

Substantially all the operations of the Issuer are conducted through its Subsidiaries. Claims of creditors of Non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred stockholders (if any) of those Subsidiaries, generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Subsidiaries of the Issuer that do not Guarantee the Notes. Although the Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, these limitations will be subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

The obligations of the Guarantors will be subject to the Agreed Security Principles and be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners as further outlined below.

France

To ensure compliance with French law, the Note Guarantees of the French Guarantors will be subject to substantially the following limitation language in the Indenture:

Notwithstanding anything to the contrary in the Indenture,

(1) any covenants made by any Guarantor organized under the laws of France (a "*French Guarantor*") shall be strictly limited to matters related to such French Guarantor and its subsidiaries in connection with the Notes,

(2) any expenses or indemnities to be paid by any French Guarantor under the Indenture shall be limited to the expenses or indemnities incidental to the performance of its obligations and the obligations of its subsidiaries under the Indenture in connection with the Notes; and

(3) (without limitation to the foregoing) any obligations or liabilities incurred or assumed under the Indenture by any French Guarantor (a) shall not include any obligations or liabilities which, if incurred, would constitute a violation of its corporate interest (*intérêt social*) and/or which would result in such French Guarantor not complying with French financial assistance rules within the meaning of article L.225-216 of the French Commercial Code (*Code de commerce*) and/or would constitute a misuse of corporate assets within the meaning of articles L.241-3 or L.242-6 of the French Commercial Code (*Code de commerce*) or any other law or regulations having the same effect and (b) shall be limited to the payment obligations of the Issuer in relation to the Notes up to an amount equal to the aggregate amount made available to such French Guarantor by the Issuer (by way of intra-group loans) directly or indirectly through another member of the Group which will on-lend such amount to such French Guarantor and outstanding from time to time (the "*Maximum Guaranteed Amount*"); provided that:

    a. any payment made by such French Guarantor under the relevant Note Guarantees in respect of the obligations of the Issuer shall reduce *pro tanto* the outstanding amount of the intercompany loans due by such French Guarantor under the intercompany loan arrangements referred to above; and

    b. any repayment of such intercompany loans by such French Guarantor shall reduce *pro tanto* the relevant Maximum Guaranteed Amount of such French Guarantor.

For the avoidance of doubt, any payment made by a French Guarantor under paragraph (3)(b) above shall reduce the related Maximum Guaranteed Amount.

It is acknowledged that no French Guarantor is acting jointly and severally with the other Guarantors and no French Guarantor shall therefore be considered as "*co-débiteur solidaire*" with the other Guarantors as to its obligations pursuant to the guarantee given pursuant to the Indenture.

Sweden

To ensure compliance with Swedish law, the Note Guarantees of the Swedish Guarantors will be subject to substantially the following limitation language in the Indenture:

The obligations of a Guarantor incorporated in Sweden in its capacity as Guarantor under the Indenture shall be limited if (and only if) and to the extent required by an application of the provisions of the Swedish Companies Act (*Sw. Aktiebolagslagen*) regulating distribution of assets (including profits and dividends and any other form of transfer of value (*Sw. värdeöverföring*) within the meaning of the Swedish Companies Act) and provisions regulating prohibited loans and guarantees, provided that all steps open to the relevant Guarantor and all its shareholders to authorize its obligations under the Indenture have been taken. It is agreed that the liability of such Guarantor under the Indenture in respect of such obligations only applies to the extent permitted by the above mentioned provisions of the Swedish Companies Act.

Note Guarantees Release

The Note Guarantee of a Guarantor will terminate and release upon:

- a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company), if the sale or other disposition does not violate the Indenture and the Guarantor ceases to be a Restricted Subsidiary of the Issuer as a result of the sale or other disposition;
- the sale or disposition (including by way of consolidation or merger) of all or substantially all the assets of the Guarantor (other than to the Issuer or any of its Restricted Subsidiaries), if the sale or other disposition does not violate the Indenture;
- the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

- upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "—*Defeasance*" and "—*Satisfaction and Discharge*";
- upon the release of the Guarantor's guarantee of any Indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the covenant described in "—*Certain Covenants—Additional Guarantees*"; *provided* that no other Indebtedness is at that time Guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Note Guarantee pursuant to the covenant described under the caption "—*Certain Covenants—Additional Guarantees*";
- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- in connection with a Permitted Reorganization;
- as described under "—*Amendments and Waivers*"; or
- as a result of a transaction permitted by "—*Certain Covenants—Merger and Consolidation*."

The Trustee and the Security Agent shall take all necessary actions reasonably requested by the Issuer, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee and the Security Agent without the consent of or liability to the Holders or any other action or consent on the part of the Trustee or the Security Agent.

Principal and Maturity

The Issuer will issue €350.0 million in aggregate principal amount of Notes in the Offering on the Issue Date. The Notes will mature on , 2022. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay. If a regular record date is not a Business Day, the record date shall not be affected.

Interest

Interest on the Notes will accrue at the rate of % per annum and will be payable, in cash, semi-annually in arrears on and of each year, commencing on , 2018. The Issuer will make each interest payment for so long as the Notes are Global Notes to the Holders of record of the Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment, where "Clearing System Business Day" means a day on which each clearing system for which the Global Note is being held is open for business, or to the extent Definitive Registered Notes have been issued, to the Holders of record of the Notes on the Business Day immediately preceding and , as applicable. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

Additional Notes

The Issuer is permitted to issue additional Notes under the Indenture from time to time after the Offering, having identical terms and conditions as the Notes except for the issue price and the amount of such issuance (the "*Additional Notes*"), so long as such issuance is in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "—*Certain Covenants—Limitation on Indebtedness*"). The Notes issued in the Offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture. The Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may not be fungible with the original Notes for U.S. federal income tax purposes and will then be allocated a separate ISIN and common code. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "*Notes*" include the Notes and any Additional Notes that are actually issued.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of a common depositary for Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents in London, in each case, maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by wire transfer to the Holder entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*."

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes, including a Paying Agent in London (the "*Paying Agent*"). The initial Paying Agent for the Notes will be Elavon Financial Services DAC, UK Branch.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") and a transfer agent (the "*Transfer Agent*"). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC, UK Branch. The Registrar and Transfer Agent, respectively, will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. The Transfer Agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of the Notes. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of the Exchange and the rules of the Exchange so require, the Issuer will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent.

Transfer and Exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- the Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "*144A Global Notes*");
- the Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*"); and
- the Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in a 144A Global Note (the "*144A Book-Entry Interests*") may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Regulation S Global Note

("*Regulation S Book-Entry Interests*") only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being effected pursuant to and in accordance with Regulation S. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is purchasing the 144A Book-Entry Interests for its own account, or for one or more accounts with respect to which such person exercises sole investment discretion, and such person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A, and such transfer is in compliance with any applicable blue sky securities laws of any state of the United States.

Any Book-Entry Interest that is transferred will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it is transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

The Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

The Proceeds Loans

On the Issue Date, the Issuer will lend, pursuant to certain proceeds loans in an aggregate amount of approximately €110.3 million, part of the gross proceeds of the issuance of the Notes offered hereby to certain French Guarantors for the purpose of refinancing certain existing external and intercompany debt. It is anticipated that funds received by the Issuer as payments of interest under such proceeds loans will be used to service a portion of the interest payments under the Notes. In addition, Subsidiaries of the Issuer may upstream further funds as needed by means of dividends or intercompany loans.

Security

The Collateral

On the Issue Date, the Notes and the obligations under the Indenture will be secured by:

- first-priority security interests over all the shares of the Issuer in certain of its direct subsidiaries: Banijay Entertainment SAS, Banijay France SAS, Banijay Rights Ltd, Zodiak Media AB, Zodiak Kids Central SAS, Zodiak Media Ltd, Banijay Digital SAS, Banijay Editing SAS, Banijay Library SAS;
- to the extent not included in the previous sub-paragraph, first-priority security interests over the shares of each Guarantor incorporated in France, Sweden or England and Wales, in each case owned by any Restricted Subsidiary;
- a first-priority security interest over the shares of Banijay Entertainment Holding US, Inc, the ultimate US holding company of the Guarantors incorporated in the United States;
- first-priority security interests over material intercompany receivables of the Issuer and each French Guarantor and Swedish Guarantor;
- first-priority security interests over the bank accounts of the Issuer and each French Guarantor and Swedish Guarantor (other than those related to the cash pooling arrangements of the Issuer and its Restricted Subsidiaries); and
- debentures creating floating charges over, and fixed charges over all material assets of, each Guarantor incorporated in England and Wales,

(collectively, the "*Issue Date Collateral*").

In addition, no later than 20 business days following the Issue Date, the Notes will be secured by first-priority security interests over all the shares of Magnolia SpA (the "Post-Completion Date Collateral" and together with the Issue Date Collateral, the "Collateral").

Notwithstanding anything else to the contrary therein, the Indenture will provide that any obligation to accede a Restricted Subsidiary to the Indenture as a Guarantor or to pledge assets as Collateral will be limited pursuant to the Agreed Security Principles, which refer to the following considerations, among others:

- no Note Guarantee or Lien will be required to be created, perfected or registered, as applicable, if it would be likely to: (i) result in any breach of general statutory limitations, capital maintenance, corporate benefit, fraudulent preference, equitable subordination, adverse tax consequences (such as with regard to transfer pricing, earnings stripping and controlled foreign corporation rules), exchange control restrictions, liquidity impairment rules, financial assistance, retention of title claims, employee consultation, approval requirements or thin-capitalization rules or other similar laws or regulations (or analogous restrictions) of any applicable jurisdiction; (ii) result in any risk that the directors and officers of the relevant grantor of such Note Guarantee or Lien could be held to be in breach of their fiduciary or statutory duties and/or company or criminal law; (iii) result in costs that are disproportionate to the benefit obtained by the beneficiaries of that Lien and including, but not limited to, the materiality of the proposed Lien in light of the aggregate Liens already granted; or (iv) result in an undue administrative burden on, or material inconvenience to the ordinary course of operations of the provider of the Lien and the Note Guarantee or prejudice any commercial relationships of such parties;
- if it is impracticable or impossible to grant Note Guarantees or to create Liens over certain categories of assets in certain jurisdictions, such guarantees will not be granted and such Liens will not be taken over such assets;
- Security Documents will only be required to be notarized if required by law in order for the relevant Security Documents to become effective or admissible in evidence;
- if the aggregate of notarial costs and all registration and like taxes relating to the provision of a Lien exceeds an amount to be agreed between the Issuer and the Security Agent, then such Lien shall not be taken. In any case, the maximum guaranteed or secured amount under any Note Guarantee or Lien may be limited to minimize notarial costs and any registration fees, taxes or duties relating to the provision of Liens to the extent agreed between the Issuer and the Security Agent;

- any assets subject to pre-existing third-party arrangements which are permitted by the Indenture and which prevent those assets from being charged will be excluded from any relevant Security Document;
- no Note Guarantee or Lien shall be required from any Restricted Subsidiary that is a joint venture (where that joint venture is entered into between a Restricted Subsidiary and an independent third-party joint venture partner) or from any entity in which the Issuer or a Restricted Subsidiary holds a minority interest. No Lien will be required over the shares held by the Issuer or any Restricted Subsidiary in a joint venture (where that joint venture is entered into between the Issuer or any Restricted Subsidiary and an independent third-party joint venture partner);
- if (x) providing such Lien requires consent before such assets may be secured, or (y) such asset is subject to a legal requirement, contract, lease, license, instrument or other third-party arrangement, which may prevent or condition the asset from being charged, secured or being subject to the Security Document or (z) where providing such Lien would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations with respect to the Issuer or any Restricted Subsidiary in respect of those assets or require any of them to take any action materially adverse to the interests of the Issuer, any Restricted Subsidiary or any member thereof and where (subject to certain conditions being met) such consent cannot be obtained after the use of reasonable efforts, security will not be taken over such assets; and
- no Lien will be granted over fixed assets, real estate, or receivables other than intercompany receivables.

Subject to certain conditions, including compliance with the covenant described under "*—Certain Covenants—No Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Issuer is permitted to grant security over the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the Indenture and the Intercreditor Agreement. See "*Risk Factors—Risks Related to Our Indebtedness.*"

Administration of Security and Enforcement of Liens

The Security Documents and the Collateral will be administered by the Security Agent, in each case pursuant to the Intercreditor Agreement and any Additional Intercreditor Agreement for the benefit of all holders of secured obligations. The enforcement of the Security Documents will be subject to the procedures set forth in the Intercreditor Agreement and any Additional Intercreditor Agreement. For a description of the Intercreditor Agreement, see "*Description of Other Financing Arrangements—Intercreditor Agreement*."

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the Issuer's bankruptcy. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security over the Collateral will not be granted directly to the holders of the Notes*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The insolvency and administrative laws of applicable jurisdictions may not be as favorable to creditors, including investors in the Notes, as the insolvency laws of the jurisdictions with which you are familiar; and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral*." In addition, the enforcement of the Collateral will be limited to the maximum amount required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of the Issuer's obligation under the Notes could be significantly less than the total amounts payable with respect to the Notes. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security over the Collateral will not be granted directly to the holders of the Notes*."

Subject to the terms of the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral, to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

The rights of the Security Agent (acting on its behalf or on behalf of the holders of the Notes) to take enforcement action under the Security Documents in respect of the Collateral are subject to the terms of the Intercreditor Agreement.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the holders of the Notes and the Senior Facilities Agreement. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time, if at all.

In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of some of the Collateral. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or certain other competitive sales processes or only at a price confirmed by a valuation, subject to certain exceptions. See "*Description of Other Financing Arrangements—Intercreditor Agreement*."

The Trustee has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed Elavon Financial Services DAC, UK Branch, as Security Agent, to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);
- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, power and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement and each Holder will also be deemed to have authorized the Trustee to enter into any such Additional Intercreditor Agreement. The Intercreditor Agreement overrides any provisions in the Indenture and to the extent that any step or action is permitted under the Intercreditor Agreement, it will be deemed permitted under the Indenture.

Release of Liens

The Security Agent will take any action required to effectuate any release of Collateral required by a Security Document under any one or more of the following circumstances:

(1) upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or discharge or defeasance thereof as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(2) in the case of a Guarantor that is released from its Note Guarantee in accordance with the Indenture, the release of the property and assets and Capital Stock of such Guarantor;

(3) in connection with any disposition of Collateral, directly or indirectly, to any Person other than the Issuer or any of its Restricted Subsidiaries if such disposition is permitted by the Indenture;

(4) as described under "*—Amendments and Waivers*" and "*—Certain Covenants—No Impairment of Security Interest*";

(5) automatically without any action by the Trustee, if the Lien granted in favor of the Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released;

(6) in a transaction that complies with the provisions described in "*—Certain Covenants—Merger and Consolidation*"; *provided* that in such a transaction where the Issuer or any Guarantor ceases to exist, the Lien on the Capital Stock of the Issuer or such Guarantor will be released and will reattach (or a new Lien will be created) over the Capital Stock of the successor entity pursuant to a new share pledge (on terms substantially equivalent to the existing Lien on the Capital Stock of the Issuer or such Guarantor, as applicable) granted by the holder of such Capital Stock;

(7) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of Liens on property and assets and Capital Stock of such Restricted Subsidiary;

(8) as otherwise provided in the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(9) in connection with a Permitted Reorganization.

Each of these releases shall be effected by the Security Agent and, to the extent it is necessary, the Trustee without the consent of the Holders.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

In connection with the (1) Incurrence of any Indebtedness by the Issuer or any of its Restricted Subsidiaries that is permitted to share in the Collateral or permitted to be Incurred under the first paragraph or clause (1), (2), (4), (5), (6) or (11) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (2) any Indebtedness the proceeds of which are used, in whole or in part, to refinance Indebtedness referred to in the foregoing clause (1), the Trustee and the Security Agent shall, at the request of the Issuer, enter into with the Issuer, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "*Additional Intercreditor Agreement*"), on substantially similar terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders) with respect to sharing of the proceeds of security and enforcement of security, priority, release of security, turnover, limitation on enforcement and other rights contained in the Intercreditor Agreement; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Issuer shall furnish to the Trustee and Security Agent such documentation in relation thereto as it may reasonably require.

In relation to the Intercreditor Agreement or any Additional Intercreditor Agreement, the Trustee shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described herein under "*—Certain Covenants—Limitation on Restricted Payments*."

The Indenture will also provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent or any other relevant creditor representative or collateral agent shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by the Intercreditor Agreement or any Additional Intercreditor Agreement that may be Incurred by the Issuer or its Restricted Subsidiaries that is subject to the Intercreditor Agreement or Additional Intercreditor Agreement, including the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes (*provided* that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement or any Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens, (6) to facilitate a Permitted Reorganization otherwise permitted by the Indenture or (7) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent or any other relevant creditor representative or collateral agent to enter into any amendment to the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*" or as permitted by the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee and the Security Agent and any other relevant creditor representative or collateral agent to enter into the Intercreditor Agreement, any Additional Intercreditor Agreement or any restatement, replacement, amendment or other modification to reflect the above on each Holder's behalf and neither the Trustee nor the Security Agent will be required to seek the consent of the Holders to perform its obligations under and in accordance with the above provisions. The Intercreditor Agreement overrides any provisions in the Indenture and to the extent that any step or action is permitted under the Intercreditor Agreement, it will be deemed permitted under the Indenture.

A copy of the Intercreditor Agreement and/or any Additional Intercreditor Agreement shall be made available to the Holders upon request and will be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Issuer.

Optional Redemption

Except as set forth herein and under "*—Redemption for Taxation Reasons*," the Notes are not redeemable at the option of the Issuer.

At any time prior to , 2019, the Issuer may redeem the Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date (subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date).

At any time and from time to time on or after , 2019, the Issuer may redeem the Notes in whole or in part, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date (subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date) if redeemed during the twelve-month period beginning on of the years indicated below:

Year	Percentage
2019	%
2020	%
2021 and thereafter	%

At any time and from time to time prior to , 2019, the Issuer may redeem the Notes upon not less than 10 nor more than 60 days' prior notice with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to % plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date (subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date), in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including Additional Notes), *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 60% of the original aggregate principal amount of the Notes being redeemed (including the principal amount of any Additional Notes) remains outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

The Senior Facilities Agreement requires borrowings thereunder to be prepaid, or commitments thereunder to be cancelled, *pro rata* any redemption of the Notes. See "*Description of Other Financing Arrangements—New Senior Credit Facilities Agreement*."

General

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering and, in the case of a redemption of the Notes, the Incurrence of Indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided, however*, that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Exchange and the rules of the Exchange so require, inform the Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such interest record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Subject to compliance with the covenants contained herein, and *provided* that no Default is triggered thereby, the Issuer and its Affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such Affiliates may determine.

Sinking Fund

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Notes will be selected on a pro rata basis for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee or the Registrar, as applicable, by the Issuer, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream prescribe no method of selection, on a pro rata basis in respect of the Notes; *provided, however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only in integral multiples of €1,000 will be redeemed. Neither the Trustee nor the Registrar will be liable for any selections made in accordance with this paragraph.

So long as any Notes are listed on the Official List of the Exchange and the rules of the Exchange so require, any such notice to the Holders of the relevant Notes shall to the extent and in the manner permitted by such rules be posted on the official website of the Exchange and in addition to such release, not less than 10 days nor more than 60 days prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may instead be posted on the website of the Exchange.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption (as delayed from time to time pursuant to such notice). On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer or Successor Issuer, as defined below, may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date that is prior to the Tax Redemption Date) and all Additional Amounts (see "*—Withholding Taxes*"), then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer, Successor Issuer or relevant Guarantor determine in good faith that, as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations, protocols or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below); or

(2) any change in, or amendment to, or the introduction of, an official application, administration or published interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or

order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

the Issuer, Successor Issuer or relevant Guarantor are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Issuer or relevant Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this offering memorandum, such Change in Tax Law must be formally announced and become effective on or after the date of this offering memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this offering memorandum, such Change in Tax Law must be formally announced and become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of the Successor Issuer. The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person because a party to the Indenture with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Payor (as defined below) would be obligated to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee to the effect that the Issuer, Successor Issuer or relevant Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without liability or further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any Successor Issuer is incorporated or organized or any political subdivision or taxing authority or agency thereof or therein.

Withholding Taxes

All payments made by the Issuer, a Successor Issuer or relevant Guarantor (a "*Payor*") on the Notes or any Note Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note or any Note Guarantee is made by or on behalf of a Payor or the Paying Agent, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which a Payor is incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*"),

will at any time be required from any payments made by or on behalf of a Payor or the Paying Agent with respect to any Note or any Note Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by the Holders after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received by each Holder in respect of such payments on any such Note or any Note Guarantee in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note, the Indenture or Note Guarantee, or the receipt of any payment or the exercise or enforcement of rights in respect thereof;

(2) any Taxes to the extent that they are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a reasonable written request of the Payor addressed to the Holder, after reasonable notice (at least 30 days before any such withholding or deduction would be made), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of withholding or deduction of, all or part of such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes or any Note Guarantees;

(4) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such Sections that is substantively comparable), any U.S. Treasury regulations or other official guidance promulgated thereunder, any intergovernmental agreement entered into in connection therewith, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to any of the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code; or

(6) any combination of items (1) through (5) above.

In addition, no Additional Amounts shall be paid with respect to any Taxes imposed on or with respect to a payment to any Holder who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that Taxes would not have been imposed on such payment had such Holder been the sole beneficial owner of such Note.

The Payor will (i) make any withholding or deduction it is required to make under applicable law and (ii) remit the full amount deducted or withheld to the relevant taxing authority in the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Issuer and will provide such certified copies, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee and the Paying Agent. Such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the Issuer.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Note Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee, with a copy to the Paying Agent, an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the

Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and Paying Agent will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture, any Note Guarantees or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court, documentary, excise, property or similar taxes, charges or levies (including any related interest or penalties with respect thereto) that arise in any Relevant Taxing Jurisdiction from the execution, delivery, registration or enforcement of any Notes, Note Guarantees, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer of the Notes), and the Payor agrees to reimburse the Holders for any such taxes paid by such Holders. The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any Successor Issuer or successor to a Payor is incorporated, organized, engaged in business or otherwise resident for tax purposes or any jurisdiction from or through which any payment on the Notes (or any Note Guarantees) is made by or on behalf of such Person or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (in integral multiples of €1,000; *provided* that Notes of €100,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obligated to repurchase Notes as described under this "*Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 30 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

If and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent that the rules of the Exchange so require, the Issuer will notify the Exchange of any Change of Control Offer.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control, or an offer or other transaction that if consummated would result in a Change of Control has been publicly announced and, if applicable, not withdrawn, at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other applicable securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

The occurrence of a change of control would entitle each lender under the Senior Facilities Agreement (individually) to cancel its commitments and require prepayment of amounts outstanding to it under the Senior Facilities Agreement. The definition of "change of control" under the Senior Facilities Agreement is broader than the definition of Change of Control under the Indenture, so that certain events may entitle lenders under the Senior Facilities Agreement to cancel their commitments or require prepayment of any amount outstanding thereunder while the Holders would not benefit from the right to have their Notes repurchased by the Issuer pursuant to the Indenture. Future debt of the Issuer or its Subsidiaries may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the

Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—We may not be able to raise the funds necessary to finance a change of control offer required by the Indenture and, if this occurs, we would be in default under the Indenture*."

The definition of "*Change of Control*" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, on the date of such Incurrence:

(1) after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof) as if the additional Indebtedness had been Incurred at the beginning of such four quarter period, the Consolidated Fixed Charge Coverage Ratio for the Issuer's most recently ended four fiscal quarters for which internal consolidated financial statements of the Issuer are available immediately preceding the date on which such additional Indebtedness is Incurred is at least 2.0 to 1.0; and

(2) to the extent that the additional indebtedness is Senior Secured Indebtedness, after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof) as if the additional Indebtedness had been Incurred at the beginning of such four quarter period, the Consolidated Senior Secured Leverage Ratio for the Issuer's most recently ended four fiscal quarters for which internal consolidated financial statements of the Issuer are available immediately preceding the date on which such additional Indebtedness is Incurred would have been no greater than 3.5 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness of the Issuer or any Guarantor Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (a) €60.0 million, plus (b) the greater of €35.0 million and 30% of Consolidated EBITDA, plus (c) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, including the aggregate amount of fees, accrued and unpaid interest, underwriting discounts, premiums and other costs (including redemption premia and defeasance costs) and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness being Guaranteed is permitted under the terms of the Indenture; or

   (b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however*, that:

(a) if the Issuer or any Guarantor is the obligor under such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and is expressly subordinated in right of payment (including as provided under the Intercreditor Agreement or any Additional Intercreditor Agreement) to the prior payment in full in cash of the Notes (whether upon Stated Maturity, acceleration or otherwise) (i) except in respect of the intercompany current liabilities Incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Issuer and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness); and

(b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes), any Guarantee thereof, the Proceeds Loans, Liens granted with respect to the Notes from time to time and any "parallel debt" obligations created under the Intercreditor Agreement, any Additional Intercreditor Agreement or the applicable security documents with respect to the Notes, (b) Indebtedness (other than Indebtedness described in the first paragraph of this covenant or in clauses (1) and (3) of this paragraph) existing on the Issue Date after giving effect to the Transactions, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances;

(5) Indebtedness of any Person (a) Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or another Restricted Subsidiary of the Issuer or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide all or any portion of the funds utilized to consummate any such acquisition, merger, amalgamation or combination (including any such acquisition of assets and assumption of related liabilities); *provided, however*, with respect to each of clause (5)(a) and (5)(b),that at the time of such acquisition, merger, consolidation, amalgamation or other transaction either (i) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness (including application of the proceeds thereof) pursuant to this clause (5) or (ii) the Consolidated Fixed Charge Coverage Ratio of the Issuer after giving effect to the Incurrence of such Indebtedness (including application of the proceeds thereof) pursuant to this clause (5) would not be less than it was immediately prior to giving effect to such acquisition or other transaction and the Incurrence of such Indebtedness and (y) to the extent the Indebtedness Incurred pursuant to this clause 5(b) constitutes Senior Secured Indebtedness, either (i) the Issuer would have been able to Incur €1.00 of additional Senior Secured Indebtedness pursuant to clause (2) of the first paragraph of this covenant or (ii) the Consolidated Senior Secured Leverage Ratio of the Issuer after giving effect to the Incurrence of such Senior Secured Indebtedness (including application of the proceeds thereof) pursuant to this clause (5) would not be higher than it was immediately prior to giving effect to such acquisition or other transaction and the Incurrence of such Senior Secured Indebtedness;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(7) Indebtedness of the Issuer and any of its Restricted Subsidiaries represented by Capitalized Lease Obligations, Purchase Money Obligations, or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time the greater of (i) €10.0 million and (ii) 0.9% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations supporting trade payables or issued or relating to other liabilities or obligations Incurred in the ordinary course of business (including, without limitation, in connection with commercial leases) or in respect of any governmental requirement; *provided, however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business, (d) any customary netting or setting off arrangements in the ordinary course of business, (e) manufacturer, vendor financing, customer and supply arrangements in the ordinary course of business, or (f) obligations to reacquire assets or inventory in connection with customer financing arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition); *provided* that, in the case of a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) take-or-pay obligations, customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries;

(d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business on arm's-length commercial terms on a recourse basis;

(e) Indebtedness arising from Bank Products; and

(f) Guarantees Incurred in the ordinary course of business in respect of obligations of (or to) suppliers, customers, franchisees, lessors and licensees that, in each case, are non-Affiliates;

(11) (a) Indebtedness Incurred as a result of the implementation of a Tax Scheme, calculated net of any anticipated tax credits and related cash collateral, or Indebtedness Incurred under Production

Financings, in an aggregate amount not to exceed the greater of (x) €20.0 million and (y) 1.7% of Total Assets and (b) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11)(b) and then outstanding, will not exceed the greater of (x) €30.0 million and (y) 23.5% of Consolidated EBITDA;

(12) Indebtedness Incurred pursuant to factoring, securitizations, receivables financings or similar arrangements, including by a Receivables Subsidiary in a Qualified Receivables Financing, that is either (i) not recourse to the Issuer or any Restricted Subsidiary other than a Receivables Subsidiary (except to the extent customary for such type of factoring or similar arrangements and for Standard Securitization Undertakings) or (ii) does not exceed the greater of (x) €15.0 million and (y) 1.3% of Total Assets; and

(13) Indebtedness under daylight borrowing facilities Incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred.

Notwithstanding anything to the contrary contained herein, the aggregate principal amount of Indebtedness that is permitted to be Incurred by Non-Guarantor Subsidiaries pursuant to the first paragraph of this covenant and clause (11) of the second paragraph of this covenant shall not exceed €30.0 million at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (2) below, in the event that Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant.

(2) all Indebtedness Incurred under the Senior Facilities Agreement shall be deemed Incurred under clause (1) of the second paragraph of the description of this covenant and may not be reclassified;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments or any "parallel debt" obligation (including any parallel debt obligation under the Intercreditor Agreement or any Additional Intercreditor Agreement) relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), or (11) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS; and

(8) in the case of any Refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include any amounts necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred in connection with such refinancing.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this caption "*—Limitation on Indebtedness*." The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "*Indebtedness*."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the euro equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Issuer, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced; (b) the euro equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euro, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the euro equivalent of such amount plus the euro equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

For purposes of determining "Consolidated EBITDA" under this covenant, Consolidated EBITDA shall be measured for the Issuer's most recently ended four fiscal quarters for which internal consolidated financial statements are available as at the time that the Issuer or any of its Restricted Subsidiaries obtains new commitments (in the case of revolving facilities) or Incurs new Indebtedness (in the case of term facilities or other Indebtedness).

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Financial Calculations for Limited Condition Acquisitions

When calculating the availability under any basket or ratio under the "*—Limitation on Indebtedness*" covenant or for the purposes of the definitions of Permitted Liens or Permitted Collateral Liens, in each case, in connection with a Limited Condition Acquisition, the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such Limited Condition Acquisition are entered into and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such Limited Condition Acquisition (and not for purposes of any subsequent availability of any basket or ratio). For the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of the Issuer or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition and the related transactions are permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such Limited Condition Acquisition or related transactions; *provided, further*, that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such Limited Condition Acquisition.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

  (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a pro rata basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Subordinated Shareholder Funding or Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding (other than any payment of interest or premium thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "*Restricted Payment*"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

  (a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

  (b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to clause (1) of the first paragraph under the "*—Limitation on Indebtedness*" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

  (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (4)(c), (5), (6), (10), (11), (12) and (17) of the third paragraph of this covenant, but excluding all other Restricted Payments permitted by the third paragraph of this covenant) would exceed the sum of (without duplication):

    (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing after the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) and (6) of the third paragraph of this covenant and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange);

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment by the Issuer or any Restricted Subsidiary and the Net Cash Proceeds realized upon (or the fair market value, as determined in accordance with the next paragraph, of property, assets or marketable securities received in connection with) the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries or the merger or consolidation of an Unrestricted Subsidiary into the Issuer or any Restricted Subsidiary (valued at the fair market value of the Issuer's Restricted Investment in such Subsidiary) or the transfer of all of the assets of such Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary (valued at the fair market value of the property received by the Issuer or any Restricted Subsidiary), which amount, in each case under this clause (c)(iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided, however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (c)(i) to the extent that it is (at the Issuer's option) included under this clause (c)(iv); plus

(v) the amount of the cash and the fair market value (as determined in accordance with the next paragraph) of property or assets or of marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Issuer; and

(B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Issuer or a Restricted Subsidiary,

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (c)(i) to the extent that it is (at the Issuer's option) included under the foregoing clause (c)(v).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer or the Board of Directors of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) the making of any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent sale or issuance of, Capital Stock of the Issuer (other than the Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (in each case, other than (i) to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (ii) through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution and (iii) to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) below) of the Issuer; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

   (a) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if (i) the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

   (b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

   (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock, convertible preferred equity certificates, debt securities or loans of any Parent or the Issuer (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock, convertible preferred equity certificates, debt securities or loans of any Parent or the Issuer (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock, convertible preferred equity certificates, debt securities or loans of any Parent or the Issuer (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (i) €2.0 million (with unused amounts in any calendar year being carried over to the next two succeeding calendar years) plus (ii) the Net Cash Proceeds received by the Issuer since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph of this covenant plus (iii) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

  (a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; or

  (b) the amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Transactions, or (ii) to the extent specified in clauses (2), (3), (5), (7) (only to the extent that such payments do not exceed the amount of tax that the Issuer and its Restricted Subsidiaries would owe without taking into account the Tax Sharing Agreement with such Parent or Unrestricted Subsidiary and *provided* that the related tax liabilities of the Issuer and its Restricted Subsidiaries are relieved thereby), (11) (only so long as no Default or Event of Default has occurred and is continuing or would result therefrom) and (12) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed €15.0 million;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided, however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate, the issuance of Designated Preference Shares) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(17) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares); *provided* however, that the total aggregate amount of Restricted Payments made under this clause (17) does not exceed €1.0 million in any calendar year (with unused amounts in any calendar year being carried over in the next two succeeding calendar years); and

(18) dividends, loans, distributions, advances or other payments by the Issuer or any of its Restricted Subsidiaries to or on behalf of any Parent in connection with the Transactions (including, without limitation, any transactions described under the caption "*Use of Proceeds*" in this offering memorandum).

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by an Officer or the Board of Directors of the Issuer acting in good faith. For purposes hereof, unsecured Indebtedness shall not be deemed to be subordinate or junior to Indebtedness that is secured by virtue of it not being secured.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted

Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture are directly secured (subject to the Agreed Security Principles) equally and ratably with, or prior or senior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates and (ii) otherwise as set forth under "*—Administration of Security and Enforcement of Liens—Release of Liens*."

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference, in each case with respect to such Indebtedness, and increases in the amount of Indebtedness resulting solely from fluctuations in the exchange rate of currencies.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions in cash or otherwise on its Capital Stock held by the Issuer or any Restricted Subsidiary or pay any Indebtedness or other obligations owed to the Issuer;

(b) make any loans or advances to the Issuer; or

(c) sell, lease or transfer any of its property or assets to the Issuer,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Facilities Agreement), (b) the Indenture, the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement and related security documents and the Security Documents or (c) any other agreement in effect on the Issue Date after giving effect to the Transactions;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in

the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any encumbrance or restriction:

   (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

   (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

   (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of clause (c) of the preceding paragraph or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer or distribution of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority or any governmental licenses, concessions, franchises or permits, including restrictions or encumbrances on cash or deposits (including assets in escrow accounts);

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if (A) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Senior Facilities Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Issuer or an Officer thereof) or (B) the Issuer determines at the time of the Incurrence of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(12) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*";

(13) restrictions effected in connection with a Qualified Receivables Financing, that, in the good faith determination of an Officer or the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing; or

(14) customary restrictions included in shareholder agreements relating to non-Wholly Owned Subsidiaries.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by an Officer or the Board of Directors of the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, as the case may be:

(a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary),

(i) to prepay, repay or purchase any Indebtedness of a Restricted Subsidiary that is not a Guarantor (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary);

(ii) to redeem, prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such redemption, prepayment, repayment or purchase plus a premium over par no greater than the premium offered to the Holders of Notes in the pro rata offer described in the following proviso, if applicable; *provided* that the Issuer shall redeem, repay or purchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Issuer makes (at such time or subsequently in compliance with this covenant) an offer to all Holders of the Notes to purchase their Notes at a purchase price equal to or greater than 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase and/or pursuant to the redemption provisions set forth above under the caption "*—Optional Redemption*" on a pro rata basis with any such other Pari Passu Indebtedness that is purchased; or

(iii) to redeem, prepay, repay or purchase any Indebtedness of the Issuer or any Restricted Subsidiary that is secured by a Lien on property or assets of the Issuer or its Restricted Subsidiaries (other than a Permitted Collateral Lien);

provided, that if any Indebtedness prepaid, redeemed, repaid or purchased pursuant to the foregoing is revolving Indebtedness, the Issuer or such Restricted Subsidiary shall reduce commitments permanently with respect thereto in an amount equal to the principal amount so prepaid, redeemed, repaid or purchased;

(b) to redeem Notes or purchase Notes pursuant to an offer to all Holders at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest (at the option of the Issuer or Restricted Subsidiary) and/or pursuant to the redemption provisions set forth above under the caption "*—Optional Redemption*";

(c) to the extent the Issuer or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or another Restricted Subsidiary); *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment that is executed within such time will satisfy this requirement so long as such investment is consummated within 180 days following the expiration of the aforementioned 365-day period; or

(d) any combination of the foregoing;

provided that, pending the final application of any such Net Available Cash in accordance with clause (a), (b), (c) or (d) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness (including revolving Indebtedness) or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph within the applicable time period will be deemed to constitute "*Excess Proceeds*" under the Indenture. Within 10 Business Days after the expiration of the applicable time period, or at such earlier date that the Issuer elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds €10.0 million, the Issuer will be required to make an offer ("*Asset Disposition Offer*") to all Holders of Notes issued under the Indenture and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase (or, if applicable, repay or prepay) the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased (or, if applicable, repaid or prepaid) out of the Excess Proceeds, at an offer price in respect of the Notes equal to or greater than 100% of the principal amount of the Notes and at an offer price in respect of such Pari Passu Indebtedness of no more than 100% of the principal amount of such Pari Passu Indebtedness plus a premium over par no greater than the premium offered to the Holders of Notes in the Asset Disposition Offer, in each case plus accrued and unpaid interest, if any, to, but not including, the date of purchase (or, if applicable, repayment or prepayment), in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness. For the avoidance of doubt, the Issuer or any Restricted Subsidiary may make an Asset Disposition Offer prior to the expiration of the applicable time period referred to above.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased (or, if applicable, repaid or prepaid) on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their euro equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase (or, if applicable, repay or prepay) the aggregate principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased (or, if applicable, repaid or prepaid) pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Issuer, will authenticate (via an authenticating agent) and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Issuer or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary of the Issuer from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition; *provided* that such Indebtedness is not, directly or indirectly, secured by any Lien on any of the assets or property of the Issuer and its Restricted Subsidiaries (including Capital Stock of a Restricted Subsidiary of the Issuer);

(4) consideration consisting of Indebtedness of the Issuer or a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary;

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed €15.0 million (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and

(6) any Capital Stock or assets of a kind referred to in clause (3)(c) of the first paragraph of this covenant.

The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer (any such transaction or series of related transactions, "*Affiliate Transaction*") involving aggregate value in excess of €3.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €10.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer; and

(3) in the event such Affiliate Transaction involves an aggregate value in excess of €20.0 million, the Issuer has received a written opinion (a "*Fairness Opinion*") from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in clauses (1)(b), (2) and (11) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date after giving effect to the Transactions (including, without limitation, any transactions described under the caption "*Certain Relationships and Related Party Transactions*" in this offering memorandum), as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any of the Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; *provided* that payments under such Tax Sharing Agreement shall not exceed, and shall not be duplicative of, the amounts described under clause (2) of the definition of the term "Related Taxes";

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case, in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) without duplication in respect of payments made pursuant to clause (12) hereof and so long as no Default or Event of Default has occurred and is continuing (or would result from), (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €5.5 million per year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (b) are approved by a majority of the Board of Directors of the Issuer in good faith;

(12) so long as no Default or Event of Default has occurred and is continuing (or would result from), payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries;

(13) any transaction effected as part of a Qualified Receivables Financing;

(14) the performance of any transactions or obligations of any Person or any of its Subsidiaries under the terms of any transaction arising out of, or payments made pursuant to or for the purposes of funding, any agreement or instrument in effect at the time such Person is acquired by the Issuer or any Restricted Subsidiary, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the Indenture; *provided* that such agreements or instruments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on, or made pursuant to binding commitments existing on, the date of such acquisition, merger, amalgamation or consolidation;

(15) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter or opinion from an Independent Financial Advisor stating that (i) the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis or (ii) that the transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view; and

(16) pledges of Capital Stock of an Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary.

Reports

For so long as any Notes are outstanding, the Issuer shall provide to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending December 31, 2017, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions (other than the Castaway

Acquisition), dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition (other than the Castaway Acquisition), acquired company financials; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies, with a similar scope to that included in this offering memorandum; (d) a description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments (which, for the avoidance of doubt, does not require disclosure of confidential negotiations (as determined in good faith by the Issuer));

(2) within 60 days following the end of the first and third fiscal quarters in each fiscal year of the Issuer and within 75 days (or in the case of the three months ending June 30, 2017 only, within 90 days) following the end of the second fiscal quarter in each fiscal year of the Issuer, beginning with the period ending June 30, 2017, all quarterly reports of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed consolidated statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed consolidated balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions (other than the Castaway Acquisition), dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition (other than the Castaway Acquisition), acquired company financials; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Issuer, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments (which, for the avoidance of doubt, does not require disclosure of confidential negotiations (as determined in good faith by the Issuer)); and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Issuer or change in auditors of the Issuer or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. All *pro forma* financial information shall be prepared on a basis consistent with the accounting policies of the Issuer (or other reporting entity, as applicable). Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Issuer. The filing of an Annual Report on Form 20-F within the time period specified in clause (1) will satisfy such provision.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries, which reconciliation shall include the following items: revenue, EBITDA, profit (loss) for the year, cash, total assets, long-term borrowings and other financial liabilities, total equity, capital expenditures and interest expenses.

All reports provided pursuant to this covenant shall be made in the English language or with a free English translation. So long as Notes are outstanding, the Issuer will, in connection with delivery of the annual and quarterly reports required by clauses (1) and (2) of the first paragraph of this covenant, hold a conference call to discuss such reports and the results of operations for the relevant reporting period.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Issuer in good faith) or (b) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes.

The Issuer may satisfy its obligations and the requirements of this covenant with respect to financial information relating to the Issuer by furnishing financial information relating to any Parent consolidating reporting at its level in a manner consistent with that described in this covenant; *provided* that such financial information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such Parent and its Subsidiaries, on the one hand, and the information relating to the Issuer and its Subsidiaries, on the other hand.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Delivery of any information, documents and reports to the Trustee pursuant to this "*Reports*" covenant is for information purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein, include the Issuer's compliance with any of its covenants under the Indenture.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) either the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "*Successor Issuer*") will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Proceeds Loans, the Security Documents (and, to the extent required by the Intercreditor Agreement or any Additional Intercreditor Agreement, the Intercreditor Agreement or such Additional Intercreditor Agreement);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Consolidated Fixed Charge Coverage Ratio of the Issuer or the Successor Issuer for the most recently ended four full fiscal quarters for which financial statements are available immediately preceding the date on which the transaction is consummated would not be less than the Consolidated Fixed Charge Coverage Ratio was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any are required in connection with such transaction) comply with the Indenture and an Opinion of Counsel

to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture (with the release of the Issuer from any and all obligations thereunder) but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described below under "*—Guarantors*" (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, any Restricted Subsidiary of the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with, merge into or transfer all or a portion of its assets to an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any Guarantor.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a Parent of one or more of the Issuer's Subsidiaries.

Guarantors

No Guarantor may:

(1) consolidate with or merge with or into any Person;

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Guarantor, unless

  (a) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with the transaction;

  (b) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Note Guarantee, the relevant Proceeds Loans (as applicable) and the Security Documents (and, to the extent required by the Intercreditor Agreement or any Additional Intercreditor Agreement, the Intercreditor Agreement or such Additional Intercreditor Agreement); and immediately after giving effect to the transaction, no Default or Event of Default has occurred and is continuing; or

  (c) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding anything else to the contrary under this "*—Merger and Consolidation*" covenant, (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Guarantor or the Issuer and (b) any Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Guarantor or the Issuer. Notwithstanding anything else to the contrary under this "*—Merger and Consolidation*" covenant, a Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Guarantor, reincorporating the Guarantor in another jurisdiction, or changing the legal form of the Guarantor. For the avoidance of doubt, any Restricted Subsidiary (other than the Issuer or a Guarantor) may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other such Restricted Subsidiary.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

This "*—Merger and Consolidation*" covenant will not apply to any transaction or arrangement pursuant to (i) any Permitted Reorganization or (ii) a Restricted Subsidiary of the Issuer transferring all or part of its properties and assets to the Issuer or another Restricted Subsidiary of the Issuer in order to comply with any law, rule, regulation or order, recommendation or direction of, or agreement with, any regulatory authority having jurisdiction over the Issuer and/or any of its Restricted Subsidiaries.

Limitations to Issuer Activities

The Indenture will provide that the Issuer may not carry on any business or own any assets, other than certain limited transactions, including:

- performing its obligations under the Indenture, the Senior Facilities Agreement, the Intercreditor Agreement, the Security Documents, any other Note Documents and any related proceeds loans, in each case to the extent not prohibited by the Indenture;
- subscribing for, holding and voting shares or other debt and equity securities of any Subsidiaries of the Issuer and selling, issuing, conveying, transferring, leasing or otherwise disposing of the assets described in this clause, in each case to the extent not prohibited by the Indenture;
- holding credit balances in bank accounts and any other assets or property that the Issuer owns on the Issue Date and selling, exchanging, issuing, conveying, transferring, leasing or otherwise disposing of such assets or property, in each case to the extent not prohibited by the Indenture;
- listing debt securities of the Issuer and the issuance, offering and sale of its Capital Stock, other equity securities or other debt instruments and any purchase, repurchase, redemption, or the performance of the terms and conditions of, or any exercise of rights in respect of, such Capital Stock, in each case to the extent not prohibited by the Indenture and the Intercreditor Agreement or any Additional Intercreditor Agreement;
- the granting of any Permitted Lien, any Permitted Collateral Liens and any other Lien, and the extension, renewal, refinancing, release or replacement, in whole or in part, of any such Lien, in each case to the extent not prohibited by the Indenture;
- ownership of cash, Cash Equivalents, Investment Grade Securities and Designated Non-Cash Consideration;
- making Investments in the Notes or any other debt or other obligations or securities, in each case to the extent not prohibited by the Indenture;
- the performance of obligations and exercise of rights under contracts or arrangements with any Management Investor and any Person who directly or indirectly holds Capital Stock of the Issuer or any of its Affiliates;
- the entry into and performance of its rights and obligations in respect of (i) contracts and agreements with its officers, directors, employees, consultants and independent directors, (ii) subscription or purchase agreements for securities and/or preferred equity certificates, public offering rights agreements, voting and other stockholder agreements, engagement letters, underwriting agreements, dealer manager agreements, solicitation agency agreements, agreements with rating agencies and other agreements in respect of its securities or any offering, issuance or sale thereof and

(iii) engagement letters and reliance letters in respect of legal, accounting and other advice and/or reports received and/or commissioned by it;

- the performance of any contract, agreement or other transaction existing on the Issue Date after giving effect to the Transactions or with its Restricted Subsidiaries, in each case to the extent not prohibited by the Indenture;
- the provision of administration services, treasury services and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries, including, without limitation, those relating to overhead costs and paying filing fees and other ordinary course expenses (such as audit fees and Taxes), periodic reporting requirements, those directly related or reasonably incidental to the establishment and/or maintenance of its Subsidiaries' corporate existence and the ownership, holding or disposition of assets, as well as other transactions of a type customarily entered into by holding companies, in each case to the extent not prohibited by the Indenture (including, without limitation, operating and making filings as the parent entity of a tax consolidation group);
- paying dividends, making distributions and other payments or Investments not prohibited under the Indenture and the Intercreditor Agreement or any Additional Intercreditor Agreement;
- Incurring Subordinated Shareholder Funding;
- Incurring any other Indebtedness not prohibited by the Indenture and the Intercreditor Agreement or any Additional Intercreditor Agreement;
- carrying out any transaction permitted or not prohibited by the covenant described under "*—Merger and Consolidation*" or under "*—Limitation on Sales of Assets and Subsidiary Stock*" or pursuant to any Permitted Reorganization;
- the making and receipt of Parent Expenses;
- the sale or disposal of any assets not prohibited under the Indenture and the Intercreditor Agreement or any Additional Intercreditor Agreement; and
- activities reasonably incidental to the foregoing, activities undertaken on the Issue Date and subsequent activities substantially consistent with activities undertaken as of the Issue Date (including, for the avoidance of doubt, the acquisition of formats and intellectual property rights and the production or co-production of television programs) and other activities that are *de minimis* in nature.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*—Limitation on Restricted Payments*," "*—Limitation on Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Affiliate Transactions*," "*—Limitation on Sales of Assets and Subsidiary Stock*," "*—Additional Guarantees*," and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer*," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of such Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Issuer's option, as having been Incurred pursuant to clause (1) or (2) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status.

The Issuer shall notify the Trustee and the Holders that the two conditions set forth in the first paragraph under this heading have been satisfied, *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obligated to notify Holders of such event.

There can be no assurance that the Notes will ever achieve or maintain an investment grade rating.

Additional Guarantees

The Issuer will not cause or permit any of its Non-Guarantor Subsidiaries, directly or indirectly, to (x) Guarantee any Indebtedness of the Issuer or any Guarantor under any Credit Facilities, or (y) Guarantee any Public Debt of the Issuer or any Guarantor, and, in each case, any refinancing thereof Incurred by the Issuer or a Guarantor in whole or in part (which refinancing in turn consists of Credit Facilities or Public Debt, as applicable), unless (subject to the Agreed Security Principles) such Non-Guarantor Subsidiary becomes a Guarantor on the date on which such other Guarantee or other Indebtedness, as applicable, is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Note Guarantee of the Notes, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

A Non-Guarantor Subsidiary may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Note Guarantee of the Notes.

Each additional Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent the Agreed Security Principles so provide or to the extent and for so long as the Incurrence of such Note Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses Incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Note Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Issuer or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement or any Additional Intercreditor Agreement.

No Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing any security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens, the implementation of any Permitted Reorganization and the repayment or amendment of intragroup Indebtedness of the Issuer and its Subsidiaries in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement shall under no circumstances be deemed to materially impair any security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, any Lien over any of the Collateral that is prohibited by the covenant entitled "*—Limitation on Liens*"; *provided* that the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the applicable Security Documents.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any security interest in accordance with the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets or, in the case of a Permitted Reorganization, assets with substantially similar value (as determined in good faith by the Board of Directors or Senior Management of the Issuer) to the Lien that was in place immediately prior to such release) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the Holders in any material respect; *provided, however*, that, except where permitted by the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent and the Trustee, any of (1) a solvency opinion from an Independent Financial Advisor which confirms the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the Person granting such security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a lien of at least equivalent ranking over the same assets) or (3) an Opinion of Counsel (subject to any qualifications customary for this type of Opinion of Counsel) confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or release and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that the Issuer and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Limitation on Actions with respect to the Proceeds Loans

The Issuer shall not sell, assign or otherwise transfer or forgive or waive any principal amount of any Proceeds Loan (other than to secure the Notes, any Note Guarantee or the Indenture or to grant Permitted Collateral Liens).

In addition, none of the Proceeds Loans may be amended, modified or supplemented in a manner adverse in any material respect to the holders of Notes.

Notwithstanding the foregoing, any Proceeds Loan may be cancelled, forgiven or otherwise repaid, released or discharged upon:

(1) a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Proceeds Loan Borrower (whether by direct sale or sale of a holding company), if the sale or other disposition does not violate the Indenture and such Proceeds Loan Borrower ceases to be a Restricted Subsidiary of the Issuer as a result of the sale or other disposition;

(2) the sale or disposition of all or substantially all the assets of such Proceeds Loan Borrower (other than to the Issuer or any of its Restricted Subsidiaries), if the sale or other disposition does not violate the Indenture;

(3) defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(4) in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;

(5) as described under "*—Amendments and Waivers*"; or

(6) (i) as a result of a transaction permitted by the covenant described under the caption entitled "*—Merger and Consolidation*" or (ii) in connection with a Permitted Reorganization.

In addition, any Proceeds Loan may be cancelled, forgiven or otherwise repaid to the extent reasonably necessary to address "thin capitalization" or other similar tax issues affecting the Issuer or any of its Restricted Subsidiaries.

The Trustee and the Security Agent shall, as applicable, take all necessary actions reasonably requested by the Issuer, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any redemption or release of the relevant Proceeds Loan in accordance with the foregoing provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee and the Security Agent without the consent (except to the extent required under clause (5) above) of or liability to the holders of Notes or any other action or consent on the part of the Trustee or the Security Agent.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply with the provisions of the covenant described under "*—Certain Covenants—Merger and Consolidation*";

(4) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 25% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture and the Notes;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced by any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries), other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of any grace period provided in such Indebtedness ("*payment default*"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

    and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €15.0 million or more;

(6) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer), would constitute a Significant Subsidiary of the Issuer (the "*bankruptcy provisions*");

(7) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer), would constitute a Significant Subsidiary of the Issuer to pay final judgments aggregating in excess of €15.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(8) any security interest under the Security Documents on any Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture and except through the gross negligence or willful misconduct of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of €5.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the "*security default provisions*"); and

(9) any Guarantee of a Significant Subsidiary or a group of Guarantors that when taken together (as of the end of the most recently completed fiscal year), would constitute a Significant Subsidiary, ceases to be in full force and effect (other than in accordance with the terms of such Guarantee, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days (the "*guarantee provisions*").

However, a default under clauses (4), (5) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in aggregate principal amount of the outstanding Notes notify the Issuer of the default and, with respect to clauses (4), (5) or (7) the Issuer does not cure such default within the time specified in clauses (4), (5) or (7) as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (6) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in aggregate principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall have been remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of such indemnity and/or security (including by way of pre-funding); and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default, of which a responsible officer of the Trustee has received written notice, has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of pre-funding) reasonably satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and a responsible officer of the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence of a Default or an Event of Default, written notice of any events of which it is aware which would constitute a Default or an Event of Default, their status and what action the Issuer is taking or proposes to take in respect thereof. The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured (including by way of pre-funding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of Holders holding not less than 90% of the then outstanding aggregate principal amount of Notes affected, an amendment or waiver may not, with respect to any such series of the Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of, or extend the Stated Maturity of, any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*—Optional Redemption*";

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the right of any Holder to receive payment of principal of, and interest on, such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes (other than, for the avoidance of doubt, a payment required by the provisions described above under "*—Change of Control*" or "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*");

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release (i) all or substantially all of the Collateral granted for the benefit of the Holders or (ii) any Note Guarantee, in each case, other than pursuant to the terms of the Security Documents and the Indenture or except as permitted by the Intercreditor Agreement or any Additional Intercreditor Agreement;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Note Document to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under any of the documents referenced above;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change that does not adversely affect the legal rights of any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes;

(7) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add Collateral for the benefit of the Notes, to allow any Guarantor to execute a supplemental indenture and/or a Guarantee with respect to the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents;

(8) to evidence and provide for the acceptance and appointment under the Note Documents of a successor Trustee and/or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee and/or Security Agent to any Note Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the Senior Facilities Agreement, in any property which is required by the Senior Facilities Agreement (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*—Certain Covenants—No Impairment of Security Interest*" is complied with;

(10) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; *provided, however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Notes; or

(11) to release the security interests created by the Security Documents or any Guarantees as provided by the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement.

In formulating its decisions on such matters, the Trustee shall be entitled to rely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Notwithstanding the foregoing, in order to effect an amendment authorized by clause (4) above in respect of providing for a Guarantee for the benefit of Holders, the supplemental indenture providing for the accession of such Guarantor shall be duly authorized and executed by the Issuer, such additional Guarantor and the Trustee (and no other party).

For the avoidance of doubt, no amendment to, or deletion of any of the covenants described under "*—Certain Covenants*," shall be deemed to impair or affect any rights of Holders of the Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all its and any Guarantor's obligations under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantor's obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and its Significant Subsidiaries, the judgment default provision, the guarantee provisions and the security default provisions described under "*—Events of Default*" above ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*"), (4), (5), (6) (other than with respect to the Issuer), (7), (8) or (9) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture and the rights of the Trustee and the Holders under the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation or (b) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose), euros or euro-denominated European Government Obligations or a combination thereof in an amount sufficient to pay and discharge without consideration of reinvestment the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the Registrar. Alternatively, all notices to Holders of Notes will be validly given if disseminated through the newswire service of Bloomberg (or if Bloomberg does not operate, any similar agency) or published in a leading English language daily newspaper published in London or, if such publication is not reasonably practicable, in such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that any such publication will normally be made in the Financial Times.

In addition, for so long as any of the Notes are listed on the Official List of the Exchange and if and to the extent the rules of the Exchange shall so require, notices with respect to the Notes will be posted on the official website of the Exchange. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered to Euroclear and Clearstream, each of which will give such notices to the holders of Book-Entry Interests. Such notices may also be published on the website of the Exchange, to the extent and in the manner permitted by the rules of the Exchange.

Each such notice, including without limitation through the newswire service of Bloomberg (or if Bloomberg does not operate, any similar agency) shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed 10 years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Notes and the relevant Note Guarantees, if any, as the case may be, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge of the obligations of the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase.

For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Note Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since a significant portion of the assets of the Issuer are held outside the United States, and any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Note Guarantees, may not be collectable within the United States. See "*Service of Process and Enforcement of Civil Liabilities*."

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Note Guarantees, the Issuer and any Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, including any Note Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and any Additional Intercreditor Agreements will be governed by English law.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case, whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary of the Issuer; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Issuer.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the Agreed Security Principles as set out in an annex to the Senior Facilities Agreement as in effect on the Issue Date, as applied mutatis mutandis with respect to the Notes in good faith by the Issuer.

"*Applicable Premium*" means, with respect to any Note, the greater of:

(1) 1% of the principal amount of such Note; and

(2) on any redemption date, the excess (to the extent positive) of:

   (a) the present value at such redemption date of (i) the redemption price of such Note at   , 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—*Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Note through   , 2019 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

   (b) the outstanding principal amount of such Note, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or Paying Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment, facilities or inventory or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation—The Issuer*" or a transaction that constitutes a Change of Control;

(6) an issuance or transfer of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of, or pursuant to, an equity incentive or compensation plan approved by the Board of Directors of the Issuer or an issuance or sale by a Restricted Subsidiary of Preferred Stock that is permitted by the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*";

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by an Officer or the Board of Directors of the Issuer) of less than €10.0 million;

(8) any Restricted Payment that is permitted to be made, under and in compliance with the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with the granting of Liens permitted by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing, sub-licensing, lease or assignment of intellectual property or other general intangibles and licenses, sub-licenses, leases, subleases, assignments or other dispositions of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) any issuance, sale or other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such

Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person in relation to information technology, accounting and other clerical or ancillary functions; *provided, however*, that the Board of Directors of the Issuer shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole);

(18) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business; and

(20) any transfer, termination, unwinding or other disposition of Hedging Agreements not for speculative purposes.

"*Associate*" means (1) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (2) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"*Bank Products*" means any facilities or services related to, treasury, depository, overdraft, credit or debit card, purchase card, automated clearinghouse, returned check concentration, electronic funds transfer, account reconciliation and reporting or other cash management and cash pooling arrangements, in each case entered into in the ordinary course of business.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the "*Président*," board of directors or managers, as applicable, of the corporation (which, in the case of any corporation having both a supervisory board and an executive or management board, shall be the executive or management board), or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; (3) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof and (4) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bund Rate*" means, as of any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date where:

(1) "*Comparable German Bund Issue*" means the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to , 2019, and that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of Notes and of a maturity most nearly equal to , 2019; *provided, however*, that, if the period from such redemption date to , 2019 is less than on year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer

Quotations, or, if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German *Bundesanleihe* securities appointed by the Issuer in good faith; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding the relevant date,

and *provided* that "*Bund Rate*" shall be at least 0.00%.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Paris, France, London, United Kingdom, or New York, New York, United States are authorized or required by law to close; *provided, however*, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("*TARGET*") payment system is open for the settlement of payments.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capital lease). The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB−" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"*Castaway*" means Castaway Television Productions Limited.

"*Castaway Acquisition*" means the acquisition, directly or indirectly, of substantially all of the issued and outstanding share capital of Castaway pursuant to the Castaway Acquisition Agreement.

"*Castaway Acquisition Agreement*" means the share purchase agreement entered into on March 8, 2017, among LOV Group Invest S.A.S., DeA and Banijay Rights Limited, collectively as buyers, and Castaway Holdings Limited, as seller.

"*Change of Control*" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking S.A., as currently in effect or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes or any Note Guarantee.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice

in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful), including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities), in each case, as determined in good faith by an Officer of the Issuer;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Issuer as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income;

(11) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period;

(12) costs or expenses Incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan, agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Capital Stock of the Issuer solely to the extent that such net cash proceeds are excluded from the calculation set forth in clause (5)(c) under "*—Certain Covenants—Limitation on Restricted Payments*";

(13) any charge (or minus any income) attributable to a post- employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; and

(14) all adjustments of the nature used in connection with the calculation of "Adjusted EBITDA" as set forth in footnote 4 of "*Summary—Summary Historical Financial and Other Information—Other Financial and Pro Forma Data*" contained in this offering memorandum applied in good faith to the extent such adjustments continue to be applicable during the period in which Consolidated EBITDA is being calculated.

When Consolidated EBITDA is being calculated for the purpose of any grower basket set forth in the Indenture, it shall be calculated on a *pro forma* basis consistent with the calculation of Consolidated EBITDA for purposes of the Consolidated Fixed Charge Coverage Ratio.

"*Consolidated Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the Consolidated EBITDA of the Issuer for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date to (y) the Consolidated Interest Expense of the Issuer for such period.

In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) subsequent to the commencement of the period for which the Consolidated Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Fixed Charge Coverage Ratio is made (for the purpose of this definition, the "*Calculation Date*") (but not giving effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*" (other than for the purpose of the calculation of the Consolidated Fixed Charge Coverage Ratio under clause (5) of such second paragraph) or (ii) the repayment, repurchase, redemption, defeasance or other discharge of any Indebtedness on the Calculation Date, to the extent that such repayment, repurchase, redemption, defeasance or other discharge is made with the proceeds of Indebtedness Incurred pursuant to the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*"), then the Consolidated Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible financial or accounting Officer of the Issuer) to such Incurrence, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred on the first day of the four fiscal quarter reference period.

In addition, for purposes of calculating the Consolidated Fixed Charge Coverage Ratio:

(1) Purchases, including all related financing transactions and including increases in ownership of any Restricted Subsidiary, during the four fiscal quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given *pro forma* effect (as determined in good faith by a responsible financial or accounting Officer of the Issuer and may include anticipated cost synergies and cost savings) as if the same had occurred on the first day of the four fiscal quarter reference period; *provided* that, if definitive documentation has been entered into with respect to any Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated cost synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or groups of assets that constitute an operating unit or division of a business (and ownership interests therein) disposed of on or prior to the Calculation Date, will be excluded on a *pro forma* basis as if the same had occurred on the first day of the four fiscal quarter reference period;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or groups of assets that constitute an operating unit or division of a business (and ownership interests therein) disposed of on or prior to the Calculation Date, will be excluded on a *pro forma* basis as if the same had occurred on the first day of the four fiscal quarter reference period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary of the Issuer on the Calculation Date will be deemed to have been a Restricted Subsidiary of the Issuer at all times during the four fiscal quarter reference period;

(5) any Person that is not a Restricted Subsidiary of the Issuer on the Calculation Date will be deemed not to have been a Restricted Subsidiary of the Issuer at any time during the four fiscal quarter reference period;

(6) if any Indebtedness bears a floating rate of interest and such Indebtedness is to be given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire four fiscal quarter reference period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting Officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, calculations will be as determined in good faith by a responsible financial or accounting Officer of the Issuer.

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital, including pursuant to the *Cotisation sur la valeur ajoutée des entreprises*, regardless of the accounting treatment of such taxes or payments (including without limitation withholding taxes) and franchise taxes of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost and expected return on pension plan assets, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, but excluding amortization of debt issuance costs, fees and expenses and the expensing of any financing fees;

(3) non-cash interest expense (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments);

(4) the net payments (if any) on Interest Rate Agreements and Currency Agreements (excluding amortization of fees and discounts and unrealized gains and losses);

(5) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer;

(6) the consolidated interest expense that was capitalized during such period; and

(7) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person (other than Guarantees of Notes).

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Funding, (ii) any commissions, discounts, yield and other fees and charges related to Qualified Receivables Financing, and (iii) any payments on any operating leases, including without limitation any payment on any lease, sublease, rental or license of property (or guarantee thereof) which would be considered an operating lease under IFRS in effect as of the Issue Date.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of the Issuer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders, other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary (including pursuant to the Senior Facilities Agreement and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date and (d) restrictions specified in the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents or non-cash distributions to the extent converted into cash or Cash Equivalents actually distributed or that could have been distributed (including by way of a loan) by such Restricted Subsidiary during such period to the Issuer or another

Restricted Subsidiary as a loan, dividend or other distribution (subject, in the case of a loan, dividend or distribution to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense or other costs related to the Transactions, in each case, as determined in good faith by the Issuer;

(5) the cumulative effect of a change in accounting principles;

(6) (i) any non-cash compensation charge or expense arising from any grant of stock, stock options, free shares or other equity based awards (including any such charge or expense Incurred by, or award made by, any Parent that is re-charged to the Issuer or its Restricted Subsidiaries) and (ii) any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of (i) Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations and (ii) debt instruments issued by the Issuer or any of its Restricted Subsidiaries that are subject to "mark-to-market" requirements under IFRS;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge, amortization or write-off;

(13) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes;

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding; and

(15) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses with respect to business interruption.

"*Consolidated Senior Secured Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations permitted by clause (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Leverage at such date to (y) the Consolidated EBITDA of the Issuer for the most recently ended four full fiscal quarters for which internal consolidated financial statements are available.

In the event that the Issuer or any Subsidiary Incurs, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (for the purpose of this definition, the "*Calculation Date*") (but not giving effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*" other than clause (5)(b) of such second paragraph or (ii) the repayment, repurchase, redemption, defeasance or other discharge of any Indebtedness on the Calculation Date, to the extent that such repayment, repurchase, redemption, defeasance or other discharge is made with the proceeds of Indebtedness Incurred pursuant to the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*"), then the Consolidated Senior Secured Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible financial or accounting Officer of the Issuer) to such Incurrence, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred on the first day of the four fiscal quarter reference period.

For purposes of calculating the Consolidated EBITDA for such period:

(1) Purchases, including all related financing transactions and including increases in ownership of any Restricted Subsidiary, during the four fiscal quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Senior Secured Leverage Ratio) will be given *pro forma* effect (as determined in good faith by a responsible financial or accounting Officer of the Issuer and may include anticipated cost synergies and cost savings) as if the same had occurred on the first day of the four fiscal quarter reference period; *provided* that, if definitive documentation has been entered into with respect to any Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated cost synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or groups of assets that constitute an operating unit or division of a business (and ownership interests therein) disposed of on or prior to the Calculation Date, will be excluded on a *pro forma* basis as if the same had occurred on the first day of the four fiscal quarter reference period;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or groups of assets that constitute an operating unit or division of a business (and ownership interests therein) disposed of on or prior to the Calculation Date, will be excluded on a *pro forma* basis as if the same had occurred on the first day of the four fiscal quarter reference period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary of the Issuer on the Calculation Date will be deemed to have been a Restricted Subsidiary of the Issuer at all times during the four fiscal quarter reference period;

(5) any Person that is not a Restricted Subsidiary of the Issuer on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during the four fiscal quarter reference period;

(6) if any Indebtedness bears a floating rate of interest and such Indebtedness is to be given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire four fiscal quarter reference period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting Officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Issuer.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Co-Production*" means any entity incorporated in the form of a joint venture, or any agreement entered into, with any third party for the sole purpose of the development, production and exploitation of a specific film, audiovisual or digital content.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Senior Facilities Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Senior Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash

Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (1) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (2) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case, on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Equity Investors*" means (1) DeA Communications S.A. and its Affiliates or any trust, fund, company, partnership or investment vehicle owned, managed or advised by DeA Communications S.A., (2) LOV Banijay S.A.S. and its Affiliates or any trust, fund, company, partnership or investment vehicle owned, managed or advised by LOV Banijay S.A.S., (3) Vivendi Content S.A.S. and its Affiliates or any trust, fund, company, partnership or investment vehicle owned, managed or advised by Vivendi Content S.A.S.

"*Equity Offering*" means a bona fide underwritten primary public offering of Capital Stock (other than Disqualified Stock) of the Issuer or any Parent to the extent the proceeds from such offering are contributed to the Issuer's common equity capital or are paid to the Issuer as consideration for the issuance of ordinary shares of the Issuer, either (1) pursuant to a flotation on the Euronext Paris Stock Exchange or any other nationally recognized stock exchange or listing authority in a member state of the European Union on December 31, 2003 or (2) pursuant to an effective registration statement under the Securities Act (other than a registration statement on Form S-8 or any successor form or otherwise relating to Capital Stock issued or issuable under any employee benefit plan).

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*euro*" or "€" means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

"*Euroclear*" means Euroclear Bank SA/NV, or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of Belgium, The Netherlands, France, Germany or any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the Issuer thereof.

"*European Union*" means the European Union as in effect on the Issue Date, including, for the avoidance of doubt, the United Kingdom.

"*Exchange*" means the Channel Islands Securities Exchange Authority Limited.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer after the Issue Date as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*Existing Revolving Credit Facility*" refers to a €25,000,000 revolving credit facility available under the Existing Senior Credit Facilities Agreement.

"*Existing Senior Term Loan*" refers to a €275,000,000 term loan available under the Existing Senior Credit Facilities Agreement.

"*Existing Senior Credit Facilities*" refers to, collectively, the Existing Revolving Credit Facility and the Existing Senior Term Loan.

"*Existing Senior Credit Facilities Agreement*" refers to the agreement governing the Existing Senior Credit Facilities dated February 23, 2016, among, *inter alios*, the Issuer, Banca IMI S.p.A., London Branch, Natixis and Société Générale Corporate & Investment Banking, as mandated lead arrangers, bookrunners and underwriters, and Société Générale as agent and security agent.

"*fair market value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, and may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors, as applicable, in good faith.

"*Finance Subsidiary*" means a wholly owned subsidiary of a Person that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to such Person and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"*Financing*" means the offering of the Notes offered hereby, the granting of the Note Guarantees by the Guarantors, the Incurrence of the Proceeds Loans and the entering into of the Security Documents, the Intercreditor Agreement and the Senior Facilities Agreement, collectively.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means any Subsidiary of the Issuer that executes a Guarantee subsequent to the Issue Date in accordance with the provisions of the Indenture, and its successors and assigns, in each case, until the Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "*Hedging Agreement*").

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Clearstream and Euroclear.

"*IFRS*" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect on the date hereof, or, with respect to the covenant entitled "*—Certain Covenants—Reports*" as in effect from time to time; *provided* that at any date after the Issue Date, the Issuer may make an irrevocable election to establish that "*IFRS*" shall mean IFRS as in effect from time to time. The Issuer shall give notice of any such election to the Holders. Notwithstanding the foregoing, the impact of IFRS 16 (Leases) and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Issuer or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in effect on the Issue Date.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (a) Subordinated Shareholder Funding, (b) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (c) any asset retirement obligations, (d) any prepayments of deposits received from clients or customers in the ordinary course of business or (e) any obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business. For the avoidance of doubt and notwithstanding the foregoing, the term "Indebtedness" excludes any accrued expenses and trade payables.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS. Indebtedness represented by loans, notes or other debt instruments shall not be included to the extent funded with the proceeds of Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 120 days thereafter; or

(3) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations, jubilee obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the intercreditor agreement to be dated on or prior to the Issue Date and as may be amended from time to time and made between, among others, the Issuer and the Security Agent and to which the Trustee will accede on the Issue Date.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*:"

(1) "*Investment*" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of the designation of such Subsidiary as an Unrestricted Subsidiary less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Issuer in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A−" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall occur when the Notes receive both of the following:

(1) a rating of "BBB−" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*Issue Date*" means , 2017.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Issuer or one or more of its Restricted Subsidiaries the consummation of which is not conditioned upon the availability of, or on obtaining, third-party financing; *provided* that Consolidated EBITDA, other than for purposes of calculating any ratios or baskets in connection with the Limited Condition Acquisition and the related transactions, shall not include any Consolidated EBITDA of or attributable to the target company or assets involved in any such Limited Condition Acquisition unless and until the closing of such Limited Condition Acquisition shall have actually occurred.

"*Listing Sponsor*" means the sponsor for the Issuer in respect of the listing of the Notes on the Exchange as the Issuer may appoint, which will initially be Carey Olsen Corporate Finance Limited.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Issuer;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €1.0 million in the aggregate outstanding at any time.

"*Management Investors*" means the current Senior Management and other key employees of the Issuer or any of its Subsidiaries or, to the extent any Voting Stock held by them were received in their capacity as such, former, officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding or Incurrence of Indebtedness, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"*Non-Guarantor Subsidiary*" means any Restricted Subsidiary of the Issuer that is not a Guarantor.

"*Note Documents*" means the Notes (including Additional Notes), the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Proceeds Loans and the Security Documents.

"*Note Guarantee*" means the guarantee by any Guarantor of the obligations of the Issuer under the Notes and the Indenture.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person. References to "Officer of the Issuer" shall be construed to mean "Officer" of the Issuer.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees (including salaries and other customary compensation paid to directors or administrative personnel) and expenses and other administrative, general corporate and operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries (including any such expenses related to the exploration of strategic transactions involving the Issuer and its Subsidiaries), (b) any taxes and other fees and expenses required to maintain any Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to officers and employees of such Parent and to pay reasonable directors' fees and to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent and to pay fees and expenses, as Incurred, of an acquisition, where the proceeds of such acquisition were contributed to or combined with the Issuer or its Restricted Subsidiaries, and (c) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the

Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed €1.0 million in any fiscal year; and

(7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

(a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the applicable Guarantee and is secured by a Lien on all or a portion of the Collateral.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permissible Jurisdiction*" means any member state of the European Union (other than Greece, Portugal, Italy and Spain so long as European Government Obligations issued, or unconditionally guaranteed, by the governments of such jurisdictions do not have a rating of "BBB−" or higher from S&P and "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization)).

"*Permitted Asset Swap*" means the substantially concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral arising by operation of law that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (11), (12), (18), (20), (23) and (24) of the definition of "Permitted Liens";

(2) Liens on the Collateral to secure Indebtedness of the Issuer or a Restricted Subsidiary that is permitted to be Incurred under clause (2) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of any such Indebtedness and clauses (1), (2) (to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a), (4)(c) (if the original Indebtedness was so secured), (5), (6) (only to the extent such hedging is in connection with the Senior Facilities Agreement) or (11)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of any such Indebtedness; and

(3) Liens on the Collateral that secure Subordinated Indebtedness of the Issuer or a Guarantor on a basis junior to the Notes or the Note Guarantees,

provided that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement; *provided further* that each of the parties to Indebtedness secured by Permitted Collateral Liens pursuant to clauses (2) or (3) hereof or their agent, representative or trustee will have entered into, or acceded to, the Intercreditor Agreement or an Additional Intercreditor Agreement.

Permitted Collateral Liens shall include any extension, renewal or replacement, in whole or in part, of any pre-existing Permitted Collateral Lien; *provided* that any such extension, renewal or replacement will be no more restrictive in any material respect than the Permitted Collateral Lien so extended, renewed or replaced and will not extend in any material respect to any additional property or assets.

"*Permitted Holders*" means, collectively, (1) the Equity Investors, (2) Senior Management, (3) any Related Person of any of the foregoing, (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence, but excluding Persons specified in clause (4) who are not specified in clauses (1), (2) or (3)) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Equity Investors (or at least one of them) and such Persons referred to in the following sentence, collectively, have exclusive legal and beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies wholly owned by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business, including Investments in connection with any Qualified Receivables Financing;

(6) Management Advances;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of disputes or judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on the Issue Date after giving effect to the Transactions, and any extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on the Issue Date;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of (i) €15.0 million and (ii) 1.3% of Total Assets; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "*Permitted Liens*" or made in connection

with Liens permitted under the covenant described under "—*Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "—*Certain Covenants—Limitation on Indebtedness*" and guarantees issued in the ordinary course of business in connection with the development or construction of assets;

(17) Investments (including, without limitation, repurchases, tenders and other transactions) in the Notes, the Senior Facilities Agreement and any other Indebtedness of the Issuer or any Restricted Subsidiary;

(18) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on, or made pursuant to binding commitments existing on, the date of such acquisition, merger, amalgamation or consolidation;

(19) Investments in joint ventures of the Issuer or any of its Restricted Subsidiaries not to exceed at any one time in the aggregate outstanding, the greater of €15.0 million and 1.3% of Total Assets; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "—*Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) of the definition of "Permitted Investments" and not this clause; and

(20) Investments in or constituting Bank Products.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor, in each case as permitted by the covenant described under "—*Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of the issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the

request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions or customary standard terms relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or required to be granted under written agreements existing on the Issue Date after giving effect to the Transactions;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary), including such Liens created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary or such acquisition of property, other assets or stock; *provided, however*, that, if the Indebtedness secured by such Liens is or later becomes secured by the Collateral, the property, other assets or stock subject to such Liens shall also be pledged as Collateral to secure the Notes or Note Guarantees on a first priority basis, subject to the Agreed Security Principles;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness (in an amount including the aggregate amount of fees, accrued and unpaid interest, underwriting discounts, premiums and other costs (including redemption premia and defeasance costs) and expenses Incurred in connection with the refinancing) Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on any proceeds loan made by the Issuer or any Restricted Subsidiary in connection with any future Incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising in respect of Bank Products or by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts and receivables securing cash pooling or cash management arrangements entered into in the ordinary course of business;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens with respect to obligations which do not exceed the greater of (x) €20.0 million and (y) 15.7% of Consolidated EBITDA of the Issuer at any one time outstanding;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(28) Liens on Receivables Assets Incurred in connection with any Qualified Receivables Financing and Liens Incurred to secure obligations in respect of Indebtedness of the type permitted to be Incurred pursuant to clause (12)(ii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," and Standard Securitization Undertakings;

(29) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(30) Liens Incurred to secure obligations in respect of Indebtedness of the type described under clause (11)(a) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" covering only the assets of the Person Incurring such Indebtedness; and

(31) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (30) (other than clause (25)); *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

"*Permitted Reorganization*" means one or more amalgamations, combinations, mergers, demergers, liquidations, corporate dissolutions, reconstructions or other reorganizations (including the Post-Completion Reorganization, as defined in this offering memorandum) on a solvent basis of any Restricted Subsidiary of the Issuer where:

(1) (A) all the business and assets of such Restricted Subsidiary continue to be owned or held by Restricted Subsidiaries of the Issuer (and if such Restricted Subsidiary was a Guarantor immediately prior to such reorganization being implemented, all the business and assets of such Restricted

Subsidiary are retained by one or more Guarantors) and (B) any payments or assets distributed in connection with such reorganization remain within the Issuer and its Restricted Subsidiaries;

(2) the Security Agent and the Trustee shall take any action necessary to effect any releases of Collateral requested by the Issuer in connection with the reorganization (other than Collateral pledged by any Parent); *provided* that, reasonably promptly after completion of the reorganization, Liens securing the Notes or the Note Guarantees are retaken over assets, Capital Stock and other property such that the Liens over the new Collateral will (taken as a whole together with any pre-existing Liens on Collateral that were not released in connection with the reorganization) have substantially similar value (as determined in good faith by the Board of Directors or Senior Management of the Issuer) to the Liens that were in place immediately prior to the reorganization;

(3) the Security Agent and the Trustee shall take any action necessary to effect any releases of Note Guarantees requested by the Issuer in connection with the re-organization; *provided* that, reasonably promptly after completion of the reorganization, Note Guarantees are provided by such Restricted Subsidiaries of the Issuer as is necessary to procure that such new Note Guarantees will (taken as a whole together with any pre-existing Note Guarantees that were not released in connection with the reorganization) have substantially similar value (as determined in good faith by the Board of Directors or Senior Management of the Issuer) to the Note Guarantees existing prior to the reorganization; and

(4) prior to the reorganization, the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming (i) that no Default is continuing or would arise as a result of such reorganization and (ii) that such reorganization complies with the requirements set out in this definition.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Proceeds Loan*" means such proceeds loans pursuant to which the Issuer will on-lend a portion of the proceeds from the Offering of the Notes to Banijay Entertainment SAS and Banijay France SAS.

"*Production*" means the development, production and operation of a specific film, audiovisual or digital content.

"*Production Financings*" means any Credit Facility (including by way of factoring or assignment of receivables or future receivables) Incurred or to be Incurred in connection with the financing of a Production or a Co-Production.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred or assumed to finance or refinance the acquisition, leasing, construction, development or improvement of property (real or personal, moveable or immovable) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Purchases*" means any acquisitions of business entities or property and assets constituting a division or line of business that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, of any or by any Person.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) an Officer or the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and: no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(1) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(2) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

(3) Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, exchange, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refinance any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary;

and *further provided* that such Refinancing Indebtedness is Incurred no more than 12 months after the date of repayment of the Indebtedness being refinanced.

"*Related Person*" with respect to any Permitted Holder means:

(1) any controlling equity holder or Subsidiary of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of the Equity Investors any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts,

excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of its Restricted Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of its Restricted Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries; provided, that, any payment pursuant to the foregoing in respect to any Unrestricted Subsidiary shall be permitted only to the extent that: (i) cash distributions were made by such Unrestricted Subsidiary to the Issuer or any of their Restricted Subsidiaries for such purpose; or (ii) such Unrestricted Subsidiary had already made a payment to the relevant Tax Authority in respect of the Taxes or any part of them.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the Intercreditor Agreement, any Additional Intercreditor Agreement and each collateral pledge agreement, security assignment agreement or other document under which collateral is pledged to secure the Indenture, the Notes or any Note Guarantee.

"*Senior Facilities Agreement*" means (1) that certain senior facilities agreement to be entered into on or about the Issue Date by, among others, the Issuer and certain Subsidiaries of the Issuer as borrowers and guarantors, the financial institutions named therein and Société Générale, as facility agent, prior to or in connection with the Transactions, including a €60 million term loan facility and a €35 million multicurrency revolving credit facility (together, the "*Senior Credit Facilities*"). including any related notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case, as amended, supplemented, modified, extended, replaced, renewed, restated, refunded, restructured, increased or refinanced in whole or in part from time to time, including any replacement, refunding or refinancing facility, agreement, indenture or debt facility that increases the amount borrowable or issuable thereunder or alters the maturity thereof or adds entities as additional borrowers, issuers or guarantors thereunder and whether by the same or any other agent, lender, group of lenders, or otherwise and (2) whether or not the senior facilities agreement referred to in clause (1) remains outstanding, if designated by the Issuer to be included in the definition of Senior Facilities Agreement, one or more additional Credit Facilities.

"*Senior Management*" means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent.

"*Senior Secured Indebtedness*" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries that is (a) secured by a Lien on the Collateral on a basis *pari passu* with, or senior to, the Liens on the Collateral in favor of the Indenture, the Notes or the Note Guarantees or (b) that is Incurred by a Restricted Subsidiary of the Issuer that is not a Guarantor (and in each case, and Refinancing Indebtedness in respect thereof).

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (1) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any of its Associates on the Issue Date and (2) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes, its Note Guarantees or Proceeds Loans pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by a Parent, any Affiliate of a Parent, a Permitted Holder or any Affiliate of a Permitted Holder in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the date that is six months after the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the date that is six months after the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the payment of any amount as a result of any such action or provision, in each case, prior to the date that

is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions (other than Subordinated Shareholder Funding outstanding on the Issue Date) and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months after the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Investor Liabilities" (as defined therein).

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of Voting Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company (other than entities covered by clause (1) of this definition) of which (i) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Tax Scheme*" means a tax scheme provided for by any applicable law or regulation in view of developing the financing of the industry related to (i) the production of film contents or audiovisual or digital contents, (ii) any ancillary or secondary productions in relation to such contents, (iii) the distribution by all means of mass media (including internet or phones) of such contents and such ancillary or secondary products, (iv) the sale or lease of such contents and such ancillary or secondary products, (v) channels editing and broadcasting and (vi) certain media business directly relating to any of the activities referred to above, including, without limitation, music editing, talent management and merchandising (including but not limited to SOFICA under French law or "tax shelter" schemes under Belgian law).

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or group relief or group contributions or similar agreement with customary or arm's-length terms entered into with any Parent or Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Senior Facilities Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in clause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds (a) complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended or (b) rated "AAA" by S&P or "Aaa" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization).

"*Total Assets*" means the consolidated total assets of the Issuer and its Restricted Subsidiaries, as shown on the most recent available balance sheet of the Issuer prepared on the basis of IFRS; *provided* that, for purposes of calculating "Total Assets" for the purposes of testing the covenants under the Indenture in connection with any transaction, the consolidated total assets of the Issuer and its Restricted Subsidiaries shall be adjusted to reflect any acquisitions and dispositions of assets that have occurred during the period from the date of the applicable balance sheet through the applicable date of determination.

"*Transactions*" means the Castaway Acquisition, the Financing, the repayment of the Existing Senior Credit Facilities, of certain existing indebtedness of the Group and of existing indebtedness of Castaway, and the payment or reimbursement of any fees and expenses and any other transactions incidental to the above.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer, including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but excluding the Issuer to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of the "*—Limitation on Indebtedness*" covenant or (y) the Consolidated Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"Wholly Owned Subsidiary" means a Restricted Subsidiary of the Issuer, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A (the "Rule 144A Notes") under the Securities Act will be represented by one or more global Notes in registered form without interest coupons attached (collectively, the "Rule 144A Global Notes"). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the "Common Depositary") for the accounts of Euroclear Bank SA/NV, as operator of the Euroclear system ("Euroclear"), and Clearstream Banking S.A. ("Clearstream") and registered in the name of the nominee of the Common Depositary.

Notes sold outside the United States in reliance on Regulation S under the Securities Act will be represented by one or more global Notes in registered form without interest coupons attached (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

Ownership of interests in the Rule 144A Global Notes (the "Restricted Book-Entry Interests") and in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the Restricted Book-Entry Interests, the "Book-Entry Interests") will be limited to persons who have accounts with Euroclear and/or Clearstream, or persons who hold interests through such participants or otherwise in accordance with applicable transfer restrictions set forth in the Indenture and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered to be the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of the Notes under the Indenture.

Neither we nor the Trustee nor any of our or its respective agents and none of the Paying Agent, the Registrar, the Transfer Agent will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies us that it is unwilling or unable to continue as depositary for the Global Notes, and we fail to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names of the owner(s) of the Book-Entry Interest and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Notice to Investors*," unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Registrar and the Transfer Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1 in excess thereof will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a transfer agent, we will issue and the Trustee (or its appointed agent) will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and us to protect us, the Trustee, the Paying Agent and the Registrar appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We may charge for the expenses of replacing a Definitive Registered Note.

If any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we in our discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominees), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or the Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under existing practices of Euroclear and Clearstream, if fewer than all the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Paying Agent, which will in turn make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes.*" If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*," we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee, the Registrar, the Transfer Agent and the Paying Agent will treat the registered holders of the Global Notes (i.e., Euroclear or Clearstream (or their respective nominees)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee, the Registrar, the Transfer Agent or the Paying Agent or any of our or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of the Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of us, the Trustee the Paying Agent or the Initial Purchasers nor any of our or their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed in "*Notice to Investors*."

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Notice to Investors*."

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act or any other exemption (if available) under the Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor or a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Note, See "*Notice to Investors*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Application has been made to list the Notes represented by the Global Notes on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or any of our or their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Global Clearance and Settlement Under the Book-entry System

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or the Initial Purchasers nor any of our or their respective agents will be liable or will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or in Brussels if Euroclear is used.

Clearing Information

We expect that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common codes for the Notes are set forth under *"Listing and General Information—Clearing Information."*

Information Concerning Euroclear and Clearstream

The following description of the operations and procedures of Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. None of us, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or the Initial Purchasers take any responsibility for these operations or procedures and we urge investors to contact the systems or their participants directly to discuss these matters.

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream also interface with domestic securities markets in several countries. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Since Euroclear and Clearstream only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take action in respect of such interest, may be limited by the lack of a definite certificate for that interest. We understand that, under existing industry practices, if either the Issuer or the Trustee requests any action by owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give or take any action that a holder is entitled to give or take under the Indenture, Euroclear and Clearstream would authorize participants owning the relevant Book-Entry Interest to give or take such action, and such participants would authorize indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

CERTAIN TAX CONSEQUENCES

Certain French Tax Considerations

The following is a summary of certain material French tax considerations relating to the purchase, ownership and disposition of the Notes by an investor who is not a French tax resident for French tax purposes, who does not hold the Notes in connection with a permanent establishment or a fixed base in France and who is neither a shareholder of the Issuer nor a related party of the Issuer within the meaning of Article 39, 12 of the French Tax Code (*Code général des impôts*).

This summary is based on French tax laws and regulations, as currently in effect and applied by the French tax authorities, all of which are subject to change, possibly with retroactive effect, or to different interpretations.

This summary is for general information only and does not purport to be a comprehensive description of all the French tax considerations that may be relevant to any prospective investor.

Prospective investors in the Notes are urged to consult their own professional tax advisors as to the French tax consequences of purchasing, owning and disposing of the Notes in light of their particular circumstances.

Payments of Interest and Other Revenues with Respect to the Notes

Payments of interest and assimilated revenues made by a debtor that is established in France with respect to a particular debt (including debt in the form of notes such as the Notes) are not subject to the withholding tax set forth under Article 125 A-III of the French Tax Code unless such payments are made outside France in a non-cooperative state or territory (*État ou territoire non coopératif*) within the meaning of Article 238-0 A of the French Tax Code (a "Non-Cooperative State"). If such payments are made in a Non-Cooperative State, a 75% mandatory withholding tax is applicable (subject to certain exceptions, certain of which are set forth below and to the more favorable provisions of any applicable double tax treaty). The 75% withholding tax is applicable irrespective of the noteholder's tax residence or registered headquarters. The list of Non-Cooperative States is published by a ministerial executive order (*arrêté*) which is updated yearly.

Furthermore, according to Article 238 A of the French Tax Code, interest on debt and other assimilated revenues paid by a debtor or an issuer of notes that is established in France may not be deductible from the debtor's or the issuer's taxable income if they are paid or accrued to persons domiciled or established in a privileged tax jurisdiction (i.e., where such persons would be subject to a tax lower than 50% of the tax they would have incurred had they been domiciled or established in France) or in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a privileged tax jurisdiction or in such a Non-Cooperative State. Under certain conditions, any such nondeductible interest or other revenues may be recharacterized as constructive dividends pursuant to Article 109 *et seq.* of the French Tax Code, in which case it may be subject to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code, at a rate of 30% or 75% (subject to the more favorable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A-III of the French Tax Code nor, to the extent the relevant interest and other revenues relate to genuine transactions and is not in an abnormal or exaggerated amount, the nondeductibility set forth under Article 238 A of the French Tax Code and the withholding tax set forth under Article 119 *bis* 2 of the French Tax Code which may be levied as a consequence of such nondeductibility, will apply in respect of a particular issue of debt instruments (including debt in the form of notes such as the Notes) provided that the debtor or the issuer can prove that the main purpose and effect of such issuance is not to enable payments of interest or other assimilated revenues to be made in a Non-Cooperative State (the "Exception").

Pursuant to French administrative guidelines in the *Bulletin Officiel des Finances Publiques-Impôts* referenced as BOI-INT-DG-20-50-20140211 n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and BOI-IR-DOMIC-10-20-20-60-20150320 n°10 (the "Administrative Guidelines"), an issue of debt securities benefits from the Exception without the issuer having to provide any evidence supporting the main purpose and effect of such issuance of debt securities, if such notes are:

- offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a state that is not a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority;

- admitted to trading on a French or foreign regulated market or a multilateral securities trading system, provided that such market or system is not located in a Non-Cooperative State and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes qualify as debt securities under French commercial law. As of the date of their listing, the Notes will be listed on the Official List of the Exchange, which is not in a Non-Cooperative State, and such market is operated by a market operator which is not located in a Non-Cooperative State, and/or at the time of their issue, the Notes will be admitted to the operations of Euroclear and Clearstream. Considering that Guernsey is not a Non-Cooperative State and assuming that in compliance with the Administrative Guidelines, the Exchange is a regulated market operated by a market operator which is not located in a Non-Cooperative State, and/or assuming that each of Euroclear and Clearstream is a depositary or operator not located in a Non-Cooperative State the Notes will fall under the Exception.

Accordingly, payments of interest and other assimilated revenues with respect to the Notes will be exempt from the withholding tax set forth under Article 125 A-III of the French Tax Code. Moreover, under the same conditions and to the extent that the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, they will be subject neither to the nondeductibility set forth under Article 238 A nor to the withholding tax set forth under Article 119 *bis* 2 of the French Tax Code solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in such a Non-Cooperative State.

Withholding Tax Applicable to French Tax Resident Individuals

Pursuant to Article 125 A of the French Tax Code (i.e., where the paying agent (*établissement payeur*) is located in France), subject to certain exceptions, interest received by French tax resident individuals is subject to a 24% levy withheld at source, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied at source at an aggregate rate of 15.5% on interest paid to French tax resident individuals. Holders of Notes who are French tax resident individuals are urged to consult their usual tax advisor on the way the 24% levy and the 15.5% social contributions are collected, where the paying agent is not located in France.

Taxation on Disposal

A holder of the Notes who is not a resident of France for French tax purposes and who does not hold the Notes in connection with a permanent establishment or a fixed place of business in France should not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, exchange or disposal of the Notes.

Transfer Tax

No transfer taxes or similar duties are payable in France in connection with the transfer of Notes, provided that such transfers are not recorded in a deed registered with the French tax authorities and that the FTT does not become applicable.

Certain General Tax Considerations—Payments by a Guarantor

If a Guarantor makes any payment in respect of the Notes, it is possible that such payments may be subject to withholding tax at applicable rates, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption that may apply.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of Notes, but does not purport to be a complete analysis of all potential tax effects. This summary is limited to consequences relevant to a U.S. holder (as defined below), except for the discussion under "*—Tax Return Disclosure Requirements—Foreign Account Tax Compliance Act*," and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws and the 3.8% Medicare tax on net investment income) or any state, local or non-U.S. tax laws. This summary deals only with Notes that are held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), by a U.S. holder who acquires the Notes pursuant to this Offering for cash at the price indicated on the cover page of this offering memorandum.

For purposes of this discussion, a "U.S. holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury Regulations (the "Treasury Regulations") to be treated as a U.S. person.

This summary is based upon the tax laws of the United States, including provisions of the Code, the Treasury Regulations, judicial authority, published administrative positions of the U.S. Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date of this offering memorandum, all of which are subject to change at any time. Changes in such rules, or new interpretations thereof, may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. We have not sought and will not seek any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS or a court will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation. A tax treatment of the purchase, ownership or disposition of the Notes different from those discussed below could adversely affect the amount, timing and character of income, gain or loss in respect of an investment in the Notes.

This summary is general in nature and does not purport to address all aspects of U.S. federal taxation or all tax considerations that may be relevant to a U.S. holder in light of its particular circumstances. In addition, it does not address the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws. For example, this summary does not address any state, local or non-U.S. tax consequences or tax consequences to:

- holders who are dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, banks, financial institutions, individual retirement and other tax-deferred accounts, regulated investment companies, real estate investment trusts, S corporations, partnerships or other pass-through entities and investors in such entities, tax-exempt entities or insurance companies;
- holders who are members of an "expanded group" or "modified expanded group" with the Issuer within the meaning of the Treasury Regulations under Code Section 385;
- persons holding the Notes as part of a hedging, integrated, constructive sale or conversion transaction, or a straddle;
- U.S. holders whose "functional currency" is not the U.S. dollar;
- U.S. expatriates or entities covered by the U.S. anti-inversion rules;
- persons who are not U.S. holders;

- persons who are resident in France or any other jurisdiction other than the United States or who have a taxable presence therein;
- persons that actually or constructively own more than 5% of our voting stock; or
- alternative minimum tax consequences and tax consequences of the 3.8% Medicare tax on net investment income.

If an entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. If you are treated as a partnership for U.S. federal income tax purposes and are considering an investment in the Notes, or if you are a partner in such a partnership, you should consult your own tax advisor regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

The following discussion of certain U.S. federal income tax considerations is for informational purposes only and is not a substitute for careful tax planning and advice. If you are considering the purchase of Notes, you should consult your own tax advisor concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under any other tax laws, under the laws of any other taxing jurisdiction or due to changes in tax law.

Characterization of the Notes

We may be required to pay additional amounts if certain taxes are withheld or deducted from payments on the Notes (as described under "*Description of the Notes—Withholding Taxes*") or make additional payments in redemption of the Notes in addition to their stated principal amount and accrued interest (as described under "*Description of the Notes—Change of Control*"). Although the issue is not free from doubt, we intend to take the position that the possibility of paying such additional amounts, or making additional payments in redemption of the Notes, does not result in the Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position will be based in part on our determination that, as of the date of the issuance of the Notes, the possibility that additional amounts will have to be paid is a remote or incidental contingency within the meaning of the applicable Treasury Regulations.

Our determination that the Notes are not contingent payment debt instruments is binding on a U.S. holder, unless the U.S. holder explicitly discloses to the IRS on its tax return for the year during which such U.S. holder acquires the Notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, a U.S. holder may be required to accrue interest income on its Notes based upon a comparable yield, regardless of its method of accounting. The "comparable yield" is the yield at which we would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions otherwise similar to those of the Notes. In addition, any gain on the sale, exchange, redemption or other taxable disposition of the Notes generally would be recharacterized as ordinary income. Each U.S. holder should consult its own tax advisor regarding the tax consequences of the Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Interest

It is anticipated, and this discussion assumes, that the Notes will not be issued with OID for U.S. federal income tax purposes. In such a case, interest on a Note (including any non-U.S. taxes withheld from payments thereof and any additional amounts paid in respect of such withholding taxes) generally will be taxable to a U.S. holder as ordinary income at the time it is received or accrued, in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes.

The amount of income recognized by a cash basis U.S. holder that receives an interest payment in foreign currency will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. No foreign currency exchange gain or loss will be recognized with respect to the receipt of such payment (other than foreign currency exchange gain or loss realized on the disposition of the euros so received; see "*—Disposition of Foreign Currency*").

An accrual basis U.S. holder may determine the amount of income recognized with respect to an interest payment denominated in foreign currency in accordance with either of two methods. Under the first method, the amount of interest income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. holder, the part of the period within the taxable year).

Under the second method, the U.S. holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and will be irrevocable without the consent of the IRS.

Whether or not such election is made, upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in foreign currency, an accrual basis U.S. holder may recognize foreign currency exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) in respect of an accrual period and the amount previously accrued during such accrual period (as described above), regardless of whether the payment is in fact converted into U.S. dollars. Such gain or loss generally will constitute U.S. source gain or loss.

Foreign Tax Credit

A U.S. holder may be entitled to deduct or credit foreign taxes, if any, imposed on interest (including additional amounts), subject to certain limitations (including that the election to deduct or credit taxes applies to all of such U.S. holder's other applicable foreign taxes for a particular tax year). Interest on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. There are significant complex limitations on a U.S. holder's ability to claim foreign tax credits. The rules governing the calculation of foreign tax credits are complex and depend on a U.S. holder's particular circumstances. U.S. holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

If a U.S. holder sells, exchanges or otherwise disposes of a Note, or if a Note that such holder holds is retired or redeemed, such holder generally will recognize gain or loss equal to the difference between the amount realized on the transaction (less any amount attributable to accrued but unpaid interest that such holder has not previously included in income, which amount will be taxable as interest income in accordance with the U.S. holder's method of tax accounting as described above) and such holder's adjusted tax basis in the Note. If a U.S. holder receives foreign currency on such a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency based on the spot rate of exchange on the date of disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the sale or other disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize exchange gain or loss to the extent that there are exchange rate fluctuations between the sale date and the settlement date, and such gain or loss generally will constitute ordinary income or loss.

Except as discussed below with respect to foreign currency exchange gain or loss, any gain or loss that a U.S. holder recognizes on the sale, exchange or retirement of an Note generally will be U.S.-source capital gain or loss, and generally will be long-term capital gain or loss if such holder has held the Note for more than one year on the date of disposition. Long-term capital gains of non-corporate U.S. holders (including individuals) generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Gain or loss realized upon the sale, exchange, redemption, retirement or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be treated as U.S. source income or as an offset to U.S. source income, respectively, and generally will be treated as ordinary income or loss and not be treated as interest income or expense. For these purposes, the "principal amount" of a Note is the U.S. holder's foreign currency purchase price of the Note. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will equal the difference, if any, between (i) the U.S. dollar value of the principal amount of the Note, determined at the spot rate on the date the U.S. holder disposes of the Note and (ii) the U.S. dollar value of the principal amount of the Note, determined at the spot rate on the date the U.S. holder purchased such Note. In addition, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder may realize exchange gain or loss attributable to amounts received with respect to accrued interest, which will be treated as discussed under "—*Interest*." However, upon a sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder will realize any foreign currency exchange gain or loss (including with respect to principal amount and accrued and unpaid interest) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Disposition of Foreign Currency

Euros received as interest on a Note or on the sale, exchange, redemption or retirement of a Note will have a tax basis equal to the U.S. dollar value at the time the foreign currency is received.

The amount of gain or loss recognized on a sale or other disposition of such euros will be equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of the other property received in such sale or other disposition, and (ii) the U.S. holder's adjusted tax basis in such euros. As discussed above, if the Notes are traded on an established securities market, a cash basis U.S. holder (or an electing accrual basis holder) will determine the U.S. dollar value of the euros by translating the euros received at the spot rate of exchange on the settlement date of the purchase or the disposition. A U.S. holder that purchases a Note with previously owned euros will generally recognize gain or loss in an amount equal to the difference, if any, between such U.S. holder's adjusted tax basis in such euros and the U.S. dollar fair market value of such Note on the date of purchase.

Any such gain or loss generally will be treated as U.S. source and will be ordinary income or loss and will not be treated as interest income or expense. The conversion of U.S. dollars to euros and the immediate use of such euros to purchase a Note generally will not result in any exchange gain or loss for a U.S. holder.

Tax Return Disclosure Requirements

Treasury Regulations issued under the Code intended to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount (e.g., in the case of an individual or a trust, this loss threshold is currently set at $50,000 in any single year), such as the receipt or accrual of interest or a sale, exchange, retirement or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Individuals (and, under proposed Treasury Regulations, certain entities) who own "specified foreign financial assets" with an aggregate value exceeding certain threshold amounts, generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in a financial account at certain financial institutions. Prospective investors should consult with their own tax advisors regarding the possible implications of these rules on their investment in the Notes

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to payments of principal and stated interest on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient (such as a corporation), and, when required, provides evidence of such exemption. The payor (which may be us or an intermediate payor) will be required to impose backup withholding, currently at a rate of 28%, on such payments if: (i) the U.S. holder fails to furnish an accurate taxpayer identification number or to establish an exemption from backup withholding; (ii) the IRS notifies the payor that the taxpayer identification number furnished by the U.S. holder is incorrect; (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code; or (iv) the U.S. holder has not certified under penalties of perjury that it has furnished a correct taxpayer identification number, that it is a U.S. person, and that the IRS has not notified such U.S. holder that it is subject to backup withholding under the Code.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability. You may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "FATCA"), a "foreign financial institution" may be required to withhold U.S. tax on certain "foreign passthru payments" made after December 31, 2018 to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final Treasury Regulations defining "foreign passthru payments" are filed generally would be "grandfathered" and exempt from FATCA withholding unless such obligations are materially modified after such date. As of the date of this offering memorandum, applicable final Treasury Regulations have not yet been filed. Accordingly, if the Issuer is treated as a "foreign financial institution," FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Many non-U.S. governments (including the government of France) have entered into, and others are expected to enter into, intergovernmental agreements with the United States to implement FATCA in a manner that alters the rules described herein. U.S. holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there generally will be no additional amounts payable to compensate for the withheld amount.

CERTAIN INSOLVENCY LAW CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE SECURITY INTERESTS

Set forth below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in some of the jurisdictions in which the Guarantees are or the Collateral is being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests in the Collateral.

European Union

The Issuer and the Guarantors in France are incorporated under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 of May 29, 2000, on insolvency proceedings, as amended (the "EU Insolvency Regulation"), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to commence main insolvency proceedings relating to such debtor. The determination of where a debtor has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that a debtor has its centre of main interests in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the centre of main interests of a "debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties." The courts have taken into consideration a number of factors in determining the centre of main interests of a debtor, including in particular where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established. A debtor's centre of main interests is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to commence insolvency proceedings at the time of the filing of the insolvency petition.

If the centre of main interests of a debtor is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the debtor under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings commenced in one Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be commenced in another Member State.

If the centre of main interests of a debtor is in a Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to commence secondary (territorial) insolvency proceedings against that debtor only if such debtor has an "establishment" (within the meaning and as defined in Article 2(h) of the EU Insolvency Regulation) in the territory of such other Member State. An "establishment" is defined to mean a place of operations where the debtor carries on non-transitory economic activity with human means and goods.

Where main proceedings have been commenced in the Member State in which the debtor has its centre of main interests, any proceedings commenced subsequently in another Member State in which the debtor has an establishment (secondary proceedings) are limited to "winding-up proceedings" listed in Annex B of the EU Insolvency Regulation. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. Where main proceedings in the Member State in which the debtor has its centre of main interests have not yet been commenced, territorial insolvency proceedings may only be commenced in another Member State where the debtor has an establishment where either (i) insolvency proceedings cannot be commenced in the Member State in which the debtor's centre of main interests is situated under that Member State's law or (ii) the territorial insolvency proceedings are commenced at the request of a creditor that is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

The courts of all Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other Member States so long as no secondary proceedings have been commenced there. The insolvency administrator appointed by a court in a Member State that has jurisdiction to commence main proceedings (because the debtor's centre of main interests is there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other Member State where the debtor has assets.

A new Council Regulation (EC) no. 2015/848 of May 20, 2015 on insolvency proceedings (the "New EU Insolvency Regulation") came into force on June 26, 2015, and will gradually replace the EU Insolvency Regulation although, for the most part, its main provisions will only become effective on June 26, 2017. Among the main changes introduced by the New EU Insolvency Regulation are:

- increased scrutiny in situations where there has been a recent COMI shift; where a company's COMI has shifted in the preceding three months the rebuttable presumption that its COMI is at the place of its registered office will no longer apply;
- the opening of secondary proceedings in another EU Member State—which will no longer be limited only to "winding-up proceedings"—will be possible not only if the debtor has an establishment in such Member State at the time of commencement of main insolvency proceedings, but also if the debtor had an establishment in such Member State in the three-month period prior to the request for commencement of main insolvency proceedings;
- the list of insolvency proceedings that can be commenced as main insolvency proceedings referred to in Annex A to the EU Insolvency Regulation is completed with accelerated safeguard and accelerated financial safeguard, alongside safeguard, reorganization and judicial liquidation proceedings which were already listed;
- a new treatment for groups of companies experiencing difficulties is created by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of the group's members;
- the rules on cooperation between insolvency practitioners of the insolvency proceedings (main insolvency proceedings and secondary insolvency proceedings) are improved; and
- mechanisms for cooperation between jurisdictions, and between jurisdictions and insolvency practitioners, are created.

France

Insolvency

We conduct part of our business activity in France and, to the extent that the centre of main interests of the Issuer or any of the Guarantors is deemed to be in France, it would be subject to French proceedings affecting creditors, including court-assisted proceedings (*mandat ad hoc* or *conciliation proceedings*) and court-administered proceedings: either safeguard proceedings, accelerated safeguard proceedings or accelerated financial safeguard proceedings (*sauvegarde, sauvegarde accélérée* or *sauvegarde financière accélérée*); judicial reorganization proceedings (*redressement judiciaire*); or judicial liquidation proceedings (*liquidation judiciaire*). In general, French insolvency legislation favors the continuation of a business and the protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Notes Guarantees granted by the French Guarantors and corresponding security interests in the Collateral.

Under the EU Insolvency Regulation, if a debtor is located in the European Union (other than Denmark), French courts shall have jurisdiction over the main insolvency proceedings if the debtor's centre of main interests is situated in France. In the case of a debtor who is a legal person, the place of the registered office shall be presumed to be its centre of main interests in the absence of proof to the contrary. In determining whether the centre of main interests of a debtor is in France, French courts will take into account a broad range of factual elements.

The court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of this group. Accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same administrator for all proceedings in respect of members of the group. The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Grace Periods

In addition to insolvency laws discussed below (i.e., in situations where the debtor may not be insolvent), you could, like any other creditors, be subject to Article 1343-5 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published annually by the French government) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1343-5 of the French Civil Code will suspend any pending enforcement measures, and any contractual default interest or penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge.

Insolvency Test

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts with its immediately available assets taking into account available credit lines, existing debt rescheduling agreements and moratoria.

The date of insolvency (*état de cessation des paiements*) is generally deemed to be the date of the court ruling commencing the insolvency proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court ruling. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (homologation) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (see "*—The "Hardening Period" (période suspecte) in Judicial Reorganization and Liquidation Proceedings"*).

Court-assisted Proceedings—Mandat Ad Hoc and Conciliation

A French debtor facing difficulties may in certain conditions request the commencement of court-assisted proceedings (*mandat ad hoc* or *conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders, e.g., an agreement to reduce or reschedule its indebtedness.

Mandat ad hoc proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, *mandat ad hoc* proceedings are used by debtors that are facing any type of difficulties but are not insolvent (see "*—Insolvency Test*" above). The proceedings are informal and confidential by law. They are carried out under the aegis of a court-appointed officer (*mandataire ad hoc*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings are not limited in time. The duties of the *mandataire ad hoc* are determined by the competent court (usually the commercial court) that appoints him or her, usually to facilitate negotiations with creditors. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement or forced to accept it. *Mandat ad hoc* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have agreed to take part in the proceedings usually decide not to do so. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French Civil Code (see—"*Grace Periods*" above). The agreement reached is reported to the president of the court but is not formally approved by him or her. The order of the president of the court appointing a *mandataire ad hoc* is notified for information purposes to the debtor's auditors.

Conciliation proceedings may only be initiated by the debtor itself faces actual or foreseeable difficulties of a legal, economic or financial nature and is not insolvent (see—"*Insolvency Test*" above) or has not been insolvent for more than 45 calendar days. The proceedings are confidential by law. They are carried out under the aegis of a court-appointed conciliator (*conciliateur*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings may last up to four months (with the *conciliateur* being able to request a one-month extension). The duties of the *conciliateur* are to assist the debtor in negotiating an agreement with all or part of its creditors and/or trade partners that puts an end to its difficulties, e.g., providing for the restructuring of its indebtedness. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement or forced to accept it. *Conciliation* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have agreed to take part in the proceedings usually decide not to do so.

The debtor that received a formal notice to pay or against which a creditor initiated legal proceedings, retains the right to petition the judge who commenced the conciliation proceedings for a grace period under Article 1343-5 of the French Civil Code (see "—*Grace Periods*"), such decision being taken after hearing the *conciliateur*.

With respect to grace periods under Article 1343-5 of the French Civil Code, pursuant to Article L. 611-10-1 of the French Commercial Code, the judge having commenced conciliation proceedings may, during the execution period of a conciliation agreement, impose grace periods on creditors having participated in the conciliation proceedings (other than the tax and social security administrations) for their claims that were not dealt with in the conciliation agreement.

The conciliation agreement reached between the parties may be acknowledged (*constaté*) by the president of the Commercial Court at the request of the parties, which makes the agreement binding upon them (in particular, performance of the conciliation agreement prevents any action by the creditors party thereto against the debtor to obtain payment of claims governed by the conciliation agreement) and enforceable without further recourse to a judge (*force exécutoire*), but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the Commercial Court at the request of the debtor, if (i) the debtor is not insolvent (*en état de cessation des paiements*) or the conciliation agreement has the effect of putting an end to the debtor's insolvency (*cessation des paiements)*, (ii) the conciliation agreement effectively ensures that the company will survive as a going concern and (iii) the conciliation agreement does not impair the rights of the non-signatory creditors. Such approval will have the same effect as its acknowledgement (*constatation*) as described above, except that in addition:

- creditors that, in the context of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity in the context of a capital increase) will enjoy a priority of payment over all pre-commencement and post-proceedings claims (except with respect to certain pre-commencement employment claims and procedural costs) (the "New Money Lien"), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;
- in the event of subsequent safeguard proceedings or judicial reorganization proceedings, claims benefiting from the New Money Lien may not, without their holders' consent, be written off and their payment date may not be rescheduled to a date later than the date on which the safeguard or reorganization plan is adopted (whether such a debt reduction or payment deferral may be imposed by the bondholders' general meeting to bondholders having provided new money is the subject of debate);
- the works council or employee representatives are informed of the content of the conciliation agreement and may have access to the full conciliation agreement at the clerk's office (*greffe*) of the court. The publicly available court decision approving such agreement will, however, only disclose the amount of any New Money Lien and the guarantees and security interests granted to secure the same;
- when the debtor is submitted to statutory auditing, the conciliation agreement is transmitted to its statutory auditors; and
- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of insolvency (see "—*Insolvency Test*"), and therefore the starting date of the hardening period (as defined below;—see "*The "Hardening Period" (période suspecte) in Judicial Reorganization and*

Liquidation Proceedings"), cannot be set by the court as of a date earlier than the date of the approval (homologation) of the agreement by the court (except in case of fraud).

Whether the conciliation agreement is acknowledged or approved, the court may, at the request of the debtor, appoint the *conciliateur* to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution and, while the agreement is in force:

- interest accruing on the claims that are the subject to the conciliation agreement may not be compounded;
- the debtor retains the right to petition the court that commenced the conciliation proceedings for a grace period pursuant to Article 1343-5 of the French Civil Code (see "*—Grace Periods*"), in relation to claims of creditors (other than public creditors) party to the conciliation proceedings that are not already subject to the conciliation agreement, in which case the decision would be taken after having heard the *conciliateur* (provided that the terms of his or her appointment included monitoring the implementation of the agreement, as referred to above); and
- a third party which had previously granted credit support (a guarantee or security interest) with respect to the debtor's obligations may benefit from the provisions of the conciliation agreement as well as from grace periods granted in the context of conciliation proceedings.

If the debtor breaches the terms of the conciliation agreement, any party to it may petition the president of the court for its termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may be revoked. Conversely, provided the conciliation agreement is duly performed, any individual proceedings by creditors with respect to obtaining payment of the claims dealt with by the conciliation agreement are suspended and/or forbidden. The commencement of subsequent insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims (decreased by the payments already received) and pre-existing security interests or guarantees.

Conciliation proceedings in which a draft plan is supported by a large majority of creditors which is likely to meet the threshold requirements for creditors' consent in safeguard, will be a mandatory preliminary step of accelerated safeguard proceedings or accelerated financial safeguard proceedings, as described below.

At the request of the debtor and after the creditors taking part in the *mandat ad hoc* or conciliation proceedings have been consulted on the matter, the *mandataire ad hoc* or the *conciliateur* may be appointed with a mission to organize the partial or total sale of the debtor's business, particularly through a "plan for the disposal of the business" (*plan de cession*) which could be implemented in the context of subsequent safeguard, judicial reorganization or liquidation proceedings. Provided that they comply with certain requirements, any offers received in this context by the *mandataire ad hoc* or the *conciliateur* may be directly considered by the court in the context of safeguard, reorganization or liquidation proceedings after consultation with the state prosecutor.

As a matter of law, any contractual provision that (i) modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end or (ii) requires the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings, more than three-quarters of the fees of the professional advisors retained by creditors in connection with these proceedings, is deemed null and void.

Court-Administered Proceedings—Safeguard

A debtor that experiences difficulties which it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided that it is not insolvent (see "*—Insolvency Test*"). Creditors of the debtor are not notified of, or invited to attend the hearing before the court at which the commencement of safeguard proceedings is requested. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is (except for small companies, for which the court considers that such appointment is not necessary) appointed to investigate the business of the debtor during an "observation period" (being the period starting on the date of the court decision commencing the proceedings and ending on the date on which the court makes a decision on the outcome of the proceedings), which may last up to 18 months. The role of the court-appointed administrator is also to assist the debtor in preparing a draft safeguard plan (*projet de plan de sauvegarde*) that it will circulate to its creditors. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor assisted by the court-appointed administrator. The court-appointed administrator will, in accordance with the terms of the judgment appointing him or her, exercise *ex post facto* control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court.

In addition, the court may convert such proceedings into judicial reorganization proceedings (i) after commencement of the proceedings, at the request of the debtor, the administrator, the creditors' representative or the public prosecutor, if it appears that the debtor was insolvent (*en état de cessation des paiements*) before commencement of the proceedings or (ii) at any time during the observation period upon its own initiative or upon request of the debtor, the judicial administrator, the creditors' representative or the public prosecutor in a case where the debtor becomes insolvent or (iii) upon request of the debtor, the court-appointed administrator, the creditors' representative or the public prosecutor if no plan has been adopted by the relevant creditors' committee and, if any, bondholders' assembly (as described below), if the approval of a safeguard plan is manifestly impossible and if the company would shortly become insolvent should safeguard proceedings end. At any time during the observation period, the court may also convert such proceedings into liquidation proceedings if the debtor becomes insolvent and its recovery is manifestly impossible.

As soon as insolvency proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

During the safeguard proceedings, payment by the debtor of any debts incurred prior to the commencement of the proceedings is prohibited, subject to very limited exceptions. For example, the court can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the debtor's business or to recover goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the safeguard plan (debt forgiveness, payment terms or debt-for-equity-swaps) prior to the plan being approved by the court. The rules governing consultation will vary depending on the size of the business.

Standard consultation: This applies to: (i) debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant, or, if they are, (ii) debtors that have 150 employees or less or a turnover of €20 million or less.

In such cases, the court-appointed administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who obtains the agreement of each creditor who filed a claim, regarding the debt remissions and payment times proposed. Creditors are consulted individually or collectively.

French law does not state whether the debt settlement proposals can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at this consultation stage. According to legal commentaries and established practice, differing treatment as between creditors is possible, provided that it is justified by the difference in situation of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of claims over a shorter time period instead of a full payment of such claims over the maximum possible length of the plan (ten years).

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved are not required to be consulted.

Creditors which do not respond within 30 days of their receipt of the debt settlement proposal (other than debt-for-equity swap) made to them are deemed to have accepted it. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and the controllers.

Within the framework of a standard consultation, if the creditors refuse the proposals that were submitted to them, the court that approves the safeguard plan (*plan de sauvegarde*) can impose on them a uniform rescheduling of their claims (subject to the specific regime of claims benefiting from the New Money Lien) over a maximum period of ten years (except for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no waiver of any claim or debt-for-equity swap may be imposed without the relevant creditor's individual acceptance.

Following a court-imposed rescheduling, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual instalment must be of at least 5% of the amount of each debt claim (except for agricultural businesses)) or on the first payment date following the initial maturity of the claim if it is later than the first payment date provided for by the plan, in which case the amount of such first payment is equal to what the creditor would have received had he or she been paid in accordance with the uniform payment rescheduling applying to the other creditors.

Committee-based consultation: This applies to larger companies, whose accounts are certified by a statutory auditor (*commissaire aux comptes*) or established by a chartered accountant (*expert-comptable*) and with more than 150 employees or a turnover greater than €20 million, or upon the debtor's or the court-appointed administrator's request and with the consent of the court in the case of debtors that do not exceed the aforementioned thresholds.

The consultation involves the submission of a proposed safeguard plan for consideration by two creditors' committees which are established by the court-appointed administrator on the basis of the claims that arose prior to the judgment commencing the proceedings:

- one for credit institutions or assimilated institutions and entities having granted credit or advances in favor of the debtor (the "*credit institutions committee*"); and
- the other one for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers and other suppliers invited to participate in such committee by the court-appointed administrator (the "major suppliers' committee").

If there are any outstanding debt securities in the form of *obligations* (such as bonds or notes and including capital market debt instruments such as the Notes), a single general meeting of all holders of such debt securities will be established (the "bondholders' general meeting"), in which all such holders are to take part irrespective of whether or not there are different issuances or of the governing law(s) of those *obligations*.

As a general matter, only the legal owner of the debt claim will be invited onto the committee. Accordingly, a person holding only an economic interest therein will not itself be a member of the committee.

The proposed plan:

- must "take into account" subordination agreements entered into by the creditors before the commencement of the proceedings;
- may treat creditors differently if it is justified by their differences in situation; and
- may, among other things, include a rescheduling or cancellation of debts (subject to the specific regime of claims benefiting from the New Money Lien), and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If the plan provides for a share capital increase, the creditors may subscribe to such share capital increase by way of set off against their claims against the debtor (as reduced according to the provisions of the plan, where applicable).

Creditors that are members of the credit institutions' committee or of the major suppliers committee may also prepare an alternative safeguard plan that will also be put to the vote of the committees and of the general bondholders' meeting, it being specified that approval of any such alternative plan is subject to the same two-thirds majority vote in each committee and in the bondholders' general meeting and gives rise to a report by the court-appointed administrator. Bondholders are not permitted to present their own alternative plan.

The committees must approve or reject the safeguard plan within 20 to 30 days of its submission. The period may be extended or shortened but may never be shorter than 15 days. The plan must be approved by a majority vote of each committee (two-thirds of the outstanding claims of the creditors casting a vote).

Each member of a creditors committee or of the bondholders' general meeting must, if applicable, inform the court-appointed administrator of the existence of any agreement relating to (i) the exercise of its vote or (ii) the full or partial payment of its claim by a third party as well as of any subordination agreement. The court-appointed administrator shall then submit to such person a proposal for the computation of its voting rights in the creditors' committees/bondholders' general meeting. In the event of disagreement, the matter may be ruled upon by the president of the Commercial Court in summary proceedings at the request of the creditor or of the court-appointed administrator.

The amounts of claims secured by a trust (*fiducie*) granted by the debtor do not give rise to voting rights. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted, do not need to be consulted on the plan or take part in the vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting at the same two-third's majority vote. Following approval by the creditors' committees and the bondholders' general meeting, and determination of the rescheduling of the claims of creditors that are not members of the committees or bondholders (see below), the plan has to be approved (*arrêté*) by the court. The court must verify that the interests of all creditors are "sufficiently protected" and that required shareholder consent (if applicable) has been obtained. Once so approved by the relevant court, the safeguard plan will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan).

Creditors outside the creditors' committees or the bondholders' general meeting are consulted by the creditors' representative (*mandataire judiciaire*) in accordance with the standard consultation process referred to above.

If the debtor's proposed plan is not approved by both committees and the bondholders' general meeting within the first six months of the observation period (either because they do not vote on the plan or because they reject it), this six-month period may be extended by the court at the request of the court-appointed administrator for a period not exceeding the duration of the observation period, in order for the plan to be approved through the committee-based consultation process. Absent such extension, the court can still adopt a safeguard plan within the time remaining until the end of the observation period. In such a case, the rules are the same as the ones applicable for the standard consultation process described above.

If the court empowers the court-appointed administrator to convene a shareholders' meeting in order to take corporate resolutions with respect to the modification of the debtor's by-laws (including modifications of its share capital) required by a safeguard plan, the court may order that, under certain conditions, the shareholders' decisions be adopted by a majority vote of the shareholders attending or represented, as long as such shareholders own at least half of the shares with voting rights.

If no proposed safeguard plan is adopted by the committees and, if applicable, the general bondholder meeting, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*) or the prosecutor, the court may convert the safeguard proceeding into judicial reorganization proceeding if it appears that the adoption of a safeguard plan is impossible and if the safeguard proceeding would certainly lead to the debtor shortly becoming insolvent.

Specific case—Creditors that are public institutions: Public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt remissions under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors examine possible remissions within the framework of a local administrative committee (*Commission des Chefs de Services Financiers*). Tax administrations may grant relief from all direct taxes. As for indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

Court-Administered Proceedings—Accelerated Safeguard and Accelerated Financial Safeguard

A debtor which is the subject of conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) or accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*).

The accelerated safeguard proceedings and accelerated financial safeguard proceedings have been designed to "fast-track" difficulties faced by large companies, i.e., those which publish:

- consolidated accounts in accordance with Article L. 233-16 of the French Commercial Code; or
- which publish accounts certified by a statutory auditor or established by a certified public accountant and have (i) more than 20 employees, (ii) a turnover greater than €3 million (excluding VAT) or (iii) whose total balance sheet exceeds €1.5 million.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard or accelerated financial safeguard proceedings, to the extent compatible with the accelerated timing, since the total duration of accelerated safeguard proceedings is three months and the duration of accelerated financial safeguard proceedings is only one month (unless the court decides to extend it by an additional month). However, certain provisions relating to ongoing contracts and provisions relating to the recovery of assets by owners benefiting from title retention clauses do not apply in accelerated safeguard proceedings.

In particular, the creditors' committees and the bondholders' general meeting are required to vote on the proposed safeguard plan within a minimum period of 15 days of its being notified to them in the case of accelerated safeguard proceedings, or within eight days in the case of accelerated financial safeguard proceedings.

The plan in the context of accelerated safeguard proceedings or accelerated financial safeguard proceedings is adopted following the same majority rules as in standard safeguard proceedings and may notably provide for rescheduling, debt cancellation and conversion of debt into equity capital of the debtor (debt-for-equity swaps requiring relevant shareholder consent). No debt rescheduling or cancellation may be imposed, without their consent, on creditors that do not belong to one of the committees or that are not bondholders.

While accelerated safeguard proceedings apply to all creditors, accelerated financial safeguard proceedings apply only to "financial creditors" (i.e., creditors that belong to the credit institutions' committee and bondholders' general meeting), the payment of whose debt is suspended until the adoption of a plan through accelerated financial safeguard proceedings. The debtor will be prohibited from paying, to any creditor to whom the accelerated safeguard or accelerated financial safeguard proceedings (as the case may be) apply, any amounts (including interest) relating to debts incurred (i) prior to the commencement of the proceedings or (ii) after their commencement if not incurred for the purposes of the proceedings or the observation period or the debtor's business activities during the observation period (post-commencement non-privileged debts). Such amounts may be paid only after the judgment of the court approving the safeguard plan and in accordance with its terms. Creditors other than financial creditors (such as public creditors, the tax or social security administration and suppliers) are not directly impacted by accelerated financial safeguard proceedings. Their debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

To be eligible for accelerated safeguard proceedings or accelerated financial safeguard proceedings, the debtor must fulfill the following conditions:

- the debtor must not be insolvent *(en état de cessation des paiements)* for more than 45 days when it initially requested the opening of conciliation;
- the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the proceedings;
- as is the case for regular safeguard proceedings, the debtor must face difficulties that it is not in a position to overcome;
- the debtor must exceed the thresholds provided for to constitute creditors' committee (see above) or the court shall have authorized such constitution in the opening decision; and
- the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern which is supported by enough of its creditors involved in the proceedings to render likely its adoption by the relevant committees (credit institutions' committee only for financial accelerated safeguard proceedings) and the bondholders' general meeting, if any, within a maximum of three months following the commencement of accelerated safeguard proceedings, or within a maximum of two months, following the commencement of accelerated financial safeguard proceedings.

If a plan is not adopted by the creditors and approved by the court within the applicable deadline, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the committee process.

The list of claims of creditors party to the conciliation proceedings certified by the statutory auditor shall be deemed to constitute the filing of such claims for the purpose of accelerated safeguard proceedings or, as applicable, accelerated financial safeguard proceedings (see below) unless the creditors otherwise elect to make such a filing (see below).

Court-Administered Proceedings—Judicial Reorganization or Liquidation Proceedings

Judicial reorganization (*redressement judiciaire*) or liquidation (*liquidation judiciaire*) proceedings may be initiated by a creditor against, or by, a debtor only if it is insolvent and, in the case of liquidation proceedings only, if the debtor's recovery is manifestly impossible. The debtor is required to petition for judicial reorganization or liquidation proceedings (or for conciliation proceedings, as discussed above) within 45 days of becoming insolvent; *de jure* managers (including directors) and, as the case may be, *de facto* managers are exposed to civil liability if it fails to do so.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of the proceedings that it determines to be most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the safeguard proceedings observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*) or the state prosecutor, the court may convert safeguard proceedings into judicial reorganization proceedings or liquidation proceedings if it appears that the debtor was already insolvent at the time of the court decision opening the proceedings. In all cases, the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the state prosecutor and the workers' representatives (if any).

In the event of judicial reorganization proceedings, an administrator (*administrateur judiciaire*) is usually appointed by the court to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals either for the reorganization of the debtor with the debtor's help, or the sale of the business or the liquidation of the debtor. The court-appointed administrator will assist the debtor in making management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*).

In the event of judicial reorganization proceedings, committees of creditors and a bondholders' general meeting may be created under the same conditions as in safeguard proceedings (see above). At any time during the observation period, the court can, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire* judiciaire), the state prosecutor or at its own initiative, order the partial stop of the activity (*cessation partielle de l'activité*) or order the liquidation of the debtor if its recovery is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

In judicial reorganization proceedings, in case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one half of the share capital as required by Article L. 626-3 of the French Commercial Code, the court may appoint a court officer (*mandataire de justice*) whose mission will be to convene a shareholders' meeting and to vote on behalf of the shareholders who refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies), providing new equity and undertaking to comply with the reorganization plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business.

In judicial reorganization proceedings if (i) the company has at least 150 employees, or if it controls (within the meaning of the French labor code) one or more companies having together at least 150 employees, (ii) the disappearance of the company is likely to cause serious harm to the national or regional economy and (iii) the modification of the company's share capital seems to be the only credible way to avoid harm to the national or regional economy and allows the continued operation of the business as a going concern, then following (x) the review of the options for a total or partial sale of the business and at the request of the court-appointed administrator or of the state prosecutor and (y) at least three months having elapsed as from the court decision commencing the proceedings, provided that the shareholders' meetings required to approve the modification of the company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:

- appoint a court officer (*mandataire de justice*) in order to convene the shareholders' meeting and vote the share capital increase in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or
- order the sale in favor of the persons who have undertaken to perform the reorganization plan of all or part of the share capital held by the shareholders who refused the share capital increase and holding, directly or indirectly a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the company's shareholder meetings; the shareholders who accepted the share capital modification have the right to withdraw from the company and request that their shares be purchased simultaneously by the transferees. Any consent clause is deemed unwritten.

In the event of a forced sale ordered by the court, the price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court which may not exceed the duration of the reorganization plan.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, who is generally the former creditors' representative (*mandataire judiciaire*). There is no observation period in judicial liquidation proceedings and no maximum time period is provided by law to limit the duration of the judicial liquidation process. The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly to liquidate assets and settle liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order for payment). The liquidator will take over the management and control of the debtor and the managers of the debtor are no longer in charge of its management.

Concerning the liquidation of the assets of the debtor, there are two possible outcomes:

(i) an asset sale plan (in which case a court-appointed administrator (*administrateur judiciaire*) will usually be appointed to manage the debtor and organize such sale of the business as a going-concern); or

(ii) a sale of the individual assets of the debtor, in which case the liquidator may decide to:

  (a) launch auction sales (*vente aux enchères* (or *adjudication amiable* for real estate assets only));

  (b) sell on an amicable basis (*vente de gré à gré*) each asset for which spontaneous purchase offers have been received (the formal authorization of the bankruptcy judge being necessary to enter into the sale agreement with the offeror); or

  (c) in practice, request, under the supervision of the bankruptcy judge, all potential interested purchasers to bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*). However, the possibility to implement this process is questioned by certain legal authors and case law in this respect has varied.

The court will end the proceedings when either no due liabilities remain, the liquidator has sufficient funds to pay off the creditors (*extinction du passif*) or continuation of the liquidation process becomes impossible due to an insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings:

- when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets; or
- if there are insufficient funds to pay off the creditors, by appointing a court officer (*mandataire de justice*) in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The "Hardening Period" (période suspecte) in Judicial Reorganization and Liquidation Proceedings

The date of insolvency (*cessation des paiements*) of a debtor is deemed to be the date of the court order commencing the proceedings, unless the court sets an earlier date, which may be no earlier than 18 months before the date of such court order. Also, except in the case of fraud, the insolvency date may not be set at a date earlier than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings (see above). The insolvency date is important because it marks the beginning of the hardening period (*période suspecte*), which runs from the insolvency date of the debtor until the date of the court decision commencing the judicial reorganization or liquidation proceedings.

Certain transactions entered into during the hardening period are automatically void while others are voidable by the court.

- Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration or for a nominal consideration, contracts under which the obligations of the debtor significantly exceed the obligations of the other party, payments of debts due but not payable at the time of payment, payments of matured debts in a manner that is not commonly used in the ordinary course of business and security granted for previously incurred obligations, provisional attachment or seizure measures (unless the attachment or seizure predates the date of insolvency), operations relating to stock options, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made by way of security for a debt simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights already transferred in the trust as security for debt incurred prior to such amendment, and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*).
- Transactions which are voidable by the court include payments made on debts that are payable, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the hardening period, in each case if the court determines that the creditor knew that the debtor was insolvent at the relevant time. Transactions relating to the transfer of assets for no consideration are also voidable when entered into during the six-month period prior to the beginning of the hardening period.

  There is no hardening period prior to the opening of safeguard, accelerated safeguard or accelerated financial safeguard proceedings.

Status of Creditors During Safeguard, Accelerated Safeguard, Accelerated Financial Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings

Contractual provisions pursuant to which the commencement of insolvency proceedings triggers the acceleration of the debt (except with respect to judicial liquidation proceedings in which the court does not order the continued operation of the business) or the termination or cancellation of an ongoing contract (*contrats en cours*) are not enforceable against the debtor. Nor are "contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of reorganization proceedings" (in accordance with a decision of the French Supreme Court dated January 14, 2014, n° 12-22.909, which case law is likely to be extended to safeguard, accelerated safeguard or accelerated financial safeguard proceedings). However, the court-appointed administrator can unilaterally decide to terminate ongoing contracts which it believes the debtor will not be able to continue to perform. Conversely, the court-appointed administrator can require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that the debtor fully performs its contractual obligations post-filing (and provided that, in the case of reorganization proceedings, absent consent to other terms of payment, the debtor pays cash on delivery). The commencement of liquidation proceedings, however, automatically accelerates the maturity of all of a debtor's obligations unless the court orders the continued operation of the business with a view to the adoption of a "plan for the sale of the business" (*plan de cession*) (which it may do for a period of three months, renewable once); in such a case, the acceleration of the obligations will only occur on the date of the court decision adopting the plan for the sale of the business or on the date on which the continued operation of the business ends.

As from the court decision commencing the proceedings:

(i) accrual of interest is suspended, except in respect of loans for a term of at least one year, or of contracts providing for a payment that is deferred by at least one year (however, accrued interest can no longer be compounded);

(ii) the debtor is prohibited from paying debts incurred prior to the commencement of the proceedings, subject to specified exceptions (which essentially cover the set off of related (*connexes*) debts and payments authorized by the insolvency judge (*juge commissaire*) to recover assets for which recovery is justified by the continued operation of the business);

(iii) the debtor is prohibited from paying debts having arisen after the commencement of the proceedings unless they were incurred for the purposes of the proceedings or of the observation period or in consideration of services rendered or goods provided to the debtor;

(iv) debts duly arising after the commencement of the proceedings and which were incurred for the purposes of the proceedings or of the observation period, or in consideration of services rendered or goods provided to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the proceedings (with certain limited exceptions, such as claims secured by a New Money Lien), provided that they are duly filed within one year of the expiration of the observation period;

(v) creditors may not pursue any individual legal action against the debtor (or a guarantor of the debtor where such guarantor is a natural person and the proceedings are safeguard, accelerated safeguard or accelerated financial safeguard proceedings) with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is: (a) to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below); (b) to terminate a contract for non-payment of amounts owed by the creditor; or (c) to enforce the creditor's rights against any assets of the debtor except where such asset whether tangible or intangible, movable or immovable, is located in another Member State in which case the rights in rem of creditors thereon would not be affected by the insolvency proceedings, in accordance with the terms of Article 5 EU of the Insolvency Regulation or Article 8 of the New EU Insolvency Regulation (as defined); and

(vi) in the context of reorganization or liquidation proceedings only, absent consent to other terms of payment, immediate cash payment for services rendered pursuant to an ongoing contract (*contrat en cours*) will be required.

In accelerated financial safeguard proceedings, the above rules only apply to the financial creditors who fall within the scope of the proceedings (see above). Debts owed to other creditors, such as suppliers, continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of proceedings must file a claim with the court-appointed creditors' representative within two months of the publication of the court decision in an official gazette (*Bulletin Officiel des annonces civiles et commerciales*); this period is extended to four months for creditors domiciled outside France. Creditors must also file a claim for the post-commencement non-privileged debts, with respect to which the two—or four-month period referred to above starts to run as from their maturity date. Creditors whose claims have not been submitted during the relevant period are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees are not subject to such limitations and are preferred creditors under French law.

At the beginning of the proceedings, the debtor must provide the judicial administrator and the creditors' representative with the list of all its creditors and all their claims. Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the creditor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the insolvency judge rules on the admissibility of the claim. They may also file their own proofs of claim.

In accelerated safeguard and accelerated financial safeguard proceedings, however, the debtor draws a list of the claims of its creditors having taken part in the conciliation proceedings, which is certified by its statutory auditors or accountant. Although such creditors may file proofs of claim as part of the regular process, they may also avail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the above two or four months' time limit). Creditors who did not take part in the conciliation proceedings must file their proofs of claim within the aforementioned deadlines.

If the court adopts a safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan.

If the court adopts a plan for the sale of the business (*plan de cession*) of the debtor in judicial reorganization or judicial liquidation proceedings, the proceeds of the sale will be allocated the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator (usually the former creditors' representative) in charge of selling the assets of the debtor and settling the relevant debts in accordance with their ranking. However, in practice, where the sale of the business is considered, the court will usually appoint an administrator to manage the debtor during the temporary continuation of the business operations (see above) and to organize the sale of the business process.

If the court adopts a plan for the sale of the business, it can also set a time period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees, post-commencement legal costs (essentially, court officials, fees), creditors who benefit from a New Money Lien (see above), post-commencement creditors and the French State (taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-commencement secured creditors whose claim is secured by real estate are paid prior to post-commencement creditors.

Creditors' Liability

Pursuant to Article L. 650-1 of the French Commercial Code (as interpreted by case law), where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor, if the granting of such facilities was wrongful, in the case of (i) fraud, (ii) interference with the management of the debtor or (iii) if the security or guarantees taken to support the facilities are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

Limitations on Guarantees

The liabilities and obligations of each French Guarantor are subject to:

- certain exceptions, including to the extent of any obligations that would constitute prohibited financial assistance within the meaning of Article L. 225 216 of the French Commercial Code or infringement of the provisions of Articles L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code; and
- French corporate benefit rules.

Under French financial assistance rules, a company is prohibited from extending credit or guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Pursuant to French corporate benefit rules, French Guarantors must receive an actual and adequate benefit from the transaction involving the granting by it of the guarantee, taken as a whole. A court could declare any guarantee unenforceable and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if it found that these criteria were not fulfilled. The existence of a real and adequate benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

Accordingly, each of the guarantees by the French Guarantors and the amounts recoverable thereunder will be limited, at any time, to an amount equal to the aggregate of the proceeds of the Notes to the extent directly or indirectly on-lent by the Issuer, or used to refinance any indebtedness previously directly or indirectly on-lent, to that French Guarantor or any of its subsidiaries under intercompany loans or similar arrangements and outstanding on the date a payment is requested to be made by such French Guarantor under its Guarantees. Any payment made by such French Guarantor under its Guarantees in respect of the obligations of any other obligor shall reduce *pro tanto* the outstanding amount of the intercompany loans due by such French Guarantor or its subsidiaries under the intercompany loan arrangements referred to above. By virtue of this limitation, a French Guarantor's obligation under the Guarantees could be significantly less than amounts payable with respect to the Notes, or a French Guarantor may have effectively no obligation under its Guarantees.

In addition, if a French Guarantor receives, in return for issuing the guarantee, an economic return that is less than the economic benefit such French Guarantor would obtain in a transaction entered into on an arm's-length basis, the difference between the actual economic benefit and that in a comparable arm's-length transaction could be taxable under certain circumstances.

Rights in the Collateral May be Adversely Affected by the Failure to Perfect Security Interests in the Collateral

Under French law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these liens. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any responsibility or obligation to take any steps or action to perfect any of these liens. In particular, pledges over the securities of French subsidiaries in the form a stock company (*société par actions*) that are governed by French law consist of pledges over a securities account (*nantissement de compte de titres*) in which the relevant securities are registered. The securities account pledges will be validly established after execution of a statement of pledge (*déclaration de nantissement de compte de titres financiers*) by each security provider in favor of the Security Agent. Each statement of pledge will have to be registered in the relevant shareholder's account (*compte d'actionnaire*) and shares registry (*registre de mouvement de titres*) of each French Guarantor. In France, no lien searches are available for security interests that are not publicly registered, with the result that no assurance can be given on the priority of a security interest if it is not publicly registered.

Limitations on Enforcement of Security Interests and Cash Amount (soulte)

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. Pledges over securities (whether in the form of a pledge over a securities account or in the form of a pledge over shareholding interests (*parts sociales*)) may generally be enforced at the option of the secured creditors either (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court in the context of a judicial attribution or by a precontractually agreed expert in the context of a contractual foreclosure. If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the securities as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured in that respect.

An enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities since the latter will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies.

Parallel Debt—Trust—French Security Agent

Under French law, the pledgee of a French law security interest and the creditor of the claim secured by such security interest are required to be the same person. Such security interest cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Civil Code.

Although a specific security agent regime was introduced in France in 2007 with Article 2328-1 of the French Civil Code, which allows an agent to create, register, manage and enforce security interests on behalf of creditors, this statutory provision is generally not considered as an efficient means of taking and managing security interests. In particular, French law does not specifically provide that the security interest is valid and enforceable for the benefit of a group of creditors if granted only to a sole security agent. Furthermore, Article 2328-1 of the French Civil Code only refers to security interests and was not be applicable to personal guarantees. As a result, creditors preferred to use other legal instruments (such as parallel debts and trusts) to take and manage their security interests.

The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, they will be provided for by the creation of "Parallel Debt" obligations in favor of the Security Agent mirroring the obligations of the Issuer and the Guarantors (as principal obligors) to the holders of the Notes under or in connection with the Indenture (the "Principal Obligations").

The Parallel Debt will at all times be in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Pursuant to the Parallel Debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by French law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are in some instances direct beneficiaries of the security interests in the Collateral).

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (*Cass. com*. September 13, 2011 n°10-25533 *Belvédère*) relating to a bond documentation governed by New York law. Such a decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as a recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the security interests in the Collateral created to the benefit of the Security Agent as Parallel Debt creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The Parallel Debt structure may soon be replaced by a new French law on security agents. The ordinance No. 2017-748 dated May 4, 2017, relating to security agent (*ordonnance n° 2017-748 du 4 mai 2017 relative à l'agent des sûretés*) intends to clarify and modernize the status of the French security agent by deleting the former Article 2328-1 of the French Civil Code and by creating a new regime for the agent specifically designated for the purpose of taking, managing and enforcing security interest and personal guarantees in the context of financing arrangements. Such new regime will only apply to security agents appointed after October 1, 2017. New Articles 2488-6 to 2488-12 of the French Civil Code allow the creation of security interests and personal guarantees for the direct benefit of a security agent, which will hold such rights separately from its own estate. As a result, the rights of secured creditors under security interests and personal guarantees will be ring-fenced if the security agent is the subject of insolvency proceedings (except in cases of fraud or in cases of the exercise of a right of pursuit (*droit de suite*) of a creditor). The security agent will remain liable for gross negligence or willful misconduct in the performance of its duties. The security agent can take all legal actions to protect the secured creditor's interests and file a receivable on behalf of one or several creditors in a debtor's insolvency proceeding. The security agent must be appointed pursuant to a written agreement specifying its quality, its duties, the duration of its duties and its powers.

The Trustee has certain duties and rights under the Indenture that become particularly important following defaults or events of default, and acts as trustee in the interests of the holders of the Notes.

The concept of "trust" has been recognized by the French Tax Code and the French Supreme Court (*Cour de cassation*), which has held, in the same published decision referred to above (*Cass. com.* September 13, 2011 n°10-25533 *Belvédère*) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law.

The Security Documents are granted to the benefit of the Security Agent. To the extent that the security interests in the Collateral created to the benefit of the Security Agent are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Trustee or the Security Agent.

Fraudulent Conveyance

French law contains specific *action paulienne* provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security or any other legal act having similar effect) can be challenged in or outside insolvency proceedings of such debtor by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan*) or by any of the creditors of such debtor outside the insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings. Any such legal act may be declared unenforceable against third parties if: (i) the debtor performed such act without an obligation to do so; (ii) the relevant creditor or (in the case of the debtor's insolvency proceedings) any creditor was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the legal act was performed, both the debtor and the counterparty to the transaction knew or should have known that one or more of such debtor's creditors (existing or future) would be prejudiced in their means of recovery (where the legal act was entered into for no consideration (*à titre gratuit*), no such knowledge of the counterparty is necessary). If a court found that the issuance of the Notes, the grant of the security interests in the Collateral or the granting of a Notes Guarantee involved a fraudulent conveyance, then the issuance of the Notes, the granting of the security interests in the Collateral or the granting of such Notes Guarantee could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the Notes Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, the security interests in the Collateral or the Notes Guarantees could also be subject to recovery from the creditor having initiated the *action paulienne.* In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

Recognition of Intercreditor Arrangements by French Courts

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor Agreement, except for Article L. 626-30-2 of the French Commercial Code which states that, in the context of safeguard or judicial reorganization proceedings, the safeguard or continuation plan that is put to the vote of the creditors' committee takes into consideration (*prend en compte*) the provisions of subordination agreements between creditors that were entered into prior to the commencement of the proceedings. As a consequence, except to the extent referred to above (which, as of the date of this offering memorandum, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Agreement.

Recognition of Validity of Second- or-Lower Ranking Financial Securities Account Pledges by French Courts

The Intercreditor Agreement provides for a mechanism allowing the implementation of second- or lower-ranking pledges over financial securities accounts.

A pledge over the shares of a stock company (*société par actions*) governed by French law is a pledge over the relevant securities account (*nantissement de compte de titres financiers*) in which the shares of such company are registered. In France, no lien searches are available for security interests that are not registered in official ledgers, such as pledges over securities accounts (*nantissements de comptes de titres financiers*). As a result, no assurance can be given on the priority of a pledge over a securities account in which the shares of such a company are registered.

Moreover, a pledge over securities accounts is deemed, under French law, to remove the securities account from the possession of the grantor, thereby preventing such grantor from granting a second- or lower-ranking pledge thereon. The second- or lower-ranking pledge over the shares of such a company will therefore provide that the possession of the securities account is transferred to the custody of an agreed third party as *tiers convenu* (*entiercement*), that the first-ranking and second- or lower-ranking secured parties have consented to the creation of second- or lower-ranking pledge and that the first-ranking secured parties have accepted their appointment as *tiers convenu* and hold the pledged securities as custodian for the benefit of both the first-ranking and the second- or lower-ranking secured parties. This structure has not been tested before the French courts and no assurance can be given that such second- or lower-ranking pledges would be upheld if tested. Therefore, there is a risk that the second, or lower-ranking pledge over the securities account in which the shares of such company are respectively registered may be held void or unenforceable by a French court, which in turn could materially adversely affect the recovery under the Notes or the Notes Guarantees (as applicable) following an enforcement event.

Assumptions as to the Enforceability of Second-Ranking Bank Account Pledges Over the Bank Accounts

Certain pledges over bank accounts are governed by French law. In France, no lien searches are available for security interests that are not registered in official ledgers, such as pledges over bank accounts. As a result, no assurance can be given on the priority of the pledges over the relevant bank accounts of a company.

Although French law does not expressly prohibit the grantor of a pledge over a bank account from granting a second, or lower-ranking pledge over the same bank account, this structure has not been tested before the French courts and no assurance can be given that such second, or lower-ranking pledges would be upheld if tested.

England and Wales

Some of the Guarantors are incorporated under the laws of England and Wales and are subject to an English law debenture and supplemental debenture. Therefore, any insolvency proceedings by or against the Guarantors would likely be based on English insolvency laws. However, pursuant to the EU Insolvency Regulation, where a company incorporated under English law has its "centre of main interests" in a Member State other than England and Wales, then the main insolvency proceedings for that company may be opened in the Member State in which its centre of main interests is located and be subject to the laws of that Member State. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened. The European Commission has published amendments to the EU Insolvency Regulation which may alter the manner in which the test for determining where a company has its centre of main interests might be applied during the term of the Notes. At this stage it is not possible to conclusively determine what (if any) impact there might be in relation to the Notes.

Similarly, the United Kingdom Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (i.e., non-English) court may have jurisdiction where any English company has its centre of main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services). To the extent that the United Kingdom Cross-Border Insolvency Regulations 2006 conflict with an obligation of the United Kingdom under the EU Insolvency Regulation, the requirements of the EU Insolvency Regulation will prevail.

English insolvency law is different from the laws of the United States and other jurisdictions with which investors may be familiar and it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company or a creditor making an application for administration in court, the company or the holder of a "qualifying floating charge" (discussed below) making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of a liquidation). A company may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely to become, unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes.

Under the Insolvency Act 1986, as amended (the "Insolvency Act"), a company is insolvent if it is unable to pay its debts. A company is deemed unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due), if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), or, among other matters, if it fails either to satisfy a creditor's statutory demand for a debt exceeding £750 or to satisfy in full a judgment debt (or similar court order).

The obligations under the Notes are secured by English law governed security interests over the Collateral and therefore English insolvency laws and other limitations could limit the enforceability of security interests over the Collateral.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the security interests over the Collateral that are governed by English law. The application of these laws could adversely affect investors and their ability to enforce their rights and/or the Collateral securing the Notes and therefore may limit the amounts that investors may receive in an insolvency of an English company.

Fixed and Floating Charges

Fixed charge security has a number of advantages over floating charge security: (i) an administrator appointed to the company which granted the floating charge can dispose of floating charge assets for cash or collect receivables charged by way of floating charge and use the proceeds and/or cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (ii) a fixed charge over assets, even if created after the date of a floating charge over the assets, may rank prior to the floating charge over the relevant assets providing that the floating charge has not crystallized at the time the fixed charge is granted and the fixed charge holder had no notice of any restrictions applicable to the creation of fixed charge security; (iii) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of floating charge assets to the extent the assets of the company available for creditors generally are otherwise insufficient to meet them (subject to certain restrictions for the costs of litigation) in priority to floating charge claims; (iv) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third-party good title to the assets free of the floating charge; (v) floating charge security is subject to certain challenges under English insolvency law (see "*—Grant of Floating Charge*"); and (vi) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring-fenced amount of the proceeds (see "*—Administration and Floating Charges*" below).

Under English law there is the possibility that a court could recharacterize as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice because the description given to the charges in the relevant security document as fixed charges is not determinative. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and Floating Charges

Under English insolvency law, English courts are empowered to order the appointment of an administrator in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointer. During the administration of a company, a statutory moratorium is imposed and a creditor would not be able to enforce any security interest (other than security financial collateral arrangements) or guarantee granted by it without the consent of the administrator or the court. The moratorium does not, however, apply to a "financial collateral agreement" (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. In addition, in limited circumstances (as set forth in more detail below) a secured creditor can appoint an administrative receiver, at which time no automatic statutory moratorium is created and creditors may begin or continue any legal action against the company, including petitioning for liquidation.

A chargee can appoint its choice of administrator by the out-of-court route or an administrative receiver if it holds a qualifying floating charge and such floating charge security, together with fixed charge security charges the whole or substantially the whole of the relevant English chargor's property. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (i) states that the relevant statutory provision applies to it, (ii) purports to empower the chargeholder to appoint an administrator of the company or (iii) purports to empower the chargeholder to appoint an administrative receiver. Even if the chargee holds a qualifying floating charge it can only appoint an administrative receiver if one of the exceptions to the general prohibition of appointing an administrative receiver applies. The most relevant exception to the prohibition on the appointment is that the chargee can appoint an administrative receiver under security forming part of a "capital markets arrangement" (as defined in the Insolvency Act, as amended), which is the case if the issuer of the notes incurs (or expected to incur) a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act, as amended, but is generally a rated, listed or traded debt instrument). Once an administrative receiver is appointed by the chargee the company or its directors will not be permitted to appoint an administrator by the out-of-court route and a court will only appoint an administrator if the charge under which the administrative receiver is appointed is successfully challenged or the chargee agrees. If an administrator is appointed to a company, any administrative receiver then in office must vacate such office and any receiver of part of the company's property must resign if requested to do so by the administrator.

Liquidation or Winding-Up

Liquidation is an asset realization and distribution procedure under which the assets of the company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act, as amended. At the end of the liquidation process the company will normally be dissolved. In the case of a liquidation commenced by way of a court order, no proceedings or other actions may be commenced or continued against the company except by leave of the court and subject to such terms as the court may impose (although security enforcement is not affected).

Under English insolvency law, a liquidator has the power to disclaim any onerous property by serving the prescribed notice on the relevant party. Onerous property, for these purposes, is any unprofitable contract and any other property of the company which is unsalable or not readily salable or is such that it may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company which may be regarded as detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous or because the company could have made, or could make, a better bargain. This power does not apply to a contract all the obligations under which have been performed nor can it be used to disturb accrued rights and liabilities.

A liquidator has the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding-up, to sell the company's property and to execute documents in the name of the company; and to challenge antecedent transactions.

Priority of Claims

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the insolvent company and to distribute realizations made from those assets to its creditors. Under the Insolvency Act and the Insolvency Rules 1986, creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the "prescribed part" (see "*—Prescribed Part*"), distributions cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority of claims on insolvency is as follows (in descending order of priority):

- first-ranking claims: holders of fixed charge security and creditors with a proprietary interest in assets of the debtor;
- second-ranking claims: expenses of the insolvent estate (there are statutory provisions setting forth the order of priority in which expenses are paid);
- third-ranking claims: preferential creditors. Preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; and (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date. As between one another, preferential debts rank *pari passu*;
- fourth-ranking claims: holders of floating charge security, according to the priority of their security. However, before distributing asset realizations to the holders of floating charges, the prescribed part must be set aside for distribution to unsecured creditors (see "*—Prescribed Part*");
- fifth-ranking claims: unsecured creditors. However, any secured creditor not repaid in full from the realization of assets subject to its security can also claim the remaining debt due to it (a shortfall) from the insolvent estate as an unsecured claim. To pay a shortfall, the officeholder can only use realization from unsecured assets, because secured creditors are not entitled to any distribution from the prescribed part in respect of a shortfall unless the prescribed part is sufficient to pay out all unsecured creditors;
- sixth-ranking claims: subordinated creditors. Creditors whose claims are subordinated to the payment of all of the insolvent company's other creditors; and
- seventh-ranking claims: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Prescribed Part

An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of the relevant company's net property and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English chargor's assets at the time that the floating charges are enforced will be a question of fact at that time.

Foreign Currency

Under English insolvency law any debt of a company payable in a currency other than pounds sterling (such as euro or U.S. dollars) must be converted into pounds sterling at the official exchange rate prevailing at the date when the company went into liquidation or, if the liquidation was immediately preceded by an administration, on the date that the company entered administration. This provision overrides any agreement between the parties. The "official exchange rate" for these purposes is the middle exchange rate in the London Foreign Exchange Market at the close of business as published for the date in question or, if no such rate is published, such rate as the court determines. Accordingly, in the event that an English company which has granted a guarantee or security or the Issuer goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date that such English company went into liquidation or administration and the receipt of any amounts to which such holders of the Notes may become entitled.

Challenges to Guarantees and Security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if an administrator or liquidator is appointed to the company within a specified period (as set forth in more detail below) of the granting of the guarantee or security and, in addition, the company was "unable to pay its debts" when the security interest or guarantee was granted or "unable to pay its debts" as a result.

If security or a guarantee granted by an English company is challenged under the laws of England and Wales, and the court makes certain findings (as described further below), it may be permitted to:

- void or invalidate all or a portion of an English company's obligations under the security and/or guarantee provided by such English company;
- direct that the holders of the Notes return any amounts paid by or realized from an English company under a guarantee or security to the relevant English company or to a fund for the benefit of the English company's creditors; and/or
- take other action that is detrimental to the holders of the Notes.

The Issuer cannot be certain that, in the event that the onset of an English company's insolvency (as described further below) is within any of the requisite time periods set forth below, the grant of a security interest or guarantee in respect of the relevant Notes would not be challenged or that a court would uphold the transaction as valid.

Onset of Insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges (as discussed below), depends on the insolvency procedure in question.

In administration, the onset of insolvency is the date on which (i) the court application for an administration order is issued, (ii) the notice of intention to appoint an administrator is filed at court or (iii) otherwise, the date on which the appointment of an administrator takes effect.

In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to the court, whereas in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be determined by reference to commencement of the initial administration.

Connected Persons

If the given transaction at an undervalue, preference, or invalid floating charge has been entered into by the company with a "connected person," then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set forth more particularly below).

A "connected person" of a company granting a security interest or guarantee for the purposes of transactions at an undervalue, preferences and invalid floating charges is a party who is (i) a director of the company, (ii) a shadow director, (iii) an associate of such director or shadow director or (iv) an associate of the relevant company.

A party is associated with an individual if they are (i) a relative of the individual, (ii) the individual's husband, wife or civil partner, (iii) a relative of the individual's husband, wife or civil partner or (iv) the husband, wife or civil partner of a relative of the individual.

A party is associated with a company if they are employed by that company.

A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his or her associates, or he or she and persons who are his or her associates have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same person by treating (in one or more cases) a member of either group as replaced by a person of whom he or she is an associate.

The following potential grounds for challenge may apply to guarantees and security interests.

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside a security interest or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a transaction at an undervalue. The grant of a security interest or guarantee will only be a transaction at an undervalue if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. For a challenge to be made, the guarantee or security must be granted within a period of two years ending with the onset of insolvency (as defined in Section 240 of the Insolvency Act, as amended). A court will not generally make an order in respect of a transaction at an undervalue if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. Subject to this, if the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the position to what it would have been if the transaction had not been entered into (which could include reducing payments under the guarantees or setting aside any security interests or guarantees although there is protection for a third party that benefits from the transaction and has acted in good faith for value). In any challenge proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts unless a beneficiary of the transaction was a "connected person" (as defined in the Insolvency Act, as amended, and as set forth in detail in "—*Connected Persons*" above), in which case there is a presumption the company was unable to pay its debts and the connected person must demonstrate the company was not unable to pay its debts in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of a company could apply to the court for an order to set aside a security interest or a guarantee granted by such company (or give other relief) on the grounds such security interest or such guarantee constituted a preference. The grant of a security interest or guarantee is a preference if it has the effect of placing a creditor (or a surety or guarantor of the company) in a better position in the event of the company's insolvent liquidation than if the security interest or guarantee had not been granted. For a challenge to be made, the decision to prefer must be made within the period of six months ending with the onset of insolvency (as defined in Section 240 of the Insolvency Act, as amended) if the beneficiary of the security interest or the guarantee is not a connected person, or two years if the beneficiary is a connected person. A court will not make an order in respect of a preference of a person unless it is satisfied the company was influenced in deciding to give it by a desire to produce the "better position" for that person. Case law suggests there must be a desire to prefer one creditor over another and not just other commercial motives even if they had the inevitable result of producing the better position. Subject to this, if the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantees or setting aside the security interests or guarantees). There is protection for a third party which benefits from the transaction and acted in good faith for value. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction and is not therefore limited to liquidators or administrators. If a company is in liquidation or administration, a victim must obtain permission of the court before making any application. There is no statutory time limit in the English insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction.

Extortionate Credit Transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by an English company up to three years before the day on which that company entered into administration or went into liquidation. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Account Banks' Right to Set-off

With respect to English law-governed charges over cash deposits (each, an "Account Charge") granted by an chargor over any of its bank accounts, the banks with which some of those accounts are held (each, an "Account Bank") may have reserved their right at any time (whether prior to or upon a crystallization event under the Account Charge) to exercise the rights of netting or set off to which they are entitled under their cash pooling or other arrangement with that chargor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's netting and set off rights with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement of the transaction security or the occurrence of certain insolvency events with respect to the relevant chargor) the Account Bank will no longer be entitled to exercise its netting and set off rights in relation to the account, except where the Account Banks have expressly reserved set off rights.

Limitation on Enforcement

The grant of an English law-governed Guarantees or security interest by any obligor guaranteeing or securing (as the case may be) the obligations of another member of the Group must satisfy certain legal requirements. More specifically, such transaction must be allowed by the respective obligor's memorandum and articles of association. To the extent these do not allow such an action, there is the risk that the grant of the Guarantee and the subsequent Collateral can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an obligor in good faith; however, the relevant legislation is not without difficulties in its interpretation. Furthermore, corporate benefit must be established for each obligor that is incorporated in England and Wales by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he or she considers, in good faith, would be most likely to promote success of the relevant obligor for the benefit of its members as a whole. If the directors enter into a transaction for which there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Under the Companies Act 2006, subject to limited exceptions, any security (including where not governed by English law) granted by a chargor incorporated in England and Wales (together with prescribed particulars of the security constituted thereby) must be received by the Registrar of Companies in England and Wales for registration within 21-days after the date of creation of the security constituted by the applicable security document. Such security, if not registered within the 21 day period, will be deemed to be void against a liquidator, administrator and a creditor of the applicable chargor. Furthermore, failure to register also means that the debt that was intended to be secured is deemed to have become immediately payable.

In the event the relevant security document is not registered, a chargor incorporated in England and Wales may be required to enter into a new security document and register that with Companies House within 21 days of its creation.

Alternatively, it may be possible to apply to the English courts for an order to rectify the position and allow the charge to be registered after the 21-day period has expired. This application can be made by a chargor incorporated in England and Wales or by any person interested in the relevant security. The court will grant leave to register the security out of time if it considers it "just and expedient" to do so, and will have particular regard as to whether the failure to register was merely accidental and whether a late registration will prejudice the position of creditors or shareholders. The court order will have to be enclosed with any delayed application for registration of the security.

Security created on or after October 1, 2011 by overseas companies over assets in England and Wales do not need to be registered with the Registrar of Companies (although they may still need to be registered with the applicable asset registry).

Guarantees and security granted by a guarantor or security provider a chargor who is incorporated in England and Wales are also subject to limitations to the extent they would result in unlawful financial assistance within the meaning of the Companies Act 2006.

Grant of Floating Charge

Under English insolvency law, if an English company is unable to pay its debts at the time of (or as a result of) granting a floating charge then such floating charge can be voided on the action of a liquidator or administrator if it was granted in the period of one year ending with the onset of insolvency (as defined in Section 245 of the Insolvency Act, as amended). The floating charge will, however, be validated to the extent of the value of the consideration provided for the creation of the charge in the form of money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge plus interest payable on such amounts. Where the floating charge is granted to a connected person the charge can be challenged if given within two years of the onset of insolvency and the prerequisite to challenge that the company is unable to pay its debts does not apply. However, if the floating charge qualifies as a "security financial collateral agreement" under the Financial Collateral Arrangements (No. 2) Regulations 2003, the floating charge will not be subject to challenge as described in this paragraph.

Schemes of Arrangement

Pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction the compromise of a company's liabilities where such company (i) is liable to be wound-up under the Insolvency Act and (ii) has "sufficient connection" to the English jurisdiction.

In practice, any foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied by the English courts where, among other things, the company's centre of main interests is in England, or the company's finance documents are English-law governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on a detailed debt restructuring compromise. Such restructuring compromise can be proposed by the company or its creditors. If 75% by number and 50% by value of those creditors in each relevant class present and voting at the creditors' meeting(s) vote in favor of the proposed restructuring compromise, irrespective of the terms and approval thresholds contained in the finance documents, that restructuring compromise will be binding on all affected creditors, including those affected creditors who did not participate in the vote on the scheme of arrangement and those who voted against the scheme of arrangement. The decision whether or not to sanction a scheme is then at the discretion of the court.

Italy

Limitation on Granting of Security Interests and on Enforcement Under Italian Law

The first-ranking pledge over the shares of Magnolia S.p.A. is governed by Italian law.

The secured creditors under the Collateral are, among others, the holders of the Notes from time to time and U.S. Bank Trustees Limited (in its capacity as the Trustee of the Notes).

It must be noted that a secured creditor (this being a creditor whose credit repayment is secured by a pledge or other in rem collateral) under Italian law, will receive preferential payment out of pre-insolvency (unless a different agreement is reached) and in court insolvency proceeding. However, an automatic stay is provided in such a way that secured creditors are prevented from enforcing their security interests starting from the date of publication of the court declaration of insolvency.

Under Italian law the beneficiary of a security interest must be clearly identified and indicated in the relevant security document. Due to the impossibility to clearly identify and keep track over time of the names of the individual holder of the Notes, Italian security documents are created in favor of a "trustee" of the Notes on behalf of the holders of the Notes and in favor of the Security Agent.

It is uncertain and untested in the Italian courts whether under Italian law a security can be created and perfected (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of U.S. Bank Trustees Limited as the Trustee of the Notes since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Trustee as agent or trustee for holders of the Notes under security interests on Italian assets is debatable under Italian law.

Given the above and considering that the holders of the Notes are not party to the Italian law governed security document, there is a risk that an Italian court may determine that the holders of the Notes (in relation to which the relevant perfection formalities acknowledging their status as a secured creditor are not perfected at the time of enforcement) are not secured by the security interests created under the Italian law governed security documents and/or cannot enforce that security interest.

The validity of "parallel debt" structures under Italian law has, to date, not been considered before the Italian courts and the security interests comprising the parallel debt claim could be held to be in conflict with mandatory provisions of Italian law. Accordingly, no assurance can be given that the enforceability of a security interest governed by Italian law securing a "parallel debt" obligation will be upheld by an Italian court and further, no assurance can be provided on how an Italian court would interpret an Italian law security instrument purporting to secure, inter alia, a "parallel debt" obligation.

The procedures for the enforcement of Italian law security and the timing for obtaining judicial decisions (including in relation to security enforcement) in the Republic of Italy are complex and time consuming, especially given that the Italian courts maintain a significant role in the enforcement process, in comparison to other jurisdictions with which investors may be familiar.

Under Italian law, the creation of a security interest by a company must be permitted by its bylaws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit and corporate authorization. If a security interest is being provided in the context of an acquisition, group reorganization, refinancing or restructuring, financial assistance issues may also be triggered.

Corporate Benefit

An Italian company granting a security interest must receive a real and adequate benefit in exchange for the security interest. While corporate benefit for downstream security (i.e., security granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of upstream or cross-stream security (i.e., security granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest. The concept of "real and adequate benefit" is not defined in the applicable legislation and is determined on a case-by-case basis. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although in certain circumstances, and subject to specific rules, the interest of the group to which such company belongs may also be taken into consideration. In particular, in the case of upstream and cross-stream security for the financial obligations of group companies, examples include financial consideration in the form of access to cash flow through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for, lack of corporate benefit and, conflict of interest. Generally, the risk assumed by an Italian grantor of security must not be disproportionate to the direct or indirect economic benefit to it.

The absence of a real and adequate benefit could render the security provided by an Italian company *ultra vires* and potentially be affected by a conflict of interest. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interests of the grantor and that the acts carried out do not fall within the corporate purpose of the company. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control.

Moreover, the security interest granted by an Italian company could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interests of the Italian company.

The above principles on corporate benefit apply equally to upstream and downstream guarantees granted by Italian companies.

Financial Assistance

The granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Any loan, guarantee or security given or granted in breach of these provisions is null and void. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation.

Certain Italian Insolvency Law Considerations

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurers and other companies authorized to carry out certain reserved activities nor does it provide a comprehensive description of insolvency laws applied where public companies are involved. Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts.

The two primary aims of Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as amended and currently in force (the ''Italian Bankruptcy Law'') are to liquidate the debtor's assets protect the goodwill of the going concern (if any) or the satisfaction of creditors' claims as well as, in case of the ''Prodi-*bis*'' procedure or ''Marzano'' procedure, to maintain employment. These competing aims often have been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy (*fallimento*) must be declared by a court, based on the insolvency (*insolvenz*a) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency, as defined under Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, and not a temporary, status, in order for a court to hold that a company is insolvent.

Only corporations whose indebtedness and assets values exceed certain thresholds are subjected to bankruptcy proceeding (as further indicated). In addition to the above, the following pre-insolvency proceedings are currently available under Italian law for companies facing financial difficulties or temporary cash flow shortfalls and, in general, financial distress.

Italian Bankruptcy Law provides for three models of pre-insolvency proceedings: (i) court pre-bankruptcy composition with creditors (*concordato preventivo*) (''CP''), (ii) debt restructuring agreements (*accordi di ristrutturazione dei debiti*) (''DRA''); and (iii) certified restructuring plans (*piani attestati di risanamento*) (''CRP''). Under UE Insolvency Regulation only the CP is listed in the relevant Annex A, whilst under the New EU Insolvency Regulation both CP and DRA are listed in the relevant Annex A.

It should be noted that all of the above-mentioned pre-insolvency proceedings often require creditors to compromise on their right to be fully satisfied. The debtor may offer to creditors partial settlement of their claims.

Restructuring Outside of a Judicial Process

Restructuring generally takes place through a formal judicial process because it is more favorable to the debtor and because out-of-court arrangements put in place as a result of an out-of-court restructuring (other than those put in place under the safe harbor of an out-of-court reorganization CRP pursuant to

Article 67, Paragraph 3(d) of the Italian Bankruptcy Law, which exempts—provided all actions indicated in the plan are fully implemented—from insolvency claw-back and from certain criminal law provisions on bankruptcy those transactions executed as part of the CRP) are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions, and may trigger civil or criminal liabilities in the event of a subsequent bankruptcy.

Certified Restructuring Plans Pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law (piani attestati di risanamento)

Out-of-court CRPs (*piani attestati di risanamento*) are based on restructuring plans (*piani di risanamento attestati*) prepared by debtor for the purpose of restructuring their indebtedness and ensuring the recovery of their financial condition, the feasibility of which, together with the truthfulness of debtor's business (and accounting) data, must be assessed by an independent expert directly appointed by the debtor. The expert can only be selected and appointed from among those possessing certain specific professional requisites and qualifications (e.g., being registered in the auditors' registrar), and meeting the requirements under Article 2399 of the Italian Civil Code. The expert may be subject to civil and criminal liability in case of misrepresentation or false certification.

CRPs are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or other supervising authority. CRPs do not require to be approved and consented to by a specific majority of all outstanding claims. Following a restructuring plan, there is no entrusting of a business to another entity; therefore, the debtor remains entitled (during the negotiation as well as the execution of the CRP) to manage its business.

The terms and conditions of the restructuring plans are freely negotiable. Unlike in CP and DRA proceedings, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors (in particular during the CRPs negotiation). The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/or acts carried out for the implementation of the reorganization plan, subject to certain conditions (i) are not subject to claw-back action; and (ii) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the companies' register are needed (although, upon request of the debtor, a CRP can be published in the relevant companies' register and in such case creditors would benefit from a reduction in debtor tax liability).

Debt Restructuring Agreements with Creditors Pursuant to Article 182-bis of the Italian Bankruptcy Law (accordi di ristrutturazione dei debiti)

Out-of-court agreements for the restructuring of indebtedness entered into with creditors representing at least 60% of the outstanding company's debts must be ratified (*omologati*) by a court. An independent expert, directly appointed by the debtor, must assess—in addition to the truthfulness of the debtor's business data—that the agreement is feasible and, in particular, that it ensures that the non-participating creditors can be fully satisfied within 120 days from (i) the ratification (*omologazione*) of the DRA by the court, in case the relevant claims are already due and payable to the non-participating creditors as of the date of the ratification of the debt restructuring agreement by the court or (ii) from the date on which the relevant debts fall due, in case the relevant claims are not yet due and payable to the non-participating creditors as of the date of the sanctioning of the restructuring agreement by the court.

Only a debtor who is in a situation of "financial distress" (i.e., facing financial distress which does not yet amount to insolvency) can initiate such process and request the court's confirmation (*omologazione*) of the DRA, which must be entered into with creditors representing not less than 60% of the company's debts.

The DRA, which may consist of separate agreements reached with each creditor, must be published in the Italian companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor in relation to pre-existing claims and cannot obtain any new and additional security interest (unless agreed) in relation to the pre-existing debts. Such moratorium can be requested, pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law, by the debtor to the court pending negotiations with creditors (prior to the DRA's execution and publication) subject to the fulfillment of certain conditions. A DRA may also contain a proposed tax settlement for the partial or deferred payment of certain overdue taxes, as provided in Article 182-*ter* of the Italian Bankruptcy Law.

The application for a moratorium must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for the hearing within 30 days from the filing of the request and orders the company to file the relevant documentation in relation to the moratorium to the creditors. At such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which the DRA has to be filed. The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the CP (as described below) may be filed, without prejudice to the effect of the moratorium.

Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the DRA. The plan can therefore provide, inter alia, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. After having settled the oppositions (if any) the court will validate the agreement by issuing a decree, which can be appealed within 15 days of its publication.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, financings granted to a debtor "in execution of" ("*in esecuzione di")* a DRA, as well as of a CP, benefit of a super senior status. Additionally, even the financings granted "in view of" ("*in funzione di"*) the filing of a petition for the sanctioning ("*omologazione"*) of an agreement pursuant to Article 182-*bis* or a *concordato preventivo* procedure benefit of the same super senior status in the case of the subsequent bankruptcy of the debtor where such financings are contemplated under the underlying restructuring plan and the super priority status is expressly recognized by the court in the context of the sanctioning of the Article 182-*bis* agreement or the approval of the *concordato preventivo* procedure. The same provisions apply to financings granted by shareholders of up to 80% of their amount.

Moreover, pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy Law, pending the sanctioning of the DRA agreement pursuant to Article 182-*bis*, Paragraph 1, or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6 (in relation to the court supervised pre-bankruptcy arrangement with creditors procedure) the Court, may authorize the debtor to obtain urgent interim and super-senior credit facilities in order to fund its current business activity until the period set by the Court to file the full petition for homologation of a DRA or of a CP or the term provided for by Article 182-bis, Paragraph 7, of Italian Bankruptcy Law expires. Such authorization may be also granted before the filing of the additional documentation pursuant to Article 161, Paragraph 6 (Pre-application for the composition with creditors (concordato preventivo), even in view of a DRA (*accordo di ristrutturazione del debito*)), if the debtor expressly requests: : (i) to incur new super senior indebtedness and to secure such indebtedness with in rem securities (*garanzie reali*), provided that the expert appointed by the debtor declares that the new financing aims to provide better satisfaction of the creditors and (ii) to pay pre-existing debts deriving from the supply of services or goods, already payable and due, provided that the expert declares that such payments are essential for the company to operate. This possibility may be available to the applicant whereas its business activity is kept as a going concern.

As introduced by Decree Law June 27, 2015 No. 83, pending the sanctioning (omologazione) of the DRA pursuant to Article 182-bis, Paragraph 1, or after the filing of the moratorium application pursuant to Article 182-bis, Paragraph 6, of Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, also in the absence of the plan pursuant to article 161, Paragraph 2, letter (e), the Court may also authorize the debtor to incur in new super senior indebtedness, aimed at providing urgent financial requirements related to the company's business. The company, filing such request of authorization, shall specify (i) the purposes of the financing (ii) that it is not able to obtain the financing otherwise and (iii) that, the absence of such financing will entail an imminent and irreparable prejudice to the company.

It should be specified that the provision of Article 182-*quinquies* of the Italian Bankruptcy Law applies to both DRA and to CP.

Please note that the Italian Government further integrated the rules applicable to DRAs with Article 182-septies of the Italian Bankruptcy Law which allows the debtor to cram down the agreement also to dissenting minority financial creditors, in two different frameworks: (i) stand-still agreements for a "temporary moratorium" pending negotiations, and (ii) the actual DRA. Provisions under Article 182-septies of the Italian Bankruptcy Law apply only: (i) when the amount of claims by financial creditors (hereinafter referred to as "**lenders**") represent at least 50% of the total indebtedness; (ii) to claims of lenders (without prejudice therefore for the rights of other creditors).

With reference to the cram down of lenders with respect to a DRA, the new regulation allows the debtor—in the context of the proceeding for confirmation of a debt restructuring agreement by the Court—to "compel" acceptance by individual lenders to the agreement entered into with a large majority of lenders, under the following conditions:

- dissenting lenders are included into one or more "classes" of lenders with the same legal status and "homogeneous" economic interests;
- lenders having accepted the agreement and included in the same "class" represent at least 75% of the aggregate financial claims of the "class"; the agreement identifies the different "classes";
- dissenting lenders have been informed and have been allowed to participate in good faith to the negotiations;
- dissenting lenders have received comprehensive and updated information on the assets, the financial and economic conditions of the debtor, as well as on the terms of the agreement and its effects;
- negotiations have been conducted in good faith;
- the debtor has requested pursuant to Article 182-bis of the Italian Bankruptcy Law that the effects of the agreement be extended to dissenting lenders.

The classes of lenders will be identified on the basis of the same criteria (the expression "*homogeneous legal status and economic interests*" is the same) which have presided over a decade the formation of classes in the *concordato preventivo* proceeding: case law on the subject can then be referred to.

With reference to the cram down of minority dissenting lenders with respect to stand-still agreements, such procedure does not require the intervention of the Court and occurs provided the following conditions are met:

- dissenting lenders have been informed of the negotiations and have been enabled to participate in good faith (it is to be assumed that this involves—although not expressly provided—that dissenting lenders have received comprehensive and updated information of the assets, the economic and financial conditions of the debtor as well as on the terms of the moratorium and its effects);
- lenders approving the stand still represent at least 75% of claims held by lenders affected by the moratorium;
- an independent expert appointed by the debtor certifies that the legal position and economic interests of lenders affected by the stand still are indeed homogeneous.

Such debt restructuring agreements and standstill agreements will not affect the rights of non-financial creditors (e.g., trade creditors) who cannot be crammed down and must be paid within 120 days if not participating to a scheme.

Court Supervised Pre-Bankruptcy Arrangement with Creditors Pursuant to Article 161 of the Italian Bankruptcy Law (concordato preventivo)

In general, pursuant to Article 1 of Italian Bankruptcy Law, corporations are submitted to CP provisions and/or to bankruptcy where any of the following thresholds are exceeded: (i) assets (*attivo patrimoniale*) in an aggregate amount exceeds €0.3 million in each of the three preceding fiscal years; (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeds €0.2 million for each of the three preceding fiscal years; or (iii) total indebtedness (including debt not overdue and payable) is in excess of €0.5 million.

A company that is a situation of financial distress and/or crisis which has not been declared insolvent by the court, has the option of seeking an arrangement with its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceeding.

Only the debtor company can file a petition with the court for a CP, which must be accompanied and supported by a restructuring plan proposed to the creditors and an independent expert's (which fulfills the same professional requisites and qualifications required under CRP procedure) report assessing the feasibility of the arrangement proposal and the truthfulness of the business data on which the plan is grounded. Following the filing of the petition with the court, the petition is published by the court in the companies' register. Between the publishing in the companies' register of the CP proposal and its sanctioning by the court, all enforcement actions by the creditors (whose title arose before the publishing in the companies' register of the CP proposal) are stayed. In addition, during this time, pre-existing creditors cannot obtain security interests (unless authorized by the court) and among other things mortgages registered within 90 days preceding the date on which the petition for the CP is published in the Italian companies' register are ineffective against such pre-existing creditors. In addition, the arrangement proposal may provide for, among other things: (i) the restructuring of debts and the satisfaction of creditors' claims (provided that, in any case, it shall ensure payment of at least 20% of the unsecured receivables), except for the case of composition with creditors with continuity of the going concern (*concordato con continuità aziendale*), in any manner, including by way of example, through extraordinary transactions such as the granting to creditors and their subsidiaries or affiliated companies of shares, bonds (also convertible into shares) or other financial instruments and debt securities; (ii) the transfer to a receiver (*assuntore*) of the operations of the business involved in the proposed arrangement agreement; (iii) the placing of creditors into different classes; and (iv) different treatments of creditors belonging to different classes.

The arrangement proposal may provide that: (i) the debtor's company's business continues to be run by the debtor company as a going concern; or (ii) the business is transferred to one or more companies and any assets that are no longer necessary to run the business are liquidated. In both cases, the petition for the CP should fully describe the costs and revenue that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support that will be necessary. The report of the independent expert shall also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such arrangement proposal were not implemented. Furthermore, the going concern-based arrangement with creditors can also provide the winding-up of those assets which are not functional to the business. The arrangement agreement may also provide a proposed tax settlement for the partial or deferred payment of certain taxes.

The court determines whether the proposal for the arrangement is admissible, in which case the court, inter alia, delegates a judge (*giudice delegato*) to follow the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. Starting from the filing in the companies' register of the CP proposal and during the implementation of the arrangement, the company is managed by its corporate bodies (usually its board of directors) under the supervision of such judicial officer(s) and the judge delegated by the court. The debtor is allowed to carry out urgent extraordinary transactions only upon the court's prior authorization, while ordinary transactions may be carried out without such authorizations (e.g., no financing, pledges, mortgages and/or sale and purchase of real estate assets are allowed without such authorizations). Third party claims, related to the interim acts legally carried out by the debtor, are super senior (*prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law. However, it should be noted that the super senior classification pursuant to Article 111 of the Italian Bankruptcy Law, with particular reference to the acts made "in connection with" (*in occasione di*) the concordato preventivo procedure, shall remain subject to the judgement of the designated judge under the possible following bankruptcy proceedings. On the occurrence of some circumstances, the judge could not admit such super senior classification and should convert the relevant credit in unsecured (*creditore chirografario*) subject to partial satisfaction.

The CP proposal is voted on at a creditors' meeting and must be approved by the favorable vote of creditors representing the majority of credits entitled to vote. If the proposal provides for different classes of creditors, the approval of the plan also requires the favorable vote of creditors representing the majority of creditors in the majority of such classes. Creditors who, being entitled to vote, did not do so and whom did not express their dissent (including failing to notify their objection via telegraph, fax, mail or certified e mail) within 20 days of the closure of the minutes of the creditors' meeting are considered dissenting. Secured creditors do not generally vote on the proposal for the CP as they carry preferential claims, which must be fully satisfied. Secured creditors may vote if they waive their security or if the CP provides that, based on an independent expert appraisal of the value of the secured assets, they will not be fully satisfied (in which case they can vote only in respect of the part of the debt affected by the proposal).

The court may also approve the CP (notwithstanding a circumstance in which that one or more classes objected to the CP) if (i) the majority of the classes has approved the CP and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through the CP compared to other solutions, which known as a "cramdown." If the proposal does not provide for classes of creditors and if any objection to the implementation of the CP is filed by at least 20% of the creditors entitled to vote, the court nevertheless confirms the CP if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the CP than would be otherwise be the case.

Italian Law Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan to the debtor's plan in a pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor does not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

In addition, in order to strengthen the position of the unsecured creditors, Law 132/2015 sets forth that, in order to be admissible, a pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*) (i.e. a pre-bankruptcy agreement proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and ratified (*omologato*), the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-bis of the Italian Bankruptcy Law, introduced by Italian Law Decree 83/2015, as amended by Law 132/2015, provides that, if the CP plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or of the debtor's going concern (or of parts of it) to an specific third party, the Court must open a competitive bidding process concerning the assets.

After the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the CP proposal by issuing a confirmation order.

If the approval of the CP fails, the court may, upon the request of the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the company bankrupt.

Pre-application for the Composition with Creditors (concordato preventivo), Even in View of a Restructuring Agreement (accordo di ristrutturazione del debito)

The filing of the application for the certification of a restructuring arrangement (*accordo di ristrutturazione del debito*) and the application for a composition with creditors (*concordato preventivo*) may be pre-empted by the filing by the debtor distressed company of a pre-application for a composition with creditors (*preconcordato preventivo*). In particular, according to Article 161(6) of the Italian Bankruptcy Law, the distressed company may file a pre-application for the composition with creditors together with (i) the financial statements for the last three financial years and, pursuant to the recent law Italian law decree no 69/2013 as converted into law No. 98 of August 9, 2013 ("Law Decree 69/2013") and (ii) the list of creditors with reference to the amount of their respective receivables, asking the competent court to set a deadline, between 60 and 120 days (subject to a further extension of up to 60 days where there are reasonable grounds (*giustificati motivi*)) for the filing of additional documents required for the filing of a petition with the court for a CP. Pursuant to Law Decree 69/2013, the court, if accepts such pre-application, may appoint a judicial commissioner to oversee the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (e.g., concealment of part of its assets, omitting to report one or more claims, declaring of nonexistent liabilities or the commissioning of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*. The debtor company may not file such pre application where it had already done so in the previous two years without admission to the CP (or the certification of a DRA) having followed. The decree setting the term for the presentation of the documentation also contains the periodic information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of filing the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The debtor company shall file, on a monthly basis, the company's financial position, which is published the following day in the companies' register. Noncompliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon the request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate for the preparation of the application and the restructuring plan, the court may, *ex officio*, after hearing the debtor and—if appointed—the judicial commissioner, reduce the time for the filing of additional documents. Following the filing of the pre application and until the decree of admission to the composition with creditors, the distressed company may (i) carry out acts pertaining to its ordinary activities and (ii) seek the court's authorization to carry out acts pertaining to its extraordinary activity, to the extent they are urgent. Claims arising from acts lawfully carried out by the distressed company are treated as super senior (*prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law and related acts, payments and security interests granted are exempt from the claw-back action provided under Article 67 of the Italian Bankruptcy Law. However, it should be noted that the super senior classification pursuant to Article 111 of the Italian Bankruptcy Law shall remain subject to the judgement of the designated judge under the possible following bankruptcy proceedings. On the occurrence of some circumstances, the judge could not admit such super senior classification and should convert the relevant credit in unsecured (*creditore chirografario*) subject to partial satisfaction.

Bankruptcy Proceedings (fallimento)

A request to declare a debtor bankrupt and to commence a bankruptcy proceeding (*fallimento*) for the judicial liquidation of its assets can be filed by the same debtor, one or more creditors and, in some cases, by the public prosecutor. Bankruptcy is declared by the competent bankruptcy court. Bankruptcy proceedings under Italian Bankruptcy Law are applicable only if the commercial enterprises (*imprenditori commerciali*) meets any of the following thresholds: (i) assets (*attivo patrimoniale*) in an aggregate amount exceed €0.3 million in each of the latest three fiscal years; (ii) gross revenue *(ricavi lordi*) in an aggregate amount exceed €0.2 million for each of the latest three fiscal years; or (iii) total indebtedness is in excess of €0.5 million.

Upon the commencement of a bankruptcy proceeding:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances secured creditors may enforce against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt entity's other unsecured debt. Subject to certain exceptions, the in rem secured creditor may sell the secured asset only after it has obtained authorization from the designated judge (*giudice delegato*). After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee, the designated judge decides whether to authorize the sale, and sets forth the timing in its decision;

- the administration of the debtor and the management of its assets pass from the debtor to the bankruptcy receiver. To this regard, pursuant to Articles 72 et sub. of the Italian Bankruptcy Law the continuation of the pending agreements (*contratti in corso di esecuzione*) existing at bankruptcy declaration's date shall be subject to the positive authorization of the bankruptcy receiver. Please note that certain agreements are governed by a specific regulation provided for in the Italian Bankruptcy Law;

- any act of disposition or transaction (including payments) made by the debtor after a declaration of bankruptcy, other than those made through the receiver, is ineffective; and

- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over. In order to overcome the uncertainty that may predictably arise, the counterparty to the bankruptcy receiver may file a written petition requiring the Courts to fix a term no longer than 60 days within which the receiver shall decide to enter into the agreement or withdraw from it. Upon expiration of such term without the receiver having replied to the counterparty's request, the agreement is deemed terminated. Although the general rule is that the execution of contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to continue or terminate them, certain contracts are governed by specific rules provided for by Italian Bankruptcy Law.

The bankruptcy proceeding is carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors and the creditors' committee, as specifically provided for by law, has in some cases authorization power over the bankruptcy receiver and, in general, consultation functions over the latter and vigilance authority over the bankruptcy proceedings. The bankruptcy receiver is responsible for the liquidation of the assets of the debtor for the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate. The Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and including the costs related to the receiver's running of the company, Italian tax and national social security contributions, and employee arrears of wages or salary. Unsecured creditors are therefore satisfied after payment of preferential and secure creditors, out of available funds and assets (if any) as below indicated.

The following features of bankruptcy proceedings also merit mention:

- *Bankruptcy arrangement with creditors (concordato fallimentare*). A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy arrangement proposal with creditors. The relevant petition can be filed by one or more creditors or third parties starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before two years from the decree granting effectiveness to the bankruptcy's estate. The petition may provide for the placing of creditors into different classes (thereby proposing different treatments among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The petition may provide the possibility that secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority of claims (and, if classes are formed, by a majority of the claims in a majority of the classes). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. Final court confirmation is also required.
- *Statutory priorities.* The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Under Italian law, the highest priority claims (after the costs of the proceedings are paid, including the costs related to the receiver's running of the company during the proceedings) are the claims of preferential creditors, including the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The claims of secured creditors have priority, subject to certain claims preferred by the operation of law, on the proceeds deriving from the liquidation of the secured assets, net of administrative and maintenance costs incurred during the proceedings by the receiver to preserve the value of the secured assets. To the extent the proceeds of the sale of the secured assets are not sufficient to fully satisfy the secured claim, the latter will participate with the unsecured creditors in the distribution of the proceeds of the disposal of the remaining assets. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). The law sets a hierarchy of claims that must be strictly adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate, a part thereof or from a single asset.
- *Avoidance powers in insolvency.* As in other jurisdictions, there are claw-back or the avoidance provisions under Italian Bankruptcy Law that may give rise, among other things, to the revocation of payments or the granting of security interests or other transactions made by the debtor prior to the declaration of bankruptcy. The key voidance provisions address transactions made below market value, transactions made with a view to defrauding creditors or to advantage one creditor. Bankruptcy claw-back rules under Italian law are normally considered to be particularly favorable to the receiver compared to the rules applicable in other jurisdictions, which you may be familiar. In a bankruptcy

proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six months under certain circumstances) and a two-year ineffectiveness period for certain other transactions.

In particular, the Italian Bankruptcy Law distinguishes between acts or transactions that are ineffective by operation of law and acts or transactions that are voidable at the request of the bankruptcy receiver or court commissioner:

Acts ineffective by operation of law. Under Article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective vis-à-vis creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration. Moreover, under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective vis a' vis creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

Acts and transactions that may be voided (revocati) at the bankruptcy receiver's request. These can include the following:

(i) The following acts and transactions, if made during the relevant period as specified below, may be voided and declared ineffective, unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:

- transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;
- payments of debts, due and payable, made by the bankrupt entity which were not paid in cash or by other customary means of payment in the year before the insolvency declaration;
- pledges and voluntary mortgages granted by the bankrupt entity in the year before the insolvency declaration in order to secure pre-existing debts that have not yet fallen due; and
- pledges and judicial and/or voluntary mortgages granted by the bankrupt entity in the six months before the insolvency declaration in order to secure debts which had fallen due.

(ii) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be voided (*revocati*) and declared ineffective if the bankruptcy receiver proves (also by way of presumptions) that the other party knew that the bankrupt entity was insolvent:

- the payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months before the insolvency declaration; and
- deeds granting pre-emptive rights in favor of debts (even those of third parties) which are simultaneously created and made within six months before the insolvency declaration.

(iii) The following transactions are exempt from claw-back actions:

- a payment for goods or services made in the ordinary course of business according to market practice;
- a remittance on a bank account, provided that it does not materially and permanently reduce the bankrupt entity's debt to the bank;
- the sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended to be the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended to be the main place of business of the purchaser and the purchaser has already commenced its business activity in the relevant premises or made investments to that end, as of the date of which the bankruptcy is declared;
- transactions entered into, payments made and security granted with respect to the bankrupt entity's goods, provided that they concern the implementation of CRP which allows for the restructuring of the debt and for the improvement of its financial position, provided that such plan is certified as reasonable by an expert eligible to be appointed as a bankruptcy receiver, as provided by Articles 28, let. a) and b) and 67, paragraph 3, letter d) of the Italian

Bankruptcy Law, registered in the accounting auditors' register, independently possessing the requisites under Article 2399 of the Italian Civil Code,

- a transaction entered into, payment made, guarantee issued or security granted to implement a *concordato preventivo* or an *accordo di ristrutturazione del debito* under Article 182-*bis* of the Italian Bankruptcy Law and transactions entered into, payments made and security interests granted after the filing for the application for a *concordato preventivo* pursuant to Article 161 of the Italian Bankruptcy Law (see above); and
- remuneration payments to the bankrupt entity's employees concerning work carried out by them; and
- payment of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to the CP procedure.

In addition, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared void within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that: (i) the bankrupt entity was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the creditor); and (ii) in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design). Burden of proof is entirely with the receiver.

Extraordinary Administration for Large Insolvent Companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

This is an extraordinary administration procedure available under Italian law for large industrial and commercial enterprises (commonly referred to as the "*Prodi-bis procedure*"). The same rules set forth for bankruptcy proceeding with respect to creditors' claims largely apply to an extraordinary administration proceeding as well as to the hierarchy of claims to be adhered to in distributing any available asset. Preferential payment is granted to those credits (even unsecured credits) accrued to allow the conduct of the company's business activity.

To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. The procedure may be commenced by the petition of one or more creditors, the debtor for the public prosecutor or upon the competent court's own initiative.

There are two main phases within the *Prodi-bis* procedure: a judicial phase and an administrative phase.

In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints one or more judicial receivers (or up to three) (*commissiario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submits a report to the court (within 30 days from insolvency declaration) together with an opinion from the Italian Ministry of Economic Development (the "*Ministry*").

The court has 30 days to decide whether to admit the company to the *Prodi-bis* procedure or declare it bankrupt.

Assuming that the company is admitted to the extraordinary administration procedure, the administrative phase begins and the extraordinary commissioner(s) appointed by the Ministry prepare a restructuring plan. The plan can provide for either the sale of the business as a going concern within one year (unless extended by the Ministry) (the "*Disposal Plan*") or a turnaround leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "*Recovery Plan*"). It may also include an arrangement with creditors (e.g., debt for equity swaps or an issue of shares in a new company to whom the assets of the company have been transferred).

The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner(s).The procedure ends upon successful completion of either the Disposal Plan or the Recovery Plan; however, should either plan fail, the company will be declared bankrupt.

Industrial Restructuring of Large Insolvent Companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

New extraordinary administration proceedings have been enacted (Law Decree No. 347 of December 23, 2003, as converted into Law No. 39 of 2004 and subsequently amended). This is a new extraordinary administrative procedure introduced in 2003, known as the "Marzano procedure." It complements to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry is made together with the filing to the court for the declaration of the insolvency of the debtor.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt (including those from outstanding guarantees). The decision of whether or not to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements have been met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) submits the Disposal Plan or the Recovery Plan within 180 days from his or her appointment (or 270 days if the Ministry so agrees). The restructuring through the Disposal Plan or the Recovery Plan must be fully implemented within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and start bankruptcy proceedings.

In 2008, the Italian government enacted an amendment to Law No. 39 of 2004. The reform introduced certain specific provisions that apply to large companies carrying out services considered essential to the public.

Compulsory Administrative Winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special insolvency proceeding in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative winding-up on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative winding-up.

Sweden

Applicable Insolvency Law

Certain of the Guarantors are incorporated under the laws of Sweden and as such any insolvency proceedings applicable to such Guarantor, including any and all of its assets (in Sweden and abroad), will, as a matter of Swedish law, be governed by Swedish insolvency law *(lex fori concursus*).

In addition, a Swedish party will in principle be subject to insolvency proceedings covered by the Insolvency Regulation (which includes all collective insolvency proceedings available under Swedish law in respect of bodies corporate) if it has its centre of main interests ("COMI") in Sweden. The COMI is presumed, in the case of a company or body corporate, to be the place of its registration as a legal person. Accordingly, if the Swedish party is registered in Sweden, Swedish courts will be entitled to open main insolvency proceedings against it and apply the laws of the relevant insolvency proceedings. If the COMI of a debtor is in a Member State (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of another Member State (other than Denmark) may open "territorial insolvency proceedings" or, after the commencement of main proceedings, "secondary insolvency proceedings," in the event that such debtor possesses an "establishment" in the territory of such other Member State.

Insolvency Proceedings

In the event of bankruptcy the court will appoint a receiver in bankruptcy who will work in the interests of all creditors with the objective of selling the debtor's assets and distributing the proceeds among the creditors.

The purpose of bankruptcy proceedings is to wind up the company in such a way that the company's creditors receive as high a proportion of their claims as possible. The receiver in bankruptcy is required to safeguard the assets and can decide to continue the business or to close it down, depending on what is best for all creditors. In general, the receiver in bankruptcy is required to sell the assets of the debtor as soon as possible and to distribute the proceeds. In the interim, the receiver will take over the management and control of the company and the company's directors and/or managing director will no longer be entitled to represent the company or dispose of the company's assets.

When distributing the proceeds, the receiver must follow the mandatory provisions of the Swedish Rights of Priority Act (*förmånsrättslagen*), as amended from time to time, which states the order in which creditors have a right to be paid. As a general principle, in bankruptcy proceedings competing claims have an equal right to payment in relation to the size of the amount claimed from the debtor's assets. However, preferential or secured creditors have the benefit of payment before other creditors.

In the case of enforcement outside bankruptcy, an enforcement process is initiated by the creditor obtaining an enforcement order from the Swedish Enforcement Authority or the court. Upon obtaining an enforcement order against a debtor, a creditor may apply to the Swedish Enforcement Authority for enforcement of its claim. If agreed upon between a pledgor and a secured creditor and the secured creditor or its agent is in physical possession of the security assets, the agent may under certain circumstances enforce the pledge without the involvement of the Swedish Enforcement Authority or a court. A provision granting the secured party or its agent such right of enforcement is typically included in any pledge agreement between the pledgor and the secured party or its agent.

Priority of Certain Creditors

As a general principle, under Swedish insolvency law competing claims have equal right to payment in relation to the size of the amount claimed from the debtor's assets. However, some preferential and secured creditors, where such preference or security may arise as a consequence of law, have the benefit of payment before other creditors. There are two types of preferential rights: specific and general preferential rights. Specific preferential rights apply to certain specific property and give the creditor a right to payment from such property. General preferential rights cover all property belonging to the insolvent company's estate in bankruptcy, which is not covered by specific preferential rights, and give the creditor a right to payment from such property. Claims that do not carry any of the above-mentioned preferential rights or exceed the value of the security provided for such claim (to the extent of such excess), are non-preferential and are of equal standing as against each other.

Challengeable Transactions

In bankruptcy and company reorganization proceedings, transactions can (in certain circumstances and subject to a time limit) be reversed and the goods or monies can then be returned to the bankruptcy estate or the company subject to company reorganization. Broadly, these transactions include, among others, situations in which the debtor has conveyed property fraudulently or preferentially to one creditor to the detriment of its other creditors before the initiation of the relevant insolvency proceedings, created a new security interest, granted a guarantee or security that was either not stipulated at the time when the secured obligation arose or not perfected without delay after such time and the delay is not considered to be ordinary, or paid a debt that is not due or that is considerable compared to the value of the debtor's assets or if the payment is made by using unusual means of payment. In the majority of situations, a claim for recovery can be made concerning actions that were made during the three months preceding the commencement of the relevant insolvency proceedings. In certain situations, longer time limits apply and in others there are no time limits. These include, among others, situations where the other party to an agreement or other arrangement is deemed to be a closely related party to the debtor such as a subsidiary or parent company.

Limitations on Enforceability Due to the Swedish Reorganization Act

The Reorganization Act (*Lag om företagsrekonstruktion*) provides companies facing difficulty in meeting their payment obligations with an opportunity to resolve them without being declared bankrupt. Corporate reorganization proceedings shall, as a main rule, terminate within three months from commencement but may under certain conditions be extended for up to one year.

An administrator is appointed by the court and supervises the day-to-day activities and safeguards the interests of creditors as well as the debtor. However, the debtor remains in full possession of the business except that, for important decisions such as paying a debt that has fallen due prior to the order of reorganization, granting security for a debt that arose prior to the order, undertaking new obligations or transferring, pledging or granting rights in respect of assets of a substantial value for the business, the consent of the administrator is required.

The making of an order under the Reorganization Act does not have the effect of terminating contracts with the debtor and, during the reorganization procedure, the debtor's business activities continue in the ordinary course of business. However, the procedure includes a suspension of payments to creditors and the debtor cannot pay a debt that fell due prior to the order without the consent of the administrator and such consent may only be granted should there be exceptional reasons for doing so and any petition for bankruptcy in respect of the debtor will be stayed. A moratorium also applies to execution in respect of a claim or enforcement of security during corporate reorganization proceedings unless the security assets are in the physical possession of the secured creditor or any agent acting on behalf of such creditor, which is the case with a share pledge over the shares in a Swedish limited liability company where the share certificates of such company has been delivered to the agent and with a Swedish law pledge over a loan governed by a negotiable debt instrument (*löpande skuldebrev*).

The debtor may apply to the court requesting public composition proceedings (*offentligt ackord*), which means that the amount of a creditor's claim may be reduced. The proposal for a public composition must meet certain requirements such as that a sufficient proportion of the creditors that are allowed to vote, in respect of a sufficient proportion of the outstanding claims vote in favor of such public composition. Creditors with set-off rights and secured creditors will not participate in the composition unless they wholly or partly waive their set off rights or priority rights. Should the security not cover a secured creditor's full claim, the remaining claim will, however, be part of a composition. A creditors' meeting is convened to vote on the proposed composition. The public composition is binding on the proceedings.

Limitations on the Value of a Guarantee or Security Interest

A Swedish limited liability company may not provide a guarantee or a pledge for the obligations of a parent domiciled within the EEA. Furthermore, if a Swedish limited liability company provides any security interest or guarantee without receiving sufficient corporate benefit in return, such security interest or guarantee will, in whole or in part, be considered a distribution of assets, which will be lawful only to the extent that there is sufficient coverage for the unrestricted equity capital of the Swedish limited liability company after the distribution (i.e., at the time the guarantee is provided or the security is granted). It should also be noted that laws relating to financial assistance in Sweden prohibit limited liability companies incorporated in Sweden from providing guarantees or granting security or other credit support for obligations of any person where such obligations are being incurred for the purpose of acquiring shares in the company itself or in any other superior member of the same Swedish group of companies. The Guarantees of and security granted by the Guarantors incorporated in Sweden are limited in accordance with the above restrictions relating to corporate benefit and the Guarantees of the Guarantors incorporated in Sweden are subject to limitation language limiting the liability of such entities thereunder if required by the above restrictions relating to financial assistance.

Creation of Valid Security Interests

Under Swedish law, in addition to certain actions that must be taken to perfect a security interest by the secured party and the grantor, for any security to be validly created, the grantor must be effectively deprived of its right to control, deal with or dispose of the assets subject to the security interest. Any security interests purported to be created under Swedish law over assets which the security provider may remain in possession of, retain exclusive control over, freely operate or collect, invest and dispose of any income from until the occurrence of an enforcement event would therefore not be effective until an enforcement event has occurred and the security interests have been perfected. Such unperfected secured assets are vulnerable under applicable provisions of Swedish law of being set aside as a preference in any Swedish insolvency proceeding affecting the security provider. Thus, a security provider must be effectively deprived of its right to control, deal with or dispose of the secured assets, and arrangements providing for the release of a security interest over an asset in connection with the disposal thereof or upon the occurrence of other circumstances would be at risk of impairing the validity of the security.

Foreign Currency

Whereas Swedish courts may award judgments in currencies other than Swedish kronor, judgments will be enforced in Swedish kronor, generally at the rate of exchange prevailing at the date of enforcement rather than at the date of judgment.

Security Granted in Favor of an Agent

It is generally possible under Swedish law to grant security interests in favor of an agent acting on behalf of the secured parties. However, it is not established by judicial precedent or otherwise by law that a power of attorney or a mandate of agency, including the appointment of an agent (including any agent for service of process), can be made irrevocable. Therefore, any powers of attorney or mandates of agency can be revoked and will terminate by operation of law and without notice at the bankruptcy or temporal demise of the party giving such powers.

United States

Each of Bunim-Murray Productions LLC, MTheory Entertainment Inc. and Mobility Production Inc. will be a Guarantor of the Notes; in addition, there will be a pledge over the shares of Banijay Entertainment Holdings US, Inc. held by Banijay Entertainment S.A.S.

Under U.S. federal bankruptcy laws or comparable provisions of state fraudulent transfer laws, under certain circumstances:

- the issuance of the Guarantees and the grant of security in the Collateral by entities subject to or organized under the laws of the United States or certain states thereof, including the State of California (each, a "**U.S. Provider**") could be avoided,
- claims in respect of such Guarantees, liens or obligations could be subordinated to some or all of a U.S. Provider's other debts and other liabilities,
- the right of the Security Agent to repossess and dispose of the Collateral of a U.S. Provider upon an event of default under the Indenture governing the Notes is likely to be significantly impaired if such U.S. Provider commenced U.S. bankruptcy proceedings before such repossession or disposal occurs, and
- the holders of the Notes could be required to repay any amounts received in connection with such Guarantee or Collateral.

Federal and state insolvency proceedings

Certain U.S. Providers may have operations that would subject any one or more either to federal bankruptcy laws under title 11 of the United States Code (the "**U.S. Bankruptcy Code**") or any applicable state law insolvency proceedings. Proceedings under the U.S. Bankruptcy Code vary and provide a debtor with discretion in its pursuit of a liquidation or reorganization strategy. The U.S. Bankruptcy Code provides a detailed statutory framework that, among other things, contains terms or provisions relating to: (a) the administration of a bankruptcy case, including the provision of "adequate protection" to secured creditors, the automatic stay, terms for the use, sale or lease of property, standards for obtaining credit and the treatment of executory contracts and leases; (b) creditors and claims, including filing proofs of claim, priority and allowance of claims, rights of secured creditors and subordination of claims; (c) provisions relating to the creation of the bankruptcy estate, including the scope of property of the estate and turnover and avoidance actions; liquidation under chapter 7 of the U.S. Bankruptcy Code; reorganization under chapter 11 of the U.S. Bankruptcy Code; and ancillary and cross-border insolvency cases under chapter 15 of the U.S. Bankruptcy Code.

As a general matter, chapter 7 of the U.S. Bankruptcy Code provides for the orderly liquidation of the debtor's assets by a trustee. Chapter 11 of the U.S. Bankruptcy Code is available to debtors who seek to rehabilitate their businesses and work out their obligations to creditors. Unlike in chapter 7, the debtor in a chapter 11 case typically remains in control of its assets and continues to operate its business during the course of the bankruptcy case. In addition, "liquidating" chapter 11 cases are a frequently utilized alternative to chapter 7 liquidations, especially where the conversion of a pending chapter 11 case to a case under chapter 7 might prove prohibitively expensive or in an instance when a debtor expects to sell all or substantially all of its assets. Because bankruptcy proceedings tend to be fact specific and vary case by case and because U.S. bankruptcy courts are courts of equity with broad discretionary powers, a detailed summary of all of the provisions of the U.S. Bankruptcy Code that could impact the Notes, the Collateral or the Guarantees is not contained herein.

With respect to proceedings under any applicable state insolvency laws (*e.g.*, assignments for the benefit of creditors, receiverships or other state liquidation mechanisms), the effects and customs of these proceedings are fact-specific, vary from state to state and require an examination of both statutory and common law, the details of which also are not described herein. To the extent more information is required, potential investors in the Notes should consult an insolvency professional familiar with U.S. and the applicable state insolvency laws.

Delay and risks associated in a federal bankruptcy proceeding

If a bankruptcy proceeding were to be commenced under the U.S. Bankruptcy Code by or against any U.S. Provider, it is likely that delays will occur in enforcing the Guarantees or Collateral granted by the bankrupt U.S. Provider, because of specific provisions of such laws or by a court applying general principles of equity. Aspects of federal bankruptcy laws or general principles of equity that could result in the impairment of rights include, but are not limited to:

- the automatic stay;
- avoidance of preferential transfers by a trustee or debtor-in- possession;
- substantive consolidation of the assets and liabilities of multiple entities;
- limitations on collectability of unmatured interest or attorney fees;
- fraudulent transfer; and
- forced restructuring of the debt issued by the bankrupt company, including reduction of principal amounts and interest rates and extension of maturity dates, over the creditors' objections.

As an initial matter, the commencement of a case under the U.S. Bankruptcy Code operates as a stay, applicable to all creditors, of most litigation against the debtor and efforts to collect prepetition claims, enforce existing liens or impose most new liens. The purpose of the stay is to provide the chapter 11 debtor time to reorganize and the chapter 7 trustee protection under which to liquidate in an orderly fashion the debtor's assets for the benefit of creditors. The automatic stay is also intended to shield a debtor from the pressures of creditor collection efforts. Among other things, the automatic stay prohibits (a) all collection efforts by creditors, (b) the enforcement of prepetition judgments against the debtor or property of the estate, (c) any act to create, perfect or enforce a lien against property of the estate and (d) the set-off of prepetition debts owing to the debtor against debts owing by the debtor. The automatic stay ordinarily does not bar suits against non-debtor guarantors or co-obligors, nor does it enjoin payment under a letter of credit issued by a bank in favor of a creditor of the applicable debtor. Applicable federal bankruptcy laws generally do not permit the payment or accrual of interest, costs and attorney's fees for unsecured or "undersecured" claims.

Fraudulent transfer issues

Under the U.S. Bankruptcy Code or comparable provisions of state fraudulent transfer laws, the issuance of Guarantees or provisions of Collateral by any U.S. Providers could be avoided if, among other things, at the time the U.S. Providers issued the Guarantees or provided Collateral (as the case may be), the applicable U.S. Provider (a) intended to hinder, delay or defraud any present or future creditor; or (b) received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness and, in the case of (b) either:

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the U.S. Provider's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, a U.S. Provider would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than all of its assets, at a fair valuation;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

However, there can be no assurance as to what standard a court may apply in making solvency determinations, and different courts may reach different conclusions with regard to these issues. In an evidentiary ruling in the *In re W.R. Grace & Co.* bankruptcy case, the U.S. Bankruptcy Court for the District of Delaware held that under the Uniform Fraudulent Transfer Act, whether a transferor is rendered insolvent by a transfer depends on the actual liabilities of the transferor, and not what the transferor knows about such liabilities at the time of the transfer. Therefore, under that court's analysis, liabilities that are unknown, or that are known to exist but whose magnitude is not fully appreciated at the time of the transfer, may be taken into account in the context of a future determination of insolvency. If the principle articulated by that court is applied, it would make it very difficult to know whether a transferor is solvent at the time of transfer, and would increase the risk that a transfer may in the future be found to be a fraudulent transfer.

By their terms, the Guarantees of each U.S. Provider will limit the liability of each such guarantor to the maximum amount it can pay without the Guarantee being deemed a fraudulent transfer. It is not assured, however, that this limitation will protect such Guarantee from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the Guarantee would suffice, if necessary, to pay the Notes in full when due. In a recent Florida bankruptcy case, this kind of provision was found to be ineffective to protect the guarantees.

In addition to the avoidance power that may be exercised in a U.S. bankruptcy, claims in respect of liens or obligations evidenced by the Guarantees or Collateral may, in certain circumstances, be subordinated under the equitable subordination provisions of the U.S. Bankruptcy Code.

Preference issues

Any future pledge of collateral by a U.S. Provider might be avoidable by the pledgor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the pledgee to receive a greater recovery than it would otherwise receive in a hypothetical liquidation under chapter 7 of the U.S. Bankruptcy Code and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the Securities Act, or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes offered hereby are being offered and sold only to "qualified institutional buyers" (as defined in Rule 144A) in reliance on Rule 144A and in offshore transactions in reliance on Regulation S.

We have not registered and will not register the Notes or the Guarantees under the Securities Act and, therefore, the Notes and the Guarantees may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," as defined in Rule 144A in compliance with Rule 144A; and
- outside the United States in offshore transactions in accordance with Regulation S.

We use the terms "offshore transaction," and "United States" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchaser as follows:

(1) You understand and acknowledge that the Notes and the Guarantees have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) You are not our "affiliate" (as defined in Rule 144A) or acting on our behalf and you are either:

    (a) a qualified institutional buyer, within the meaning of Rule 144A and are aware that any sale of the Notes to you will be made in reliance on Rule 144A, and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

    (b) purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that none of the Issuer, the Guarantors or the Initial Purchasers, or any person representing any of them, has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes issued pursuant to Rule 144A, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of 144A Global Notes) after the latest of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of the Notes or any predecessor of the Notes, only (i) to the Issuer, the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement which has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A to a person you reasonably believe is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (v) to require the delivery of an opinion of counsel, certification or other information satisfactory to each of them. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATEST OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE), ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM

THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Notes as well as to holders of the Notes.

(6) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(7) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(8) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.

(9) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, you shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

PLAN OF DISTRIBUTION

The Issuer intends to offer the Notes through the Initial Purchasers. Natixis, Société Générale and Credit Suisse Securities (Europe) Limited are the Initial Purchasers.

Subject to the terms and conditions contained in the purchase agreement between the Issuer and the Initial Purchasers dated on or about the date of this offering memorandum, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers severally have agreed to purchase from the Issuer, the entire principal amount of the Notes. The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase the Notes from the Issuer, are several and not joint. The purchase agreement provides that the Initial Purchasers are obligated, severally and not jointly, to purchase all of the Notes if any are purchased. In the event that an Initial Purchaser fails or refuses to purchase the Notes which it has agreed to purchase, the purchase agreement provides that the purchase commitments of the other Initial Purchasers may be increased or that the purchase agreement may be terminated.

The purchase agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers have advised us that they propose to offer the Notes initially at the offering price listed on the cover page of this offering memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms of the Notes at any time without notice. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. The Initial Purchasers may offer and sell the Notes through certain of their affiliates or through registered broker-dealers.

To the extent that any Initial Purchaser that is not a U.S. registered broker dealer intends to effect any sales of Notes in the United States, it will do so through one or more U.S. registered broker-dealer affiliates as permitted by guidelines promulgated by the Financial Industry Regulatory Authority.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with this Offering and to reimburse them for certain out-of-pocket expenses. The Issuer has also agreed to indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

We have agreed not to offer, sell, contract to sell or otherwise dispose of, except as provided under the purchase agreement, any debt securities of, or guaranteed by, the Issuer or any of its subsidiaries that are substantially similar to the Notes during the period from the date of the purchase agreement through and including the date falling 45 days after the closing of the Offering without the prior written consent of the Initial Purchasers.

United States

Each purchaser of the Notes offered by this offering memorandum, in making its purchase, will be deemed to have made acknowledgments, representations and agreements as described under "*Notice to Investors*."

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold in the United States unless the Notes are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. Accordingly, each of the Initial Purchasers, severally and not jointly, has agreed that it will not offer or sell the Notes and the Guarantees except (i) to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A under the Securities Act and (ii) outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S under the Securities Act.

In addition, until the expiration of 40 days after the commencement of this Offering, an offer or sale of Notes within the United States by a broker-dealer (whether or not participating in this Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see "*Notice to Investors*."

United Kingdom

In the purchase agreement, each Initial Purchaser, severally and not jointly, has represented and warranted to us that:

(i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or instrument to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to us.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person. The Notes are not being offered to the public in the United Kingdom.

General

New Issue of Notes

The Notes are a new issue of securities with no established trading market. Application has been made to the The International Stock Exchange Authority Limited for the listing of the Notes on the Official List of the Exchange. There can be no assurance, however, that the Notes will be listed on the Exchange or that such listing will be maintained. The Initial Purchasers have advised us that they presently intend to make a market in the Notes after completion of this Offering. However, the Initial Purchasers are under no obligation to do so and may discontinue any market-making activities at any time without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, or that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you, if at all.

Price Stabilization and Short Positions

In connection with this Offering, the Stabilizing Manager (or persons acting on its behalf) may purchase and sell Notes in the open market. These transactions may include over-allotment, stabilizing transactions, syndicate- covering transactions and penalty bids. Over-allotment involves sales in excess of the Offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate-covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker/dealer when the Notes originally sold by such broker-dealer are purchased in a stabilizing or covering transaction to cover short positions. These transactions may be effected in the over-the-counter market or otherwise.

These activities may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the prices that otherwise might exist in the open market. Neither we nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, there is no obligation on the Stabilizing Manager to engage in such transactions and neither we nor the Initial Purchasers make any representation that the Stabilizing Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of this Offering is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

Initial Settlement

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this offering memorandum, which will be five business days following the date of pricing of the Notes (this settlement cycle is being referred to as "T+5"). Under Rule 15(c)6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next successive business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing should consult their own advisor.

Other Relationships

The Initial Purchasers and their affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to the Issuer and its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or their respective affiliates. The Initial Purchasers and their affiliates will receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. The Initial Purchasers and their respective affiliates may, in the future, act as hedge counterparties to the Issuer consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Initial Purchasers or their respective affiliates have received, and expect to receive, customary fees and commissions for these transactions. In addition, certain of the Initial Purchasers and their affiliates will be lenders and/or agents under the New Senior Credit Facilities Agreement and will receive customary fees for their services in such capacities. Certain of the Initial Purchasers and their affiliates are also lenders and/or agents under our Existing Senior Credit Facilities Agreement that will be refinanced following completion of the Transactions and will receive customary fees for their services in such capacities.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

France

The following is a summary of certain legal aspects of French law regarding the enforcement of civil law claims connected with the Notes against French entities and/or French individuals.

The United States and France are not parties to a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, would not directly be recognized or enforceable in France.

A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*) that has exclusive jurisdiction over such matter.

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non ex parte*) proceedings if such U.S. judgment is enforceable in the United States and if the French civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law as of the date of this offering memorandum, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter because the dispute is clearly connected to the jurisdiction of such court (i.e., there was no international forum shopping), the choice of the U.S. court was not fraudulent and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case, including fair trial rights; and
- such U.S. judgment is not tainted with fraud under French law.

In addition to these conditions, it is well established that only final, binding and enforceable foreign judicial decisions (i.e., those having a *res judicata* effect such as *autorité de la chose jugée* and *force exécutoire*) can benefit from an *exequatur* under French law, that such U.S. judgment should not conflict with a French judgment or a foreign judgment that has become effective in France, and there is no proceedings pending before French courts at the time enforcement of the U.S. judgment is sought and having the same or similar subject matter as such U.S. judgment.

If the French civil court is satisfied that such conditions are met, the U.S. judgment will benefit from the res *judicata* effect (*autorité de la chose jugée*) as of the date of the decision of the French civil court and will thus be declared enforceable in France. However, the decision granting the *exequatur* is subject to appeal.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French Law No. 68-678 of July 26, 1968, as modified by French Law No. 80-538 of July 16, 1980 and French Ordinance No. 2000-916 of September 19, 2000 (relating to the communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Pursuant to the regulations above, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) or French procedural rules to obtain evidence in France or from French persons.

Similarly, French data protection rules (Law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as modified) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French rules of conflict (including the law chosen by the parties to govern their contract) if the application of such law (in the case at hand) is deemed to contravene French international public policy (as determined on a case-by-case basis by French courts). Furthermore, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to Article 14 of the French Civil Code (*Code civil*), a French national (either a company or an individual) can sue a foreign defendant before French courts in connection with the performance of obligations contracted by the foreign defendant in France with a French person or in a foreign country with French individuals. Pursuant to Article 15 of the French Civil Code, a French national can be sued by a foreign claimant before French courts in connection with the performance of obligations contracted by the French national in a foreign country with the foreign claimant. For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear before a jurisdiction other than French courts. However, according to recent case law, the French courts' jurisdiction over French nationals is not mandatory; litigation can be initiated before a foreign jurisdiction if the dispute is sufficiently connected to such foreign state. In addition, a French national may waive his or her rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code, including by way of conduct by voluntarily appearing before the foreign court.

It must be noted that under Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012, with respect to legal actions falling within the scope of said Regulation, the privileges granted to French nationals pursuant to Articles 14 and 15 of the French Civil Code do not prevail European provisions in disputes opposing French nationals to a person domiciled in a Member State. Conversely, pursuant to Article 6.2 of Regulation (EU) No. 1215/2012, the privilege granted by Article 14 of the French Civil Code may be invoked by a claimant domiciled in France, regardless of the claimant's nationality, to sue before French courts a defendant domiciled outside the European Union. The French Supreme Court (*Cour de cassation*) has recently held that a contractual provision submitting one party to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any competent jurisdiction was invalid. Accordingly, any provisions to the same effect in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action before the French courts.

England and Wales

The United States and England and Wales currently do not have a treaty between them providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, fresh proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Summary judgment is a procedure by which the English court can dispose of all or part of a claim without proceeding to trial. Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles and rules of English private international law;
- the U.S. judgment not having been given in breach of a jurisdiction or arbitration clause;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court that pronounced it and being for a debt for a definite sum of money;
- the U.S. judgment not contravening English public policy, the European Convention on Human Rights or the Human Rights Act 1998 (or any subordinate legislation made thereunder, to the extent applicable);
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine, or otherwise involving the enforcement of a non-English penal or revenue law;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of the Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice;

- there not having been a prior inconsistent, determinative or conflicting judgment of an English or other non-U.S. court in respect of the same matter involving the same parties and/or prior inconsistent judgment given in a Hague Convention Member State of the European Union or a member state of the EEA which the English court must recognize and enforce under the Hague Convention Choice of Court Agreements of June 30, 2005 and/or Council Regulation (EC) 1215/2012 and/or the Lugano Conventions of 1988 and 2007;
- the U.S. judgment not having been wholly satisfied or not being enforceable by execution in the United States;
- the party seeking enforcement providing security for costs, if ordered to do so by the English court; and
- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce judgments in England and Wales in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in England and Wales. In particular, a judgement given by a U.S. federal or state court may not be enforced by the courts of England and Wales if such judgement:

- is subject to a pending or proposal appeal;
- cannot be enforced in the state in which the judgement was given; or
- was made in proceedings, the bringing of which was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in the courts of that country, unless such proceedings were brought by or with the agreement of the person against where the judgement was given or that person submitted to the jurisdiction of such courts.

In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England and Wales, instead of the United States, in an original action predicated solely upon U.S. federal securities laws. Furthermore, it may not be possible to obtain a judgment in England and Wales or to enforce the judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any set off or counterclaim against the judgment creditor. Finally, note that, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England and Wales unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

Italy

We have been advised by Dentons Europe Studio Legale Tributario, our Italian counsel, that final, enforceable and conclusive judgments rendered by U.S. courts, even if obtained by default, may not require retrial and will be enforceable in Italy, provided that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema italiano di diritto internazionale privato*) the following conditions are met:

- the relevant U.S. court that rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction (*'passato in giudicato'*);
- the relevant summons and complaint was appropriately served on the defendants in accordance with U.S. law and during the proceedings the essential rights of the defendant have not been violated;
- the parties to the proceeding appeared before the court in accordance with U.S. law or, in the event of default by the defendant, the relevant U.S. court declared such default in accordance with U.S. law;
- the judgment is final and not subject to any further appeal in accordance with U.S. law;
- there is no conflicting final judgment rendered by an Italian court;
- there is no action pending in Italy among the same parties for decision on the same facts that commenced prior to the action in the United States; and
- the provisions of such judgment would not violate Italian public policy.

Furthermore, pursuant to Article 67 of Italian Law No. 218 of May 31, 1995, if the judgement rendered by the U.S. court is not complied with, its recognition is challenged or it is necessary to enforce such judgement, a proceeding must be instituted in the competent Court of Appeal to this end. The competent Court of Appeal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including that requiring that the judgment rendered by the U.S. federal or New York state court is not contrary to public policy in Italy).

In original actions brought before Italian courts, there is doubt as to the enforceability of liabilities or remedies based solely on the U.S. federal securities laws. In addition, in original actions brought before Italian courts, Italian courts may apply not only Italian rules of civil procedure, but also certain substantive provisions of Italian law that are regarded as mandatory and may refuse to apply U.S. law provisions if the relevant application violates Italian public policy.

Please note that Italian courts do not accept a not certified copy of the foreign decision and require the original copy of the decision or a certified copy. The decision must be translated into Italian and the translation must be sworn.

Sweden

Pursuant to the provisions of the Council Regulation (EC) No. 12/2012 of December 12, 2012 on the jurisdiction, recognition and enforcement of judgments in civil and commercial matters (the "Brussels Regulation"), a judgment entered against a company in the courts of a Member State (as defined therein, i.e., all Member States of the European Union) and which is enforceable in such a Member State, will be directly enforceable in the Kingdom of Sweden without any declaration of enforceability being required. The applicant will need to provide the competent enforcement authority with a copy of the judgment and a certificate certifying that the judgment is enforceable, as further described in the Brussels Regulation. However, upon an application against the enforcement pursuant to the Brussels Regulation the court with which the application is lodged may refuse enforcement.

With regard to the provisions of the 2007 Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters (the "Lugano Convention"), a judgment entered against a company in the courts of a Contracting State (as defined in the Lugano Convention) and which is enforceable in such a state, will be directly enforceable in the Kingdom of Sweden provided that a motion for enforcement has been filed with the Svea Court of Appeal at Stockholm as provided by law and has been granted.

Judgments entered against any Swedish party in the courts of a state that is not a Member State under the terms of the Brussels Regulation or a Contracting State under the terms of the 2007 Lugano Convention (e.g., the United States), would not be recognized or enforceable in the Kingdom of Sweden as a matter of right without retrial on its merits. If the party in whose favor the final judgment is rendered brings a new suit in a competent court in the Kingdom of Sweden, the party may however submit to the Swedish court the final judgment that has been rendered in the United States. A judgment by a court in the United States will be regarded by a court, administrative tribunal or executive or other public authority of the Kingdom of Sweden only as evidence of the outcome of the dispute to which the judgment relates, and a Swedish court may choose to rehear the dispute *ab initio*.

However, there is Swedish case law to indicate that such judgments:

- that are based on a contract which expressly exclude the jurisdiction of the courts of the Kingdom of Sweden;
- that were rendered under observance of due process of law;
- against which there lies no further right to appeal; and
- the recognition of which would not manifestly contravene fundamental principles of the legal order or the public policy of the Kingdom of Sweden,

should be acknowledged without retrial on their merits.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Kirkland & Ellis International LLP as to matters of U.S. federal, New York and English law; AyacheSalama SCP as to matters of French law; Dentons Europe Studio Legale Tributario as to matters of Italian law; and Setterwalls Advokatbyrå AB as to matters of Swedish law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP as to matters of U.S. federal and New York law; and White & Case LLP as to matters of English law, French law, Italian law and Swedish law.

INDEPENDENT AUDITORS

The audited consolidated financial statements of Banijay Holding for the year ended December 31, 2014, have been audited by Ernst & Young Audit and Cabinet Hayot in accordance with auditing standards generally accepted in France, as stated in their report dated March 2, 2015, a free translation of which is included in this offering memorandum. The audited consolidated financial statements of Banijay Group for the years ended December 31, 2016, and December 31, 2015, have been audited by Ernst & Young et Autres in accordance with International Standards on Auditing, as stated in their report dated March 3, 2017, included in this offering memorandum. The unaudited interim consolidated financial statements of Banijay Holding as of and for the three months ended March 31, 2017, have been subject to a limited review by Ernst & Young et Autres in accordance with auditing standards generally accepted in France as stated in their review report dated May 22, 2017, included in this offering memorandum. The audited consolidated financial statements of Zodiak Media S.A. for the years ended December 31, 2015 and December 31, 2014, have been audited by Ernst & Young et Autres in accordance with auditing standards generally accepted in France as stated in their audit reports dated March 25, 2016 and March 27, 2015, which are included in this offering memorandum.

Ernst & Young et Autres and Ernst & Young Audit are members of the *Compagnie régionale des commissaires aux comptes* of Versailles and Cabinet Hayot is a member of the *Compagnie régionale des commissaires aux comptes* of Paris. The address of Ernst & Young et Autres and Ernst & Young Audit is Tour First, TSA 14444, 92037 Paris—La Defense, France. The address of Cabinet Hayot is 4, place des Canadiens, 94340 Joinville Le Pont, France.

WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(i) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(iii) except as provided pursuant to (i) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes are "restricted securities" within the meaning of the Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

Pursuant to the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

Any investor or prospective investor who receives this offering memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of the Notes, the Security Documents and the Intercreditor Agreement (and any additional intercreditor agreement in respect thereof) without charge by writing to the Issuer at the address of the Issuer.

LISTING AND GENERAL INFORMATION

Listing

The Issuer has applied to The International Stock Exchange Authority Limited for the listing of the Notes on the Official List of the Exchange in accordance with the rules and regulations of the Exchange.

Clearing Information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	ISIN	Common codes
Rule 144A Global Notes		
Regulation S Global Notes		

Approval

The Issuer and the Guarantors have obtained all necessary consents, approvals, authorizations or other orders for the issuance of the Notes and the Guarantees and other documents to be entered into by the Issuer and the Guarantors in connection with the issuance of the Notes. The issuance of the Notes will be authorized by the Issuer prior to the Issue Date, in accordance with the resolutions validly adopted by the board of directors of the Issuer on the same date.

Significant Change

Except as disclosed in this offering memorandum:

- there has been no material adverse change in our financial position since March 31, 2017; and
- we have not been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts that are material in the context of the issue of the Notes and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

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Banijay Group

Condensed consolidated financial statements

From the period ended March 31st, 2017

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Banijay Group
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Statutory auditor's review report on the interim consolidated financial statements

To the President,

In our capacity as Statutory Auditor of Banijay Group and in accordance with your request in connection with a refinancing of Banijay Group, we have performed a review of the accompanying interim consolidated financial statements of Banijay Group for the period from January 1 to March 31, 2017.

The preparation of these interim consolidated financial statements are under your responsibility. Our role is to express a conclusion on these interim consolidated financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. A limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements do not give a true and fair view of the assets, liabilities and financial position of the consolidated group at March 31, 2017, and the results of its operations for the period then ended in accordance with IFRS as adopted by the European Union.

Without modifying the conclusion expressed above, we draw your attention to note 5.5 to the interim consolidated financial statements regarding the merger between Banijay Holding and Zodiak Media.

This report is governed by French law. The courts of France shall have exclusive jurisdiction over any claim, dispute or difference resulting from our engagement letter or the present report, or any related matters. Each party irrevocably waives its right to oppose any action brought before French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Paris-La Défense, May 22, 2017

The Statutory Auditor
ERNST & YOUNG et Autres

Jean Bouquot

1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In € thousand	Notes	1st quarter 2017	1st quarter 2016
Revenue	6.5.1	191,871	98,839
Operating expenses		(59,377)	(40,080)
External expenses		(13,029)	(8,956)
Staff costs	6.5.2	(84,133)	(42,062)
Taxes and duties		(350)	(149)
Depreciation and amortisation of intangible and tangible assets		(8,428)	(1,613)
Current impairment losses and provisions, net of reversals		893	(83)
Other current operating income and expenses		(935)	159
Current operating profit (loss)		**26,512**	**6,055**
Other non current operating income (expenses)	6.5.3	(1,589)	(1,814)
Earnings before interest and income tax (EBIT)		**24,923**	**4,242**
Finance income		45	229
Interest expenses		(3,501)	(2,787)
Cost of net debt		**(3,455)**	**(2,558)**
Other finance income (costs)	6.5.4	(1,738)	(4,926)
Profit before tax and income (loss) from equity-accounted affiliates		**19,730**	**(3,242)**
Income taxes	6.5.5	(6,688)	988
Profit, net of tax expense		**13,042**	**(2,254)**
Share of profit of associates and joint ventures	6.5.6	(1,140)	(562)
Profit (loss) for the year		**11,901**	**(2,816)**
Profit (loss) for the year—Non controlling interests		531	29
Profit (loss) for the year—Owners of the Group		**11,369**	**(2,845)**

2. Consolidated statement of comprehensive income

In € thousand	1st quarter 2017	1st quarter 2016
Profit (loss) for the year (a)	**11,901**	**(2,816)**
Other comprehensive income (loss)		
—Foreign currency translation reserve	(1,870)	4,928
—Other changes, before tax	54	4
Net other comprehensive income (loss) (b)	**(1,816)**	**4,932**
Comprehensive income (loss) for the year (a) + (b)	**10,085**	**2,116**
Comprehensive income (loss) for the year—Non controlling interests	521	(98)
Comprehensive income (loss) for the year—Owners of the Group	**9,564**	**2,214**

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In € thousand	Notes	03-31-2017	12.31.2016
Goodwill	6.6.1	527,820	529,105
Long-term content assets	6.6.1	43,271	40,281
Scripted production in progress	6.6.1	35,851	44,351
Other intangible assets	6.6.1	10,382	11,295
Property, plant and equipment	6.6.2	14,820	15,222
Investments in equity-accounted associates and joint ventures	6.6.3	46,799	47,065
Non-current financial assets		35,717	30,036
Deferred tax assets	6.6.4	27,556	27,964
Other long-term assets		4,131	5,330
Total non-current assets		**746,346**	**750,649**
Inventories and work in progress	6.6.5	107,653	101,069
Trade and other receivables	6.6.6	235,514	217,686
Income tax receivable		15,399	14,238
Other current assets	6.6.7	9,452	10,181
Cash and cash equivalents	6.6.8	52,027	73,357
Total current assets		**420,044**	**416,531**
Total assets		**1,166,390**	**1,167,180**

EQUITY AND LIABILITIES

In € thousand	Notes	03.31.2017	12.31.2016
Issued capital	6.6.9	61,856	61,856
Share premiums	6.6.9	244,359	244,359
Other comprehensive income (loss)		45,533	47,343
Retained earnings		(189,028)	(200,165)
Equity attributable to owners of the Parent		**162,720**	**153,393**
Non-controlling interests		13,100	12,715
Total equity		**175,820**	**166,108**
Long-term borrowings and other financial liabilities	6.6.10	380,734	389,880
Other non-current provisions	6.6.11	13,780	13,470
Employee defined benefit obligation	6.6.11	1,777	1,753
Deferred tax liabilities		9,509	7,473
Other long-term liabilities	6.6.12	117,078	117,860
Total non-current liabilities		**522,878**	**530,436**
Short-term borrowings and bank overdrafts	6.6.10	42,947	39,097
Trade and other payables	6.6.13	250,413	267,797
Current tax liabilities		6,085	2,466
Current provisions	6.6.11	2,332	3,562
Other current liabilities	6.6.14	165,914	157,714
Total current liabilities		**467,691**	**470,636**
Total equity and liabilities		**1,166,390**	**1,167,180**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

In € thousand	1st quarter 2017	1st quarter 2016
Profit (loss) of the period	11,900	(2,816)
Share of profit of associates and joint ventures	1,140	563
Amortisation, depreciation, impairment losses and provisions, net of reversals	8,003	1,696
Other non-cash adjustments	1,495	3,855
Cash flows from operating activities after cost of net debt and tax	**22,538**	**3,298**
Income tax expense	6,691	(988)
Cost of net debt	3,455	2,559
Cash flows from operating activities before cost of net debt and tax	**32,684**	**4,869**
Changes in working capital	(18,888)	(2,883)
Income tax paid	(2,281)	(4,484)
Net cash flows from operating activities	**11,515**	**(2,498)**
Consequences of changes in consolidation scope	(5,758)	3,659
Purchase of property, plant and equipment and of intangible assets	(8,834)	(419)
Net investments in financial assets	(8,141)	(2,900)
Proceeds from sale of property, plant and equipment and intangible assets	143	45
Disposals of financial assets	0	202
Net cash flows from investing activities	**(22,590)**	**587**
Change in capital	0	(98,775)
Proceeds from borrowings	5,973	374,249
Repayment of borrowings	(12,631)	(276,568)
Net interest paid	(2,202)	(1,090)
Dividends paid to non-controlling interests	(122)	(254)
Net cash flows from (used in) financing activities	**(8,983)**	**(2,438)**
Effects of exchange rate differences	(593)	1,174
Net increase (decrease) of cash and cash equivalents	**(20,651)**	**(3,175)**
Cash and cash equivalents at the beginning of the year	72,369	32,531
Cash and cash equivalents at the end of the year	51,718	29,356

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Other reserves					Equity	
In € thousand	**Number of shares**	**Issued capital**	**Share premiums**	**Revaluation reserve for financial instruments**	**Other OCI**	**Deferred tax**	**Foreign currency translation reserve**	**Retained earnings**	**Attributable to owners of the parent**	**Non-controlling interests**
January 1st, 2016	**2,057,501**	**2,047**	**187,503**	**0**	**(73)**	**(345)**	**17,668**	**(64,472)**	**142,328**	**11,861**
Income / Loss for the year								20,606	20,606	1,790
Foreign currency translation reserve							5,151		5,151	91
Other changes				25,000	(58)	0			24,942	
Total comprehensive income (loss) for the year				25,000	(58)	0	5,151	20,606	50,699	1,881
Issue of shares		16,253	91,747					0	108,000	
Capital adjustement following reverse acquisition		43,556	(34,891)					(8,665)	0	
Fair value of the consideration transferred								44,688	44,688	
Changes in consolidation scope								(192,289)	(192,289)	(615)
Dividends paid									0	(454)
Other changes								(33)	(33)	42
December 31th, 2016	**2,057,501**	**61,856**	**244,359**	**25,000**	**(131)**	**(345)**	**22,819**	**(200,165)**	**153,393**	**12,715**
January 1st, 2017	**2,057,501**	**61,856**	**244,359**	**25,000**	**(131)**	**(345)**	**22,819**	**(200,165)**	**153,393**	**12,715**
Income / Loss for the year								11,369	11,369	531
Foreign currency translation reserve							(1,860)		(1,860)	(11)
Other changes					49			5	54	
Total comprehensive income for the year				0	49	0	(1,860)	11,374	9,564	520
Payment of dividends									0	(122)
Changes in consolidation scope								(237)	(237)	(14)
March 31th, 2017	**2,057,501**	**61,856**	**244,359**	**25,000**	**(82)**	**(345)**	**20,959**	**(189,028)**	**162,720**	**13,100**

In 2016, Banijay Holding took over the control of Zodiak Media under a reverse acquisition, pursuant to which the capital of Banijay Holding has been adjusted to the one of Zodiak Media, renamed Banijay Group. The fair value of the consideration transferred for the acquisition of Zodiak Media amounted to €44.6m, based on the respective values of Zodiak Media and Banijay Holding. As part of the operation, Banijay Holding bought back and canceled its own shares previously held by Banijay Holding's minority shareholders (AMS, Exor, Groupe Arnault and Ufipar) for a total amount of €(192.3)m.

Changes in consolidation scope in 2017 corresponds to a transaction with the minority shareholders of two entities already controlled by Banijay Group for a total amount of €(0.2)m.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6.1. Corporate information

The consolidated financial statements for the period ended March 31st, 2017 of Banijay Group, were closed by the chairman after being presented to the supervisory board's meeting, on May 12th, 2017.

Banijay Group S.A.S. (the "Company") is a limited liability company domiciled in France and located at 5 rue François 1er—75008 Paris (France).

Banijay Group S.A.S has a share capital of € 61,856,280 (with a value of share of € 1 each) and is the parent of the Banijay group.

Banijay Group is acting mainly in the sector of the management and the marketing of intellectual property rights concerning especially audiovisual and interactive contents and/or formats as well as production of audiovisual programs.

These consolidated financial statements present the financial situation of the Company and its subsidiaries ("the Group"). They are denominated in Euro since this is the currency used for the majority of the Group's transactions.

6.2. Significant events

Banijay Rights Ltd, a subsidiary of Banijay Group, entered on March 8th, 2017 into a Share Purchase Agreement, jointly with its shareholders LOV Group and De Agostini Communications Spa, with the Sellers of Castaway Television Productions Limited ("CTPL") for the acquisition of 100% of the share capital of CTPL.

The closing of the contemplated transaction having not occur before March 31st, 2017, Castaway Television Productions Ltd has not been consolidated at reporting date.

According to the Share Purchase Agreement, Banijay Rights Ltd paid on March 8th, 2017 a deposit amounting to €4.9m to the Sellers of CTPL, which is to be deducted from the purchase price. This amount is presented as a non-current financial asset as of March 31, 2017.

6.3. Accounting principles and methods

6.3.1. Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable on March 31st , 2017 and the relevant interpretation standards (SIC/IFRIC) registered by the European Commission and in force at such date, which, for those relevant to the Company, do not present any difference with the accounting standards as issued by the International Accounting Standards Board (IASB).

Most specifically, they have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The accounting policies adopted are consistent with those of the previous financial year, please refer to the consolidated financial statements of December 31, 2016 for a complete description of the accounting policies.

Standards and interpretations that are not yet effective and with no early application decided by the Group

Among those standards and interpretations, those which could affect the Group's future consolidated financial statements are:

IFRS 9 "Financial Instruments"	Effective for annual periods beginning on or after 1 January 2018
IFRS 15 "Revenue from Contracts with Customers"	Effective for annual periods beginning on or after 1 January 2018
IFRS 16 "Leases"	Effective for annual periods beginning on or after 1 January 2019

Banijay Group is currently assessing the potential impact of IFRS 15 and IFRS 16 on its financial statements.

6.3. Accounting principles and methods (Continued)

6.3.2. Main estimates and accounting assumptions

The preparation of the consolidated financial statements of the Group requires the Group's management to use certain estimates and assumptions that have an impact on the carrying amount of revenues, costs, assets and liabilities. The main estimates and assumptions relate to the valuation and useful lives of audiovisual rights, of goodwill, to the amount of provisions for risks and other provisions in relation with the Group's activity, to the calculation of debt related to earn outs on acquisitions, to the estimate of debt resulting from put options in favour of minority shareholders, to the assumptions used for share-based payments, to the valuation of the put option relating to the redeemable bond.

The features of main accounting methods, judgements and other uncertainties which affect the application of these accounting methods, as well as the sensitivity of the results to changes in the conditions and assumptions, are factors to be taken into account while reviewing these financial statements. Indeed, the Group prepares estimates and assumptions concerning future transactions. The resulting accounting estimates will, by definition, rarely equal the actual figures.

There has been no significant change in the main estimates and accounting assumptions of the Group over the period.

Goodwill impairment

The Group reviews, at least once a year, and at any time when a trigger event for impairment occurs, if goodwill has to be impaired. This requires the recoverable value of the cash generating unit to which the goodwill has been allocated, to be measured. The Group mainly estimates the recoverable value through its value-in-use. The latter is determined by the management through a projection of expected future cash flows that are discounted at an appropriate rate.

No trigger event that would require an impairment test to be performed has been identified at the date of issuance of those condensed consolidated financial statements.

Content assets depreciation

The Group reviews, at least once a year, and at any time when a trigger event for impairment occurs, if the content assets presented in the balance sheet have to be impaired. The carrying value of these assets is compared to the net sales forecast of said format over a maximum period of 10 years.

No trigger event that would require an impairment test to be performed has been identified at the date of issuance of those condensed consolidated financial statements.

Earn-out payments / put option rights in favour of minority shareholders

Following external growth transactions, the Group can be committed to pay former/minority shareholders either earn-outs or further acquisition price pursuant to put options on their remaining shareholding, based on prices depending on future profits. Related debts are accounted for in the balance sheet at their present value. The Group estimates these debts using assumptions on future profits and calculates scheduled cash outflows using a discount rate.

Put option rights relating to the redeemable bonds

SIG 116, a subsidiary of Vivendi, subscribed to a €100m bond redeemable in cash or in new shares, at the option of Banijay Group, provided that the interest of Vivendi in Banijay Group could not exceed 49.9% in case of conversion of the bonds. This clause led to the recognition of an embedded derivative, separated from its host contract and, valued through a Black and Scholes model, whose parameters are the equity value of the Group and a sectorial volatility rate.

The valuation of the Group is based on a multi-criteria analysis method that applies the two following methods:

- The income approach methodology (DCF method) which uses assumptions as to the future cash flows of the Group, a discount rate, ...

6.3. Accounting principles and methods (Continued)

- The market approach methodology which is based on comparable transactions that have occurred on the market.

Share-based payments

Share subscription and purchase options, as well as free shares have been granted to certain employees of the Group. The value of these plans depends on the future profits of the Group or specific companies within the Group. The Group estimates these plans using assumptions on future profits and calculates scheduled cash outflows using a discount rate.

6.3.3. Summary of key accounting methods

Key accounting methods are described in full as part of the consolidated financial statements as of December 31, 2016. There has not been any change in accounting methods applied by the group over the period.

6.4. Changes in consolidation scope

No significant changes in consolidation scope occurred as of March 31st, 2017.

The Group has increased its share in capital of NS Production and NS Edition, respectively by 5.6% (to 55,6%) and 11% (to 61%).

6.5. Notes to the statement of profit or loss

6.5.1. Revenue

Revenue reached €191.9m in the first quarter of 2017 compared to €98.8m in the first quarter of 2016, mostly due to the perimeter effect following the acquisition of Zodiak Media on February 23rd, 2016. Revenue essentially corresponds to the production of audiovisual programs (scripted and non-scripted).

6.5.2. Payroll costs

Payroll expenses consist of salaries and remuneration of staff, including payroll expenses, including share-based payments (IFRS2), i.e.:

- expenses related to share purchase or subscription plans,
- expenses related to plans allocating free shares,
- expenses related to exceptional bonus plans indexed on the increase in equity value.

6.5.3. Other non-current operating income and expenses

Non-operating expenses in the first quarter of 2016 constituted mainly in restructuring costs of Zodiak Media, as well as transaction costs related to the merger with Zodiak Media.

6.5.4. Other finance income and costs

In € thousand	1st quarter 2017	1st quarter 2016
Actuarial and revaluation losses and gains[(1)]	(1,183)	(4,590)
Provisions, net of reversals	(759)	0
Exchange gains and losses	(75)	(1,067)
Other	280	731
Other finance income (costs)	**(1,738)**	**(4,926)**

(1) This amount includes the discount charge for earn-outs liabilities at a rate of 8.64% in the first quarter of 2017 (8.94% in the first quarter of 2016), in relation with acquisitions of equity shares either effective or to be realised (under put options granted to the minority shareholders or earn-outs in favour of the transferors) as well as actuarial losses or gains due to changes in assumptions used for the determination of the earn-outs.

6.5. Notes to the statement of profit or loss (Continued)

6.5.5. Income tax expense

The income tax expense for the period ended March 31^{st}, 2017 amounts to €(6.7)m. This expense has been determined based on the budgeted tax rate of the group in 2017, taking into account the permanent differences arising from consolidation adjustments.

The budgeted tax rate is subject to changes in enacted rates and depends on the relative contributions of the countries in the Group's profit.

The Group's effective tax rate budgeted for 2017 amounts to 31%.

In France, the Group is under the regime of tax consolidation for companies at least owned by 95% for a minimum of one year. Similarly, American and Danish companies benefit from tax consolidation from their date of entry into the Group.

6.5.6. Income (loss) of associates and joint ventures (equity-accounted)

The share of profit from companies accounted for under the equity method corresponds to the portion of profit or loss achieved in the 3-months period ended March 31^{st}, 2017 by:

- the group 'Brainpool' (50%)
- the companies 'MBG' and 'Skillstar' (50%)
- the company 'Banijay Studios North America' (36%)
- Talpa Nordic ApS (49%)
- Financière EMG (8,71%)
- the company Bamago (50%)
- the company My Major Company (50%)
- Dry (49%)

6.6. Notes to the statement of financial position

6.6.1. Goodwill and other intangible assets

In € thousand	Goodwill	Concessions, patents, rights and commercial capital excl. PPA	Content assets and formats excl. PPA	Content assets in progress excl. PPA	Other Intangible assets excl. PPA	Intangible assets recognized as part of a PPA	Total
Gross values at January 1st, 2016	**257,120**	**1,278**	**6,085**	**0**	**739**	**5,795**	**271,017**
Changes in consolidation scope	267,536	0	304,495	0	10,870	24,839	**607,740**
Acquisitions	0	320	17,537	40,922	983	0	**59,762**
Disposals, reclassification and derecognition	0	647	22,782	7,175	(118)	0	**30,486**
Exchange differences	4,449	27	(12,024)	9	(542)	(2,657)	**(10,738)**
Gross values at December 31st, 2016	**529,105**	**2,272**	**338,875**	**48,106**	**11,932**	**27,977**	**958,267**
Amortisation and impairment losses at January 1st, 2016	**0**	**(735)**	**(1,779)**	**0**	**(471)**	**(1,178)**	**(4,163)**
Changes in consolidation scope	0	0	(288,230)	0	(9,139)	0	**(297,369)**
Depreciation / amortization	0	(343)	(34,713)	(2,346)	(8,936)	(3,393)	**(49,731)**
Disposals, reclassification and derecognition	0	(625)	652	(1,417)	8,001	0	**6,611**
Exchange differences	0	(27)	10,847	8	566	23	**11,417**
Amortisation and impairment losses at December 31st, 2016	**0**	**(1,730)**	**(313,223)**	**(3,755)**	**(9,979)**	**(4,548)**	**(333,235)**
Net values at December 31st , 2016	**529,105**	**542**	**25,652**	**44,351**	**1,953**	**23,429**	**625,032**
Gross values at January 1st, 2017	**529,105**	**2,272**	**338,875**	**48,106**	**11,932**	**27,977**	**958,267**
Changes in consolidation scope	0	0	0	0	(13)	0	**(13)**
Acquisitions	0	12	641	7,369	23	0	**8,045**
Disposals and derecognition	0	0	(2,759)	(1,028)	(43)	0	**(3,830)**
Reclassifications	0	54	14,373	(18,511)	(287)	0	**(4,371)**
Exchange differences	(1,285)	25	85	(84)	30	11	**(1,218)**
Gross values at March 31st, 2017	**527,820**	**2,363**	**351,215**	**35,851**	**11,642**	**27,989**	**956,880**
Amortisation and impairment losses at January 1st, 2017	**0**	**(1,730)**	**(313,223)**	**(3,755)**	**(9,979)**	**(4,548)**	**(333,235)**
Changes in consolidation scope	0	0	0	0	10	0	**10**
Depreciation / amortization	0	(93)	(8,798)	0	(188)	(876)	**(9,955)**
Disposals and derecognition	0	0	2,661	1,028	43	0	**3,732**
Reclassifications	0	0	(2,800)	2,752	21	0	**(27)**
Exchange differences	0	(23)	(25)	(24)	(8)	(3)	**(83)**
Amortisation and impairment losses at March 31st, 2017	**0**	**(1,846)**	**(322,185)**	**0**	**(10,101)**	**(5,427)**	**(339,559)**
Net values at March 31st, 2017	**527,820**	**517**	**29,031**	**35,851**	**1,541**	**22,563**	**617,324**

Reclassifications in intangible assets correspond mainly to content assets in progress reclassified as inventories during the period.

6.6. Notes to the statement of financial position (Continued)

6.6.2. Property, plant and equipment

In € thousand	Buildings	Technical installations, equipment and industrial tools	Other	Total
Gross values at January 1st, 2016	**428**	**13,897**	**3,197**	**17,522**
Changes in consolidation scope	8,864	6,650	17,402	**32,916**
Acquisitions	803	3,974	3,577	**8,354**
Disposals, reclassification and derecognition	105	(6,765)	(4,109)	**(10,769)**
Exchange differences	(54)	123	(752)	**(683)**
Gross values at December 31st, 2016	**10,146**	**17,879**	**19,315**	**47,340**
Depreciation and impairment losses at January 1st, 2016	**(84)**	**(10,507)**	**(1,899)**	**(12,490)**
Changes in consolidation scope	(4,953)	(5,351)	(13,397)	**(23,701)**
Depreciation /amortization	(2,184)	(2,533)	(2,275)	**(6,992)**
Disposals, reclassification and derecognition	155	6,702	3,458	**10,315**
Exchange differences	84	5	660	**749**
Depreciation and impairment losses at December 31st, 2016	**(6,982)**	**(11,684)**	**(13,453)**	**(32,119)**
Net values at December 31st, 2016	**3,164**	**6,195**	**5,862**	**15,222**
Gross values at January 1st, 2017	**10,146**	**17,879**	**19,315**	**47,340**
Changes in consolidation scope	0	0	0	**0**
Acquisitions	14	431	637	**1,082**
Disposals, reclassification and derecognition	(807)	(102)	(421)	**(1,330)**
Exchange differences	(32)	(108)	31	**(109)**
Gross values at March 31st, 2017	**9,321**	**18,101**	**19,562**	**46,984**
Depreciation and impairment losses at January 1st, 2017	**(6,982)**	**(11,684)**	**(13,453)**	**(32,119)**
Changes in consolidation scope	0	0	0	**0**
Depreciation /amortization	(238)	(433)	(557)	**(1,228)**
Disposals, reclassification and derecognition	802	102	233	**1,137**
Exchange differences	17	50	(23)	**44**
Depreciation and impairment losses at March 31st, 2017	**(6,401)**	**(11,964)**	**(13,800)**	**(32,165)**
Net values at March 31st, 2017	**2,920**	**6,137**	**5,762**	**14,820**

6.6. Notes to the statement of financial position (Continued)

6.6.3. Investments in associates and joint ventures (accounted for under the equity method)

In € thousand	Group Brainpool	Banijay Studios North America	Financiere EMG	Dry	Bamago	My Major Company	Other	Total
Value at January 1st, 2016	**30,140**	**0**	**7,040**	**n.a**	**n.a**	**n.a**	**20**	**37,200**
Changes in consolidation scope	7	0	1,136	19	2,051	6,746	0	**9,959**
Share of profit (loss) of equity-accounted entities	749	(2,398)	(348)	(241)	27	(220)	(81)	**(2,512)**
Negative equity portion transferred to provision (liability)	0	2,398	0	241	n.a	(296)	76	**2,419**
Value at December 31st, 2016	**30,895**	**0**	**7,828**	**19**	**2,078**	**6,230**	**16**	**47,065**
Share of profit (loss) of equity-accounted entities	311	(599)	(566)	(274)	0	10	(22)	**(1,140)**
Negative equity portion transferred to provision (liability)	0	599	0	255	0	0	20	**874**
Value at March 31st, 2017	**31,205**	**0**	**7,262**	**0**	**2,078**	**6,240**	**14**	**46,799**

6.6.4. Deferred tax

Deferred tax assets as of March 31st 2017 results from loss carry forward recognition and deductible temporary differences recognition (i.e. difference between the carrying amount of an asset or liability in the statement of financial position and its tax base).

Deferred tax assets as of March 31st, 2017 amounts to €27.6m.

Deferred tax liabilities as of March 31st 2017 results from taxable temporary differences recognition (i.e. difference between the carrying amount of an asset or liability in the statement of financial position and its tax base).

Deferred tax liabilities as of March 31st, 2017 amounts to €9.5m.

6.6.5. Inventories and work in progress

Inventories and work-in-process correspond to output in process not yet delivered at reporting date.

6.6.6. Trade and other receivables

In € thousand	03.31.2017	12.31.2016
Clients and related accounts, net	171,557	161,870
Current account asset	20,119	16,898
Tax receivables, excluding income tax	31,237	29,268
Other	12,601	9,650
Trade and other receivables	**235,514**	**217,686**

A receivable is derecognized when it is sold without recourse and when it is evidenced that the Group has transferred substantially all the significant risks and rewards of ownership of the receivable and has no more continuing involvement in the transferred asset. The Group has currently non-recourse factoring agreements in France and Spain.

Receivable sold without recourse as of March 31st, 2017 amounts to €21.3m.

6.6. Notes to the statement of financial position (Continued)

6.6.7. Other current assets

In € thousand	03.31.2017	12.31.2016
Receivables from disposals of assets	9	733
Derivatives (part < one year)	157	13
Prepaid expenses	6,753	5,461
Financial assets (part <one year)	2,532	3,974
Other current assets	**9,452**	**10,181**

6.6.8. Liquidity and short-term deposits / Cash and cash equivalents

Bank cash produces interest at variable rates based on daily bank deposit interest rate. Short-term deposits are made for periods ranging from one day to three months depending on the immediate cash requirements of the Group; they bear interest at the corresponding short-term interest rate.

Marketable securities and other securities investments are mainly shares in short-term cash "UCITS".

6.6.9. Equity

Share capital decomposition

In € thousand	03.31.2017	12.31.2016
Shares	61,856	61,856
Share premium	244,359	244,359
Share capital and related premium	**306,215**	**306,215**

As of March 31st, 2017, the Group holds no treasury share.

The company Banijay Group has never paid dividends since it was created.

6.6.10. Borrowings and financial liabilities

Net indebtedness

In € thousand	03.31.2017	12.31.2016
Cash and marketable securities	52,027	73,357
Bank overdrafts and short-term bank borrowings (part < 1 year)	(42,947)	(39,097)
Fair value of short-term hedging instruments	158	(222)
Short-term indebtedness, net	**9,238**	**34,038**
Interest-bearing borrowings—Part over one year(1)	(380,734)	(389,880)
Fair value of short-term hedging instruments(2)	18,000	18,000
Net indebtedness	**(353,496)**	**(337,842)**

(1) Including borrowing costs depreciated using the effective interest rate method.

(2) Booked in the balance sheet as "non-current financial assets"

The Group's financial debt mainly consists of following items:

- €267.5m Term Loan repaid twice a year in equal instalments,
- €22m revolving credit facility, provided by a pool of banks to the Company,
- €103.4m redeemable bonds subscribed by SIG 116, a Vivendi Group company,
- Subordinated shareholder loan of €5.7m provided by DeA Com,
- Local bank financings of €28.4m carried by operating companies.

6.6. Notes to the statement of financial position (Continued)

The average interest rate of the Group's financial debt is approximately 3%.

6.6.11. Provisions (liabilities)

Pensions and other post-employment benefits

The Group is concerned by pension plans and other post-employment benefits in France and in Italy.

Other provisions

All disputes (nature, amounts, procedure and level of risk) are identified by the Legal Department of the Group which ensures regular monitoring. The amount of provisions for the claims results from an analysis case by case, depending on the positions of the litigants, on the estimation of risks by the Group's legal advisors and on any judgements at first instance.

By nature, some provisions are based on estimates and assumptions without allowing a precise deadline for corresponding cash outflows.

In € thousand	December 31st, 2016	Allowance for the year	Reversals		Reclassification or transfer	Exchange difference	March 31st, 2017
			Used	Not used			
Provisions for claims and litigation	3,403	0	(1,002)	(54)	0	0	2,346
Provisions for other contingencies	3,020	84	(512)	(32)	0	0	2,560
Total provisions for contingencies	6,423	84	(1,514)	(86)	0	0	4,906
Provisions for pensions	1,753	67	(42)	0	0	0	1,777
Negative equity portion of companies accounted for under the equity method	9,505	0	0	0	674	(80)	10,099
Other provisions	1,104	0	0	0	0	3	1,107
Total provisions for charges	12,362	67	(42)	0	674	(77)	12,983
Provisions	**18,785**	**151**	**(1,556)**	**(86)**	**674**	**(77)**	**17,889**
Current provisions (< 1 year)	3,562	19	(1,199)	(52)	0	3	2,332

6.6.12. Other non-current liabilities

Other non-current liabilities mainly correspond to the part due over one year of debts relating to earn-outs payable for investments acquisitions and to put options granted to minority interests on the one hand; to debts relating to share subscription and purchase options as well as to profit-sharing plans in favour of certain employees of the Group on the other hand.

There has not been any significant change in assumption with regards to other non-current liabilities over the period.

6.6.13. Trade and other payables

In € thousand	03.31.2017	12.31.2016
Trade payables and related accounts	121,544	115,337
Tax liabilities	25,775	23,367
Payroll liabilities	28,622	30,387
Other liabilities	74,471	98,706
Trade and other payables	**250,413**	**267,797**

6.6. Notes to the statement of financial position (Continued)

Other liabilities mainly include the production advances made by the customers for the production of programs.

6.6.14. Other current liabilities

In € thousand	03.31.2017	12.31.2016
Liabilities arising from acquisitions of tangible or intangible assets-Part due in less than one year	6,484	6,500
Liabilities related to investment purchases—Part due in less than one year	10,330	10,287
Hedging derivatives (part < one year)	0	235
Deferred income	115,359	100,608
Other current liabilities	33,741	40,084
Other current liabilities	**165,914**	**157,714**

Deferred income above all relate to undelivered programs in progress that have already been invoiced.

Other current liabilities mainly correspond to earn-outs commitments on investment acquisitions and to put options granted to minority interests, for the part to be settled within one year.

6.7. Objectives and strategies regarding financial risk management

The main financial instruments of the Group include bank borrowings, bank overdrafts and trade payables. The main purpose of these financial instruments is to provide the Group with the financial means necessary for its activities. The Group has various financial assets, such as trade receivables, cash and short-term deposits, which are directly generated by its operations.

The Group's strategy was, and remains, not to do any trading on derivative instruments.

The main risks resulting from the financial instruments of the Group involve cash flows, interest rate risk, liquidity risk, exchange risk and credit risk. The risks of the entities of the Group are managed by each entity according to the Group's strategy and in accordance with the Company's instructions.

Interest rate risk

The exposure of the Group to the risk of interest rate fluctuations is mainly related to the €275m term loan facilities.

The Group entered into hedging agreements with several banks in order to hedge 67% of implied interest rate risk.

Exchange risk

The foreign subsidiaries of the Group operate essentially on their own territory and sales or purchases within the Group are not significant; as a result, cash flows in the Group are not sensitive to changes in the currencies.

For the Group, the main currency risk is linked to USD and GBP fluctuations.

Credit risk

Credit risk occurs if a party to a transaction is unable or refuses to fulfil its obligations, causing a financial loss to the Group. The Group deals only with recognised and creditworthy third parties.

Receivables are monitored regularly, so that the Group's exposure to bad debts is not significant.

Liquidity risk

The Group maintains adequate reserves of cash and short-term deposits in order to satisfy its liquidity needs.

6.7. Objectives and strategies regarding financial risk management (Continued)

Since 2013, the Group treasury department has implemented several liquidity concentration pools around the main business regions (Europe, US, UK & Scandinavia). By the end of 2016, approximately 90% of Group's revenue is covered by such mechanisms. Therefore, the organic growth of the Group and its working capital needs are ensured by operating cash flow generated by the business units.

6.8. Off-balance-sheet commitments

In € thousand	03.31.2017
Leases	66,082
Securities pledged as collateral	1,016,620
Other	11,897
Commitments given	**1,094,599**
Credit Lines	9,515
Commitments received	**9,515**

Banijay Group has pledged securities for the benefit of a bank pooling, in relation with the borrowing it has subscribed to in 2016. The shares of the following companies are pledged as collateral: Banijay Entertainment, Zodiak Media France, Zodiak Rights Ltd, Zodiak Media Ltd, Zodiak Media AB, H2O Productions, Banijay Productions, Banijay US, Banijay International Aps DKK, Screentime Pty.

Leases commitments correspond to the fixed and non-cancellable part of the leases agreements in which group entities have entered as of March 31st, 2017.

Other commitments given mainly correspond to the estimate of put / call options on securities held by majority shareholders of joint ventures and to the payments that could be due by the Group, should the conditions precedent to the opened SPA being met.

Commitments received refer to confirmed credit lines not drawn at reporting date.

Furthermore, in the context of the current activity the group concluded multi-year agreements related to the audiovisual production with some national channels around the world where it is present.

6.9. Events after the reporting period

No significant events occurred after the reporting period to the best of the Group's knowledge.

6.10. Consolidation scope

SUBSIDIARIES	COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st MARCH 2017
BANIJAY GROUP S.A.S (MERGER ZM SA/ BH)	FRANCE	100,00%	HC
JKS2 PTY LIMITED	AUSTRALIA	56,43%	FC
JKS3 PTY LIMITED	AUSTRALIA	56,43%	FC
ROSEBUD PTY LIMITED	AUSTRALIA	57,58%	FC
SCREENTIME COMMERCIAL PTY LIMITED	AUSTRALIA	57,58%	FC
SCREENTIME PTY LTD	AUSTRALIA	57,58%	FC
SDS1 PTY LIMITED	AUSTRALIA	56,43%	FC
WARNIE TV PTY LIMITED	AUSTRALIA	56,43%	FC
ZODIAK BELGIUM N.V (EX KANAKNA, BE)	BELGIUM	100,00%	FC
TUNSAY KHMER CO. LTD	CAMBODIA	100,00%	FC
BANIJAY FINLAND OY	DENMARK	97,60%	FC
BANIJAY INTERNATIONAL APS DKK (EX-BANIJAY NORDIK—HOLDING)	DENMARK	97,60%	FC
BANIJAY NORDIC HOLDING APS DKK	DENMARK	97,60%	FC
JAROWSKIJ DANMARK AS/ THE POST A/S	DENMARK	100,00%	FC
LOOK ENTERTAINMENT APS	DENMARK	100,00%	FC
MASTIFF A/S	DENMARK	100,00%	FC
MTV PRODUKTION A/S	DENMARK	100,00%	FC
NORDISK FILM TV A/S—DENMARK	DENMARK	97,60%	FC
PINEAPPLE ENTERTAINMENT APS	DENMARK	49,78%	FC
PRODUCTION FACILITIES ApS	DENMARK	48,90%	FC
RESPIRATOR MEDIA & DEVELOPMENT A/S—DENMARK	DENMARK	48,90%	FC
SOCIAL CLUB PRODUKTION APS	DENMARK	100,00%	FC
TALPA NORDIC APS	DENMARK	48,80%	EM
YELLOW BIRD FILMS APS	DENMARK	100,00%	FC
ZODIAK TELEVISION WORLD A/S	DENMARK	100,00%	FC
ZODIAK FINLAND OY	FINLAND	100,00%	FC
ADVENTURE LINE PRODUCTIONS SAS	FRANCE	100,00%	FC
AIR PRODUCTIONS	FRANCE	97,60%	FC
ALP MUSIC S.A.R.L.	FRANCE	100,00%	FC
BABA FUNNY LEAGUE	FRANCE	92,72%	FC
BAMAGO	FRANCE	50,00%	EM
BANIJAY DIGITAL	FRANCE	100,00%	FC
BANIJAY EDITING	FRANCE	100,00%	FC
BANIJAY ENTERTAINMENT	FRANCE	97,60%	FC
BANIJAY FRANCE (EX ZODIAK MEDIA FRANCE)	FRANCE	100,00%	FC
BANIJAY LIBRARY	FRANCE	100,00%	FC
BANIJAY PRODUCTIONS	FRANCE	97,60%	FC
BANIJAY STUDIOS FRANCE(EX ZODIAK FICTION & DOCS)	FRANCE	100,00%	FC
BASE RECORDS	FRANCE	97,60%	FC
BIG NAME	FRANCE	97,60%	FC
BUBBLE PROD	FRANCE	34,16%	FC
CONNECTING PROD	FRANCE	92,72%	FC
DAY AFTER DAY RADIO	FRANCE	92,72%	FC
FESTIVAL AIR	FRANCE	97,60%	FC
FICTIONS AIR	FRANCE	97,60%	FC
FINANCIÉRE EMG	FRANCE	8,71%	EM
FOOD PRODUCTIONS	FRANCE	97,60%	FC
GÉTÉNÉ PRODUCTIONS	FRANCE	100,00%	FC
H2O DIVERTISSEMENT	FRANCE	92,72%	FC
H2O FICTIONS	FRANCE	92,72%	FC
H2O JEUX	FRANCE	92,72%	FC
H2O SAS	FRANCE	92,72%	FC
IMAGES ON AIR SAS	FRANCE	97,60%	FC
KM PRESSE SNC	FRANCE	99,90%	FC
KM PRESTATION SNC	FRANCE	99,90%	FC
KM S.A.S.	FRANCE	100,00%	FC
LES EDITIONS DU 5	FRANCE	97,60%	FC

6.10. Consolidation scope (Continued)

SUBSIDIARIES	COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st MARCH 2017
LES PRODUCTIONS DU 5	FRANCE	97,60%	FC
LODITION	FRANCE	92,72%	FC
MBG	FRANCE	50,00%	EM
MMC I (TIPEEE)	FRANCE	50,00%	EM
MMC II À V	FRANCE	50,00%	EM
MY MAJOR COMPANY	FRANCE	50,00%	EM
MY MAJOR COMPANY EDITIONS	FRANCE	50,00%	EM
NON STOP EDITION (EX HD EDITION)	FRANCE	60,97%	FC
NON STOP PRODUCTIONS	FRANCE	55,55%	FC
SKILLSTAR	FRANCE	50,00%	EM
STUDIO 74	FRANCE	50,00%	EM
STUDIO MABOUL	FRANCE	92,72%	FC
TEAM CH1	FRANCE	95,16%	FC
ZODIAK KIDS CENTRAL	FRANCE	100,00%	FC
ZODIAK KIDS STUDIO FRANCE (MARATHON MEDIA)	FRANCE	100,00%	FC
BRAINPOOL	GERMANY	48,80%	EM
BRAINPOOL ARTIST UND CONTENT SERVICE GMBH	GERMANY	48,80%	EM
BRAINPOOL LIVE ENTERTAINMENT GMBH	GERMANY	36,60%	EM
BRAINPOOL TV GMBH	GERMANY	48,80%	EM
CAPE CROSS STUDIO UND FILMLICTHGESELLSCHAFT GMBH	GERMANY	36,84%	EM
ELTON TV PRODUKTIONS GMBH	GERMANY	32,55%	EM
HPR PRODUKTION GBR	GERMANY	24,40%	EM
KÖLN COMEDY FESTIVAL GMBH	GERMANY	48,80%	EM
LADYKRACHER TV-PRODUKTION GMBH	GERMANY	24,40%	EM
MILE 108 GRIPSTORE GMBH	GERMANY	36,84%	EM
MINESTRONE PRODUKTION GBR	GERMANY	24,40%	EM
PRINCESS TV GMBH	GERMANY	48,80%	EM
RAAB TV-PRODUKTION GMBH	GERMANY	48,80%	EM
SOL PRODUCTION	INDIA	70,00%	FC
BETWEEN STATES FILM PRODUCTION DESIGNATED ACTIVITY COMPANY	IRELAND	100,00%	FC
CITIZEN TELEVISION PRODUCTIONS	IRELAND	50,00%	FC
ZODIAK MEDIA IRELAND LTD	IRELAND	100,00%	FC
4FRIENDS SRL	ITALY	24,88%	FC
AMBRA BANIJAY ITALIA	ITALY	97,6%	FC
ATLANTIS FILMS & VIDEO SRL	ITALY	48,8%	FC
AURORA TV	ITALY	97,6%	FC
DRY	ITALY	49,00%	EM
MAGNOLIA SPA	ITALY	100,00%	FC
MILANOROMA	ITALY	100,00%	FC
NONPANIC	ITALY	58,56%	FC
RM5TO ELEMENTO MEXICO S DE/ ZODIAK LATINO S.DE R.L DE.C V.	MEXICO	89,91%	FC
PALM PLUS MUSIC PUBLISHING B.V.	NETHERLANDS	75,00%	FC
ZODIAK NEDERLAND B.V.	NETHERLANDS	100,00%	FC
1953 LLC	NEW ZEALAND	58,56%	FC
FLYING START PICTURES LIMITED	NEW ZEALAND	28,8%	FC
MAKING OF THE MOB LIMITED	NEW ZEALAND	58,56%	FC
PALISADE LIMITED	NEW ZEALAND	58,56%	FC
ROMAN EMPIRE LIMITED	NEW ZEALAND	58,56%	FC
SCREENTIME NEW ZEALAND LIMITED	NEW ZEALAND	57,58%	FC
TRAPEZE PRODUCTIONS	NEW ZEALAND	58,56%	FC
BLEKKULF AS—NORWAY	NORWAY	97,60%	FC
MASTIFF AS	NORWAY	100,00%	FC
MASTIFF AS + MASTIFF ENTERTAINMENT AS, NORWAY	NORWAY	100,00%	FC
NFTV PRODUKSJON AS—NORWAY	NORWAY	97,60%	FC
NORDISK FILM TV & AS—NORWAY	NORWAY	97,60%	FC

6.10. Consolidation scope (Continued)

SUBSIDIARIES	COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st MARCH 2017
YELLOW BIRD NORGE AS	NORWAY	100,00%	FC
MASTIFF RUSSIA	RUSSIA	75,50%	FC
ZODIAK VOSTOK	RUSSIA	100,00%	FC
BLOBHEAD PRODUCTIONC LTD	SCOTLAND	100,00%	FC
IDEAL WORLD FILMS LTD	SCOTLAND	100,00%	FC
IDEAL WORLD PROD. LTD	SCOTLAND	100,00%	FC
LATE NFCHT SHOPPING	SCOTLAND	100,00%	FC
LOVE OR MONEY	SCOTLAND	100,00%	FC
THE COMEDY UNIT	SCOTLAND	100,00%	FC
THE FOUNDATION TV PRODUCTIONS LTD	SCOTLAND	100,00%	FC
WARK CLEMENTS & COMPANY LTD	SCOTLAND	100,00%	FC
CUARZO PRODUCCIONES	SPAIN	61,32%	FC
DLO PRODUCCIONES	SPAIN	61,32%	FC
INDRAKSHI	SPAIN	97,60%	FC
MAGNOLIA TV ESPANA	SPAIN	100,00%	FC
NON STOP PEOPLE ESPANA SL	SPAIN	61,32%	FC
5TH ELEMENT AB	SWEDEN	100,00%	FC
5TO ELEMENTO AB	SWEDEN	90,00%	FC
GUIDEBEAST AB	SWEDEN	100,00%	FC
JAROWSKIJ ENTERPRISES AB	SWEDEN	100,00%	FC
JAROWSKIJ SVERIGE AB	SWEDEN	100,00%	FC
MASTIFF AB	SWEDEN	100,00%	FC
MASTIFF MEDIA HOLDING AB	SWEDEN	100,00%	FC
NORDISK FILM & TV PRODUKTION AB—SWEDEN	SWEDEN	97,60%	FC
SOCIALA SPELET PRODUKTION HB	SWEDEN	50,00%	FC
SOLSIDAN PRODUKTION HB	SWEDEN	50,00%	FC
YB FILM & TV PRODUCTION AB	SWEDEN	100,00%	FC
YB MILLENNIUM RIGHTS AB	SWEDEN	100,00%	FC
YELLOW BIRD UK FILM AB	SWEDEN	100,00%	FC
YELLOW BIRD US RIGHTS AB	SWEDEN	100,00%	FC
YELLOWBIRD ENTERTAINMENT AB	SWEDEN	100,00%	FC
YELLOWBIRD HOLDING AB	SWEDEN	100,00%	FC
YELLOWBIRD RIGHTS AB	SWEDEN	100,00%	FC
ZE MUSIC PUBLISHING AB	SWEDEN	100,00%	FC
ZODIAK MEDIA AB	SWEDEN	100,00%	FC
BAIT FILM LTD	UNITED KINGDOM	100,00%	FC
BANIJAY (CENTRAL) LTD (EX ZODIAK MEDIA (CENTRAL) LTD)	UNITED KINGDOM	100,00%	FC
BANIJAY PRODUCTIONS LTD (EX ZODIAK PRODUCTIONS LTD)	UNITED KINGDOM	100,00%	FC
BANIJAY UK LTD (EX ZODIAK MEDIA UK LTD)	UNITED KINGDOM	100,00%	FC
BWARK FILMS LTD	UNITED KINGDOM	100,00%	FC
BWARK PRODUCTION LTD	UNITED KINGDOM	100,00%	FC
DANGEROUS FILMS LTD.	UNITED KINGDOM	70,00%	FC
GRACE FILM LTD	UNITED KINGDOM	100,00%	FC
IWC MEDIA LTD	UNITED KINGDOM	100,00%	FC
MAST MDIA BFC CALL LTD	UNITED KINGDOM	100,00%	FC
MONOGRAM PROD. LTD	UNITED KINGDOM	100,00%	FC
PRESENTABLE LTD	UNITED KINGDOM	100,00%	FC
RDF TELEVISION LTD	UNITED KINGDOM	100,00%	FC
RED HOUSE	UNITED KINGDOM	100,00%	FC
SOUND POCKET MUSIC LTD	UNITED KINGDOM	100,00%	FC
TELEVISION PRODUCTIONS LTD	UNITED KINGDOM	100,00%	FC
THE FOUNDATION TV PRODUCTIONS (FLOOGLES) LTD	UNITED KINGDOM	100,00%	FC
THE FOUNDATION TV PRODUCTIONS LTD	UNITED KINGDOM	100,00%	FC
THE RUSSIAN BRIDE LTD	UNITED KINGDOM	100,00%	FC
TOUCHPAPER TELEVISION LTD	UNITED KINGDOM	100,00%	FC
VIZY LIMITED	UNITED KINGDOM	2,00%	FC

6.10. Consolidation scope (Continued)

SUBSIDIARIES	COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st MARCH 2017
YOUNG BWARK LTD	UNITED KINGDOM	50,00%	FC
ZODIAK MEDIA LTD	UNITED KINGDOM	100,00%	FC
ZODIAK MUSIC PUBLISHING LTD	UNITED KINGDOM	100,00%	FC
ZODIAK RIGHS LTD	UNITED KINGDOM	100,00%	FC
WORLD WARS WV, LLC (W.VIRGINIA)	UNITED STATES	58,56%	FC
247 W; 37TH ST, LOCATION SERVICES LLC	UNITED STATES	58,56%	FC
ACIP CO LLC	UNITED STATES	97,60%	FC
ALPHA BLUE MUSIC PUBLISHING LLC (MUSIC PUBLISHING)	UNITED STATES	58,56%	FC
ARGYLE MEDIA LLC (DEVELOPMENT & PRODUCTION)	UNITED STATES	58,56%	FC
ATRIUM ENTERTAINMENT, LLC	UNITED STATES	97,60%	FC
BANIJAY ENTERTAINMENT HOLDING US	UNITED STATES	97,60%	FC
BANIJAY ENTERTAINMENT HOLDING US II	UNITED STATES	97,60%	FC
BANIJAY GROUP US HOLDING	UNITED STATES	97,60%	FC
BANIJAY STUDIOS NORTH AMERICA	UNITED STATES	35,14%	EM
BG APPLE LLC	UNITED STATES	97,60%	FC
BG PEACH, INC	UNITED STATES	97,60%	FC
BMP FILMS, INC	UNITED STATES	97,60%	FC
BONA FIDE PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
BUNIM MURRAY PRODUCTIONS INC	UNITED STATES	97,60%	FC
BUNIM MURRAY PRODUCTIONS, LLC (EX BUNIM MURRAY PRODUCTIONS GROUP)	UNITED STATES	97,60%	FC
CLOCK TOWER PRODUCTIONS, INC	UNITED STATES	100,00%	FC
COMPLETE SOLUTION PICTURES AND SOUND, LLC	UNITED STATES	35,14%	FC
CROSSWALK PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
GENIO PRODUCTIONS, INC	UNITED STATES	100,00%	FC
GF FILMS, LLC (UTAH)	UNITED STATES	58,56%	FC
GULF STREAM MEDIA INC	UNITED STATES	35,14%	EM
HASHTAG ENTERTAINMENT, LLC	UNITED STATES	97,60%	FC
HIPPOCRITICAL PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
HIZZONER, LLC	UNITED STATES	97,60%	FC
HOME BREWED PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
HOUSE OF HAUS, LLC	UNITED STATES	48,80%	FC
JAM BAY PRODUCTIONS INC	UNITED STATES	97,60%	FC
LOOK BOTH WYS PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
M CABLE TELEVISION, INC	UNITED STATES	97,60%	FC
M FILM, INC	UNITED STATES	97,60%	FC
M MUSIC, INC	UNITED STATES	97,60%	FC
M. THEORY ENTERTAINMENT. INC	UNITED STATES	97,60%	FC
MIDDLEMAN, LLC	UNITED STATES	97,60%	FC
MOBILITY PRODUCTIONS	UNITED STATES	97,60%	FC
NOT A PROBLEM, LLC	UNITED STATES	48,80%	FC
NOTE REPUBLIC, LLC	UNITED STATES	48,80%	FC
ONLY ON OXNARD, LLC	UNITED STATES	97,60%	FC
OXNARD CATS ENTERTAINMENT, LLC	UNITED STATES	97,60%	FC
PANGEA MANAGEMENT GROUP	UNITED STATES	100,00%	FC
PARTICLE LLC	UNITED STATES	58,56%	FC
PARTICLE VFX LLC	UNITED STATES	58,56%	FC
PICO SCRIPT LAB, INC	UNITED STATES	100,00%	FC
R.W. PRODUCTIONS INC	UNITED STATES	97,60%	FC
ROAD RULES PRODUCTIONS INC	UNITED STATES	97,60%	FC
ROUGH CUT PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
SANTA MONICA 23 PRODUCTIONS INC	UNITED STATES	100,00%	FC
SCREENBOX LLC	UNITED STATES	58,56%	FC
SDE WV LLC	UNITED STATES	58,56%	FC
SEGME BUNIM, LLC	UNITED STATES	97,60%	FC
SNACK TRAY PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
SPRING BREAK FILMS LLC	UNITED STATES	48,80%	FC
STEPHEN DAVID ENTERTAINMENT	UNITED STATES	58,56%	FC

6.10. Consolidation scope (Continued)

SUBSIDIARIES	COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st MARCH 2017
STEPHEN DAVID MEDIA, LLC	UNITED STATES	58,56%	FC
TABULA RASA PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
TURNT UP PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
W, 37TH ST, LOCATION SERVICES LLC	UNITED STATES	58,56%	FC
WATER LOGGED INC	UNITED STATES	97,60%	FC
WESTCAR LLC	UNITED STATES	58,56%	FC
WHEELHOUSE PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
YOLO PRODUCTIONS, LLC	UNITED STATES	97,60%	FC
ZAMORA FILMS, LLC	UNITED STATES	97,60%	FC
ZAMORA PRODUCIONS, LLC	UNITED STATES	97,60%	FC
ZODIAK AMERICAS	UNITED STATES	100,00%	FC
ZODIAK LATINO	UNITED STATES	90,00%	FC
ZODIAK USA	UNITED STATES	100,00%	FC

FC : Fully Consolidated

EM : Equity Method

Identity of parent company:

The company ‘Banijay Group’ is consolidated in the financial statements of LOV Group lnvest S.A.S.

Banijay Group
(Formerly Zodiak Media)
Years ended December 31, 2016 and 2015

Statutory auditor's report on the consolidated financial statements

Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris - La Défense Cedex

Tél. : +33 (0) 1 46 93 60 00
www.ey.com/fr

Banijay Group
(Formely Zodiak Media)
Years ended December 31, 2016 and 2015

Statutory auditor's report on the consolidated financial statements

To the President,

At your request and in our capacity as statutory auditor of Banijay Group in the context of the shareholders' agreement, we have audited the accompanying consolidated financial statements of Banijay Group, which comprise the balance sheets as at December 31, 2016 and December 31, 2015, and the income statements, statements of changes in equity and cash flow statements for the periods then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the consolidated group as at December 31, 2016 and December 31, 2015, and of its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards as adopted by the EU.

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Société de Commissaires aux Comptes
Siège social : 1-2, place des Saisons - 92400 Courbevoie - Paris - La Défense 1

Emphasis of matter

Without qualifying our opinion, we draw your attention to the matter set out in notes 5.2 "Significant Events" and 5.5 "Changes in consolidation scope" to the consolidated financial statements regarding the reverse acquisition of Zodiak Media.

This report shall be governed by, and construed in accordance with French law. The courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

Paris-La Défense, March 3, 2017

The statutory auditor
ERNST & YOUNG et Autres

Jean Bouquot

Banijay Group

Consolidated financial statements

For the period ended December 2016

CONTENTS

1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In € thousand	Notes	2016	2015
Revenue	6.6.1	726,460	367,548
Operating expenses		(209,069)	(118,837)
External expenses		(57,403)	(24,257)
Staff costs	6.6.2	(342,427)	(170,718)
Taxes and duties		(1,039)	(507)
Depreciation and amortisation of intangible and tangible assets		(35,988)	(3,565)
Current impairment losses and provisions, net of reversals		(6,411)	(638)
Other current operating income and expenses		2,595	32
Current operating profit (loss)		**76,718**	**49,058**
Other non current operating income (expenses)	6.6.3	(26,409)	(4,738)
Earnings before interest and income tax (EBIT)		**50,309**	**44,320**
Finance income		413	66
Interest expenses	6.6.4	(14,257)	(1,361)
Cost of net debt		**(13,844)**	**(1,295)**
Other finance income (costs)	6.6.5	(13,869)	(46,593)
Profit before tax and income (loss) from equity-accounted affiliates		**22,596**	**(3,568)**
Income taxes	6.6.6	2,312	(11,086)
Profit, net of tax expense		**24,908**	**(14,654)**
Share of profit of associates and joint ventures	6.6.7	(2,512)	(5,655)
Badwill		0	77
Profit (loss) for the year		**22,396**	**(20,232)**
Non-controlling interests—Profit (loss) of the year		1,790	624
Owners of the Parent—Profit (loss) of the year		**20,606**	**(20,856)**

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € thousand	2016	2015
Profit (loss) for the year (a)	**22,396**	**(20,232)**
Other comprehensive income (loss)		
—Foreign currency translation reserve	5,242	11,698
—Other changes, before tax[(1)]	24,942	92
Net other comprehensive income (loss) (b)	**30,184**	**11,790**
Total comprehensive income (loss) for the year (a) + (b)	**52,580**	**(8,442)**
Non-controlling interests	1,881	905
Owners of the Parent	**50,699**	**(9,347)**

(1) The amount in 2016 mainly corresponds to the initial recognition of the PUT option relating to the redeemable bond for €25m

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In € thousand	Notes	12.31.2016	12.31.2015
Goodwill	6.7.1	529,105	257,120
Long-term content assets	6.7.1	40,281	4,306
Scripted production in progress	6.7.1	44,351	0
Other intangible assets	6.7.1	11,295	5,427
Property, plant and equipment	6.7.2	15,222	5,032
Investments in associates and joint ventures	6.7.3	47,065	37,200
Non-current financial assets	6.7.4	30,036	9,990
Deferred tax assets	6.7.5	27,964	10,730
Other long-term assets		5,330	783
Total non-current assets		**750,649**	**330,588**
Inventories and work in progress	6.7.6	101,069	52,316
Trade and other receivables	6.7.7	217,686	82,269
Income tax receivable	6.7.8	14,238	1,248
Other current assets	6.7.9	10,181	8,346
Cash and cash equivalents	6.7.10	73,357	32,656
Total current assets		**416,531**	**176,835**
Total assets		**1,167,180**	**507,423**

EQUITY AND LIABILITIES

In € thousand	Notes	12.31.2016	12.31.2015
Issued capital	6.7.11	61,856	2,047
Share premiums	6.7.11	244,359	187,503
Other comprehensive income (loss)		47,343	17,250
Retained earnings		(200,165)	(64,472)
Equity attributable to owners of the Parent		**153,393**	**142,328**
Non-controlling interests		12,715	11,861
Total equity		**166,108**	**154,189**
Long-term borrowings and other financial liabilities	6.7.12	389,880	439
Other non-current provisions	6.7.13	13,470	7,499
Employee defined benefit obligation	6.7.13	1,753	108
Deferred tax liabilities	6.7.5	7,473	633
Other long-term liabilities	6.7.14	117,860	162,203
Total non-current liabilities		**530,436**	**170,882**
Short-term borrowings and bank overdrafts	6.7.12	39,097	39,411
Trade and other payables	6.7.15	267,797	111,122
Current tax liabilities		2,466	2,174
Current provisions	6.7.13	3,562	146
Other current liabilities	6.7.16	157,714	29,499
Total current liabilities		**470,636**	**182,352**
Total equity and liabilities		**1,167,180**	**507,423**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

In € thousand	2016	2015
Profit (loss) for the year	22,396	(20,232)
Share of profit of associates and joint ventures	2,512	655
Amortisation, depreciation, impairment losses and provisions, net of reversals	47,148	8,191
Other non-cash adjustments.	20,354	48,974
Cash flows from operating activities after cost of net debt and tax	**92,410**	**37,588**
Income tax expense	(2,312)	11,086
Cost of net debt	13,844	1,295
Cash flows from operating activities before cost of net debt and tax	**103,942**	**49,969**
Changes in working capital	19,176	(6,294)
Income tax paid[(1)]	(20,799)	(8,630)
Net cash flows from operating activities	**102,319**	**35,045**
Consequences of changes in consolidation scope	(15,641)	(54,916)
Purchase of property, plant and equipment and of intangible assets	(56,303)	(2,310)
Net increase (decrease) in financial assets	(1,356)	(3,156)
Changes in loans and advanced payments granted	(5,826)	(6,247)
Proceeds from sale of property, plant and equipment and intangible assets	181	29
Disposals of financial assets	64	0
Dividends received	70	6,150
Others from investing activities	579	0
Net cash flows from investing activities	**(78,232)**	**(60,450)**
Change in capital	(98,915)	(14,008)
Proceeds from borrowings	401,905	6,308
Repayment of borrowings	(277,391)	(9,911)
Net interest paid	(9,238)	(914)
Dividends paid to non-controlling interests	(454)	(851)
Net cash flows from (used in) financing activities	**15,907**	**(19,376)**
Effects of exchange rate differences	(156)	2,927
Net increase (decrease) of cash and cash equivalents	**39,838**	**(41,854)**
Cash and cash equivalents at the beginning of the year	32,531	74,385
Cash and cash equivalents at the end of the year[(2)]	72,369	32,531

(1) Income tax paid includes prepayments made by French subsidiaries to French authorities before entering the tax consolidation group that should be paid back in 2017.

(2) The cash and cash equivalent at the end of the year in the cash flow statement is not equal to the closing cash in the balance sheet due to the bank overdrafts.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € thousand	Number of shares	Issued capital	Share premiums	Other reserves					Equity	
				Revaluation reserve for financial instruments	Other OC1	Deferred tax	Foreign currency translation reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interests
January 1st, 2015	**2,057,501**	**2,057**	**207,493**	**(92)**	**619**	**(345)**	**5,599**	**(43,379)**	**171,952**	**12,350**
Income / Loss for the year								(20,856)	(20,856)	624
Foreign currency translation reserve							11,417		11,417	281
Other changes				92	0	0			92	
Total comprehensive income (loss) for the year				92	0	0	11,417	(20,856)	(9,347)	905
Issue of shares		(10)	(19,990)						(20,000)	
Changes in consolidation scope								34	34	(776)
Dividends paid								(232)	(232)	(619)
Other changes					(692)		652	(39)	(79)	
December 31st, 2015	**2,057,501**	**2,047**	**187,503**	**0**	**(73)**	**(345)**	**17,668**	**(64,472)**	**142,328**	**11,861**
January 1st, 2016	**2,057,501**	**2,047**	**187,503**	**0**	**(73)**	**(345)**	**17,668**	**(64,472)**	**142,328**	**11,861**
Income / Loss for the year								20,606	20,606	1,790
Foreign currency translation reserve							5,151		5,151	91
Other changes				25,000	(58)				24,942	
Total comprehensive income for the year				25,000	(58)	0	5,151	20,606	50,699	1,881
Issue of shares		16,253	91,747					0	108,000	
Capital adjustement following reverse acquisition*		43,556	(34,891)					(8,665)	0	
Fair value of the consideration transferred*								44,688	44,688	
Changes in consolidation scope								(192,289)	(192,289)	(615)
Payment of dividends									0	(454)
Other changes								(33)	(33)	42
December 31st, 2016	**2,057,501**	**61,856**	**244,359**	**25,000**	**(131)**	**(345)**	**22,819**	**(200,165)**	**153,393**	**12,715**

* See notes 6.2 and 6.5 for a detailed description of the transaction.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6.1. Corporate information

The consolidated financial statements for the period ended December 31st, 2016 of Banijay Group, were closed by the Chairman in order to be presented to the supervisory board's meeting, on March 6th.

Banijay Group S.A.S. (the "Company") is a limited liability company domiciled in France and with its head office located at 5 rue François 1er—75008 Paris (France).

Banijay Group S.A.S has a share capital of € 61,856,280 (61,856,280 shares of € 1 each) and is the parent entity of the Banijay Group.

Banijay Group is in the business of producing audiovisual programs, managing and marketing of intellectual property rights in relation to audiovisual and interactive contents and\or formats.

These consolidated financial statements present the financial situation of the Company and its subsidiaries (the "Group"). They are denominated in Euro as this is the currency used for the majority of the Group's transactions.

Banijay Group's closing date for its financial statements is December 31st.

6.2. Significant events

On February 23rd, 2016, the former Banijay Group and Zodiak Media Group completed their merger, creating the world's largest independent production Group. The new Group, which includes the leading production companies in many countries, now has operations in 16 territories producing entertainment, drama, factual, reality entertainment, docu-drama, children's and animation programming.

This merger was structured as a reverse merger pursuant to which Lov Group, Banijay's main shareholder, took over the control of Zodiak Media, the parent entity of the Zodiak Media Group, which absorbed Banijay holding, the parent of the Banijay Group, before being renamed Banijay Group.

The business combination was accounted for as a reverse acquisition using the accounting principles applicable to reverse acquisitions whereby the financial statements subsequent to the transaction are presented as a continuation of the ones of Banijay Holding, the absorbed company.

Under reverse acquisition accounting, Banijay Holding (the "Legal Subsidiary") is treated as the accounting parent (the "Acquirer") and Banijay Group, former Zodiak Media S.A.S (the "Legal Parent") is treated as the accounting subsidiary (the "Acquiree"). As a result of this transaction the comparative figures reported in this document for the period ended December 2015 are that of the Legal Subsidiary.

Pursuant to the merger, the Company opened its share capital to Vivendi Contents, who subscribed to a share capital increase of €100,000,000.

As a consequence of these operations, Banijay Group is 73.8% controlled by LDH a company whose shareholders are Stéphane Courbit's LOV Group (50.1%) and DeA Communications SA (49.9%), with Vivendi Contents owning 26.2%.

As the merger was completed on February 23rd, 2016, the consolidated financial statements include Zodiak Media Group's financial statements from this date: Statement of Profit or Loss and Statement of Cash Flows are comprised of twelve months of Banijay pre-merger scope and ten months of Zodiak Media's pre-merger scope.

See note 6.5 for a detailed description of the transaction.

On February 23rd, 2016, pursuant to the merger, the Group was refinanced by a pool of three banks (Société Générale Corporate and Investment Banking, Banca IMI, S.p.A. London branch and Natixis) for a total amount of €275,000,000 by way of a senior loan fully drawn on February 23rd, 2016 and a €25,000,000 Revolving Credit Facility. The bank loan maturity date is February 23rd, 2021. In addition, the Company issued 1,000 bonds with a nominal value of €100,000 each redeemable in shares or in cash, at its option, with a maturity date on February 23rd, 2023. These bonds were fully subscribed by SIG 116, a Vivendi Group company,.

6.3. Accounting principles and methods

6.3.1. Compliance with IFRS

The consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) applicable on December 31st, 2016 and the relevant interpretation standards (SIC/IFRIC) registered by the European Commission and in force at such date, which, for those relevant to the Company, do not present any difference with the accounting standards as issued by the International Accounting Standards Board (IASB).

The accounting policies adopted are consistent with those of the previous financial year.

Standards and interpretations compulsory at January 1, 2016

- Amendments to IAS 16 and IAS 38, aimed at clarifying acceptable methods of depreciation and amortization;
- Amendment to IFRS 11, "Joint Arrangements" providing guidance on how to account for the acquisition of an interest in a joint arrangement;
- Amendments resulting from the IFRS annual improvement process (2010-2012, 2011-2013 and 2012-2014 cycles);

No significant impacts resulted from these new standards in the Group's consolidated financial statements at December 31st, 2016 (please refer to paragraph 5.3.3.4 regarding the depreciation of audiovisual rights).

Standards and interpretations that are not yet mandatory and for which the Group has not opted for an early implementation

Among those standards and interpretations, those which could affect the Group's future consolidated financial statements are:

IFRS 9 "Financial Instruments"	Effective for annual periods beginning on or after 1 January 2018
IFRS 15 "Revenue from Contracts with Customers"	Effective for annual periods beginning on or after 1 January 2018
IFRS 16 "Leases"	Effective for annual periods beginning on or after 1 January 2019

The Group is currently analyzing the impacts of these new standards on its financial statements.

6.3.2. Main estimates and accounting assumptions

The preparation of the consolidated financial statements of the Group requires the Group's management to use certain estimates and assumptions that have an impact on the carrying amount of revenues, costs, assets and liabilities. The main estimates and assumptions relate to the valuation and useful lives of audiovisual rights, of goodwill, to the amount of provisions for risks and other provisions in relation with the Group's activity, to the calculation of debt related to earn outs on acquisitions, to the estimate of debt resulting from put options in favour of minority shareholders, to the assumptions used for share-based payments, to the valuation of the put option relating to the redeemable bond.

The features of main accounting methods, judgements and other uncertainties which affect the application of these accounting methods, as well as the sensitivity of the results to changes in the conditions and assumptions, are factors to be taken into account while reviewing these financial statements. Indeed, the Group prepares estimates and assumptions concerning future transactions. The resulting accounting estimates will, by definition, rarely equal the actual figures.

Goodwill impairment

The Group reviews, at least once a year, and at any time when a trigger event for impairment occurs, if goodwill has to be impaired. This requires the recoverable value of the cash generating unit to which the goodwill has been allocated, to be measured. The Group mainly estimates the recoverable value through

6.3. Accounting principles and methods (Continued)

its value-in-use. The latter is determined by the management through a projection of expected future cash flows that are discounted at an appropriate rate. See note 6.3.3.4 for further details.

Content assets depreciation

The Group reviews, at least once a year, and at any time when a trigger event for impairment occurs, if the content assets presented in the balance sheet has to be impaired. The carrying value of these assets is compared to the net sales forecast of said format over 10 years.

Earn-out payments / put option rights in favour of minority shareholders

Following external growth transactions, the Group can be committed to pay former/minority shareholders either earn-outs or further acquisition price pursuant to put options on their remaining shareholding, based on prices depending on future profits. Related debts are accounted for in the balance sheet at their present value. The Group estimates these debts using assumptions on future profits and calculates scheduled cash outflows using a discount rate.

Put option rights relating to the redeemable bonds

The Black and Scholes valuation model used is based on the assumptions of a valuation of the Group and a volatility rate.

The valuation of the Group is based on a multi-criteria analysis method that applies the two following methods:

- The income approach methodology (DCF method) which uses assumptions as to the future cash flows of the Group, a discount rate, ...
- The market approach methodology which is based on comparable transactions that have occurred on the market.

Share-based payments

Share subscription and purchase options, as well as free shares have been granted to certain employees of the Group. The value of these plans depends on the future profits of the Group or specific companies within the Group. The Group estimates these plans using assumptions on future profits and calculates scheduled cash outflows using a discount rate.

6.3.3. Summary of key accounting methods

The consolidated financial statements include the financial statements of the Company and those of its subsidiaries on December 31, 2016. The financial statements of the subsidiaries are prepared on the same accounting period as that of the Company, using homogeneous accounting principles.

All balances, transactions, revenues and expenses, intra-Group profits and losses resulting from transactions with Group companies are eliminated.

Subsidiaries are fully consolidated from the date on which the Group acquires control. They continue to be fully consolidated until the date that such control ceases. The results of the operations of subsidiaries acquired or sold during a given year are recognised in the consolidated results from the date of acquisition or up to the date of divestment.

Non-controlling Interests represent the portion of profit or loss and the net assets not owned by the Group. They are presented separately in the statement of profit or loss as well as in equity in the consolidated balance sheet, separately from the equity attributable to the shareholders of the Company.

6.3. Accounting principles and methods (Continued)

6.3.3.1. Current / non-current distinction

According to lAS 1 "Presentation of financial statements", the assets and liabilities are classified as current when their recoverability or their payment is expected no later than 12 months from the closing date, with the exception of deferred taxes which are shown as non-current assets and liabilities.

6.3.3.2. Consolidation scope and methods

Subsidiaries

The companies in which the Company holds directly or indirectly more than 50% of the voting rights or operates an exclusive control are fully consolidated.

Joint ventures and associated companies

Joint ventures are the companies in which the Company exercises a joint control. Associated companies are investments in which the Company exercises a significant influence, i.e. it has the power to participate in the financial and operational decisions but does not have control. The Company accounts for its investments in joint ventures and associates using the equity method.

Under this method, interests in associates and joint ventures are recorded in the balance sheet at acquisition cost and are increased or reduced by the Group's share in the entity's net assets, post-acquisition. Goodwill relating to acquired associates and joint ventures is included in the carrying amount of the investment and is not depreciated.

The statement of profit or loss reflects the Group's part in the results of operations of the related entity. Significant profits and losses resulting from transactions between the Group and the associates and joint ventures are eliminated up to the percentage of interest in the entity.

The percentage of interest held by the Group in the consolidated companies as well as the consolidation methods are disclosed in note 5.12.

6.3.3.3. Foreign currency translation

The consolidated financial statements are established in euro, which is the functional and presentation currency of the Group.

Translation of foreign-currency denominated transactions

Each entity determines its own functional currency. The items of each entity's financial statements are measured using the functional currency. Transactions in foreign currencies are recorded initially at the exchange rate of the functional currency prevailing at the transaction date or at the hedging rate, if applicable. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the functional currency at the closing date and the resulting exchange differences are recognised in the statement of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are reported using the exchange rates prevailing at the dates of the initial transactions.

Long-term monetary assets held by an entity of the Group in a foreign subsidiary for which a settlement is neither planned nor likely to occur in the foreseeable future, are a part of the net foreign investments. Thus, pursuant to the provisions of lAS 21 "The effects of changes in foreign exchange rates", corresponding exchange rate differences are entered into "other comprehensive income" until the date the investment is disposed of. Otherwise, the exchange differences are recorded as profit or loss.

Likewise, exchange differences relating to liabilities that are hedging instruments for net investments abroad, as provided for by lAS 39 "Financial Instruments—Recognition and measurement", are recorded as the exchange differences of the underlying hedge: they are booked in "other comprehensive income".

6.3. Accounting principles and methods (Continued)

Translation of subsidiaries' foreign-currency denominated financial statements

Assets and liabilities, including goodwill of foreign subsidiaries are translated into euro at the official exchange rate prevailing on the balance sheet date and their statement of profit or loss is translated at the average exchange rate over the period considered. The resulting exchange differences are booked directly to equity in a separate heading denominated "Foreign currency translation reserve". When a foreign entity is sold, the exchange differences accumulated in the "foreign currency translation reserve" allocated to the entity are transferred to profit or loss.

6.3.3.4. Intangible assets

Intangible assets include:

- format rights acquired from a third party or through business combinations. They can be commercially exploited either through internal use, i.e. the production of television programs by a Group entity, or through external use, i.e. the sale or licensing to third parties,
- audiovisual rights, or catalogues, referred to as the Group's library of finished programs, whether acquired or internally developed, for which the Group has legal right to distribute and to receive revenue from the distribution of the rights,
- production contracts or client contracts, acquired through business combinations, for the production of television programs, TV movies, or cinematic movies,
- fictions in progress: costs incurred for fiction productions that are not yet finalized and not delivered to the client at the closing date,
- other intangible assets: rights for the movie adaptation of books, software, etc.

Initial recognition

Initial recognition of intangible assets is at cost, except for those acquired in a business combination, which are recognized at fair value.

Depreciation & amortization

Following initial recognition, intangible assets are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Audiovisual rights are considered to have a definite useful life.

An amendment of IAS 38, effective January 1st, 2016, stressed the fact that intangible assets should be depreciated based on the consumption of the associated economic benefits and on the remaining useful life of the asset. Hence, audiovisual rights are depreciated on an accelerated basis following the decline in the net value of the asset following its initial broadcasting.

Intangible assets acquired in a business combination are depreciated:

- Catalogue: on a straight-line basis over a 10-year period
- Client contracts: on a straight-line basis over the contract duration

Software assets are depreciated over their estimated useful life (between 1 and 5 years).

The depreciation period and the amortization method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

6.3.3.5. Property, plant and equipment

Property, plant and equipment are recorded at their acquisition cost, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of such fixed assets.

The residual value, the useful life and depreciation methods of the fixed assets are reviewed and adjusted, if necessary, at each financial year-end.

6.3. Accounting principles and methods (Continued)

6.3.3.6. Impairment of non-financial assets

The recoverable amount of intangible assets, goodwill and tangible assets is tested for impairment as soon as external or internal signs of impairment losses exist, such signs being reviewed at each closing date (sector ratio declining, strong overall decrease in the business relating to the cash generating unit, fall in activity with a major customer of the cash-generating unit...).

If applicable, the recoverable amount of the asset is tested for impairment to determine whether there is an impairment loss.

Irrespective of whether there is any indication of impairment, this test is performed at least once a year.

If appropriate, an impairment loss is recorded for the portion of the net book value of the asset exceeding the recoverable amount (mostly measured through the asset's value-in-use).

The recoverable value of the assets to which it is possible to directly attribute independent cash inflows is assessed on a stand-alone basis. The other assets are Grouped within the cash-generating unit ("CGU") to which they belong in order to estimate their value-in-use. A CGU is defined as the smallest Group of assets that generates cash inflows that are largely independent of those from other assets or Groups of assets. Following the acquisition of Zodiak Media Group, the goodwill CGUs have been redetermined according to the territories and taking into consideration the similarities between the different markets.

The value-in-use of an asset or a CGU is measured by the method of discounted cash flows, based on projections of future financial cash flows over the next 4 years. Forecasts are derived from plans validated by the Chairman and the Supervisory Board of the Company, with a projection to infinity using a growth rate.

By assessing value-in-use, the estimated future cash flows are discounted; the discount rate is a post-tax rate and reflects the current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss is recognised, it is accounted for directly in the statement of profit or loss under a specific heading.

Impairment losses recognised for goodwill can never be reversed.

The value of assets, other than goodwill, for which an impairment loss has been recorded, is reviewed at each closing date for the purposes of reversing the impairment loss, if necessary. Where a reversal occurs, it is recorded as profit or loss. In such a case, the book value of the asset can be increased up to its recoverable value. After reversing the impairment loss, the book value cannot exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years.

6.3.3.7. Financial assets

Financial assets are divided into the three following categories: loans and receivables, held-to-maturity investments and financial assets measured at fair value through profit or loss.

Transactions relating to financial assets are recorded at settlement date.

Loans and receivables

These financial assets are initially recognised at their fair value to which is added directly attributable transaction costs and, then at amortised cost at each closing date, applying the effective interest rate method.

This category of assets includes trade receivables and other debtors, loans and deposits, receivables attached to participating interests, cash and loans to associates or non-consolidated entities.

Loans and receivables are reviewed taking into account any objective indication of impairment. A financial asset is dealt with individually. A loss is recognised if the carrying amount is greater than the recoverable value estimated through impairment tests.

6.3. Accounting principles and methods (Continued)

The impairment, if any, is recorded in profit or loss and can be reversed if the recoverable amount is due to improve over the following years.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a maturity fixed, that the entity intends and is able to hold until maturity. These investments are assessed and recorded at the amortised cost using the effective interest rate method.

They are examined with respect to any objective indication of impairment. A financial asset is dealt with individually. An impairment loss is recognised through profit or loss if the carrying amount is greater than the recoverable value estimated through impairment tests.

Financial assets measured at fair value through profit or loss

These assets are accounted for at fair value. Changes in fair value are recorded as profit or loss. This category includes:

- Financial assets classified as held-for-trading, including the assets that a company intends to resell in a near term with the aim of realising a gain, that belong to a portfolio of financial instruments collectively managed and for which practice is short-term disposal;
- Assets explicitly designated by the Group at initial recognition.

Impairment testing of financial assets

The Group reviews if, at the closing date, a financial asset or a Group of financial assets is likely to suffer an impairment loss.

If there is an objective evidence that loans and receivables carried at amortised cost should be impaired, the amount of the loss is estimated by difference between the book value and the discounted future cash flows such as expected (excluding future probable and not actual credit losses). The discount rate used is the initial effective interest rate (i.e. the effective interest rate computed at initial recognition of the asset). The book value is reduced through the use of an allowance account. The amount of the loss is recorded as profit or loss.

If, subsequently, the impairment decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognised impairment will be reversed. The reversal of an impairment loss is recognised as profit or loss, as long as the book value of the asset does not exceed its amortised cost at the date the loss allowance is reversed.

With respect to receivables, a loss allowance is recorded when there is objective evidence (probability of insolvency or severe financial difficulties of the debtor) that the Group will be unable to recover the debt in accordance with the initial payment conditions. The book value of the receivable is reduced by way of an allowance for loss. Impaired receivables are derecognised when they are considered as uncollectible.

6.3.3.8. Financial investments

Non-consolidated equity securities are initially entered at acquisition cost and are reduced, if required, on the basis of the market value.

6.3.3.9. Inventories

Inventories relating to work in progress are valued at production cost. They represent outstanding production of audiovisual programs, excluding fictions for which the Group retains a part of the IP, that are not finalised and not delivered to the client at closing date. In the case that production losses are anticipated, a provision for losses on onerous contract is accounted for, after inventories have been written off.

6.3. Accounting principles and methods (Continued)

6.3.3.10. Cash and cash equivalents

Cash and short-term deposits include liquid and available bank accounts as well as short-term deposits whose initial maturity is less than three months.

For the needs of the consolidated statement of cash flows, cash and cash equivalents are composed of the cash and cash equivalent as defined above as well as bank overdrafts.

6.3.3.11. Financial liabilities

Financial liabilities are divided into three categories: financial liabilities at amortised cost, financial liabilities at fair value through "other comprehensive income" and financial liabilities at fair value through profit or loss.

The financial liabilities of the Group mainly consist of liabilities valued at amortised cost. Among them are loans and similar debts including:

- Credit lines from banks;
- Bank overdrafts;
- Borrowings;
- Borrowings in relation to assets under finance leases;
- Bonds.

The category of financial liabilities at fair value through profit or loss includes:

- Liabilities considered as held-for-trading, which mainly include liabilities incurred or redeemed in the short term;
- Liabilities explicitly designated at initial recognition by the Group as financial instruments that do not meet the criteria of efficient hedge accounting according to lAS 39 "Financial Instruments: recognition and measurement". Change in fair value is therefore recognised in profit or loss.

Financial liabilities at fair value through "other comprehensive income" comprise financial instruments that meet the conditions of efficient hedge accounting according to lAS 39.

Interest-bearing debts and borrowings

All loans and debts are recognised initially at the fair value of the consideration received, less costs directly attributable to the transaction.

After initial recognition, interest-bearing liabilities and debts are evaluated at amortised cost using the effective interest rate method.

Gains and losses are recognised as profit or loss when liabilities are derecognised using the model of amortised cost. Costs directly attributable to the issuance of debt are deducted from liabilities and are amortised over the life of the debt, as a component of the effective interest rate.

Finance leases

Finance lease contracts, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased asset, are capitalised at the beginning of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the amortisation of the outstanding liability so as to produce a constant periodic rate of interest on the remaining term of the liability. Finance charges are expensed in the statement of profit or loss.

The leased investments shown in the assets are depreciated over the shorter of the two durations: the expected useful life of the asset or the period of the lease, if there is no reasonable certainty that the Group will get the ownership before the term of the lease.

6.3. Accounting principles and methods (Continued)

Lease payments under an operating lease are recognised as an expense in the statement of profit or loss.

Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts, options and interest rate swaps to cover its risks related to fluctuations in foreign currency exchange rates and interest rates. These derivative financial instruments are recognised initially at fair value on the date on which they are contracted. They are then re-estimated at their fair value at each closing date. Derivative financial instruments are recognised as assets in the balance sheet when the fair value is positive and as liabilities when the fair value is negative.

For those derivatives that meet the criteria of hedge accounting, gains or losses related to change in the fair value of derivatives during the financial year are accounted for in "other comprehensive income". For those derivatives that do not meet the conditions, they are recognised directly as profit or loss..

The fair value of forward exchange contracts is calculated by reference to the forward exchange rates applicable to contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to the market values of similar instruments.

The fair value of financial instruments that are traded on active markets is determined at each closing date by reference to the market quotations or transaction prices. Transaction costs are not taken into account.

For instruments that are not traded on an active market, fair value is determined using appropriate valuation techniques. These may include:

- Transactions entered into under normal market conditions between knowledgeable and willing parties;
- reference to the present fair value of another instrument that is substantially the same;
- discounted cash flows or other valuation methods.

Redeemable bonds

On February 23rd, 2016, Banijay issued redeemable bonds, fully subscribed by a Vivendi entity, redeemable in cash or in shares of the Company, at the election of the Company only, and according to the below conditions:

- Redemption in shares at the maturity date only;
- The number of shares of the Company is determined on the basis of the amount due (principal and accrued interests), capped at a number such that all shares owned by all Vivendi entities represent a maximum of 49.9% of the share capital of the Company, including the current shareholding of 26.2%;
- If the cap of 49.9% is reached, the amount redeemed will be below the principal and accrued interests and no compensation will be paid to Vivendi.

Following the guidance of IAS 39, the Company's option to redeem the bonds with a consideration below that of the principal and accrued interests has been qualified by the Company as an embedded derivative that should be separated from its host contract. The fair value calculation of the option at subscription date was performed by using a "Black-Scholes" Model. The "gain" resulting from the initial recognition of this option was accounted for as "other comprehensive income" as it is regarded as a contribution from an equity participant made when Vivendi subscribed to shares in the Company. Subsequently, the embedded derivative will be valued at fair value through the statement of profit or loss. The nominal value of the bonds (1,000 bonds with a nominal value of €100.000 each totalling €100 million) is booked as a liability.

6.3.3.12. Provisions

Provisions are recorded only if:

- the Group has a present obligation (legal or constructive) as a result of a past event; and

6.3. Accounting principles and methods (Continued)

- it is likely that an expenditure will be required to settle the obligation; and
- a reliable estimate can be made as to the amount of the payment obligation.

The charges relating to provisions are accounted for as profit or loss, net of any contingent reimbursement. If the effect of the time value of money is material, provisions are discounted using a discount pre-tax rate that reflects, where appropriate, the risks specific to the obligation. When discounting, the increase in the provision due to the passage of time is recognised in finance costs.

Pensions and other defined post-employment benefit plans

The Group's obligations under defined benefit pension plans and other post-employment benefit plans are computed by independent actuaries using the projected unit credit method. The actuarial valuation involves making assumptions such as discount rates, retirement date, staff turnover, future increases of wages, mortality rates and future pension increases.

For these post-employment benefit plans, the actuarial gain and losses are immediately and entirely recognized in other comprehensive income with no possibility of recycling in the income statement. Past service costs are immediately and fully recorded in the income statement on acquired rights as well as on future entitlements.

The effect of discounting of the provision are presented in the net financial income (loss).

6.3.3.13. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably estimated.

Revenues are measured at the fair value of the consideration received or receivable, net of commissions, pay-backs, grants, subsidies and co-producers contribution.

Production revenues (from producing television programs)

Production revenues are recognized when the programs are delivered to the client. Standard criteria to establish revenue recognition are:

- in most cases: client's acceptance document (i.e. delivery notice signed / approved by the client, ...)
- delivery of a certain number of episodes
- expiry of the period stated in the contract to reject or return the product

In case of partial delivery of the same program over several periods of time (series, etc...), revenue, costs and margin are recognized according to deliveries.

Production revenues are booked net of grants, subsidies and co-production financing.

Distribution revenues (from the sale of finished programs)

Distribution revenues are recognized when the rights are transferred to the client:

- on the basis of a signed contract or a deal memo, and
- when the related rights are opened, and
- for the full revenue (revenues are not spread over the licensing period).

As a result, distribution revenues are only recognized when productions are completed and delivered.

Revenues from other rights and services

Other rights and services include merchandising, music rights, other ancillary revenues and digital services.

6.3. Accounting principles and methods (Continued)

Merchandising revenues are recognized when the rights are transferred to the client:

- on the basis of a signed contract or a deal memo, and
- when the licensing period begins, and
- for the full revenue (revenues are not spread over the licensing period).

Advanced payments are recognized as revenue when the above criteria are met and further payments are recognized when received.

Revenues from music rights are recognized as revenues when received.

Revenues and costs related to the rendering of services are recognized on completion of the service rendered as long as they can be estimated reliably.

A service can be considered delivered when the milestones specified in the contract has been reached. However, if the contract specifies and schedules several completion milestones, then revenues and costs can be recognized partially according to the defined completion milestones. For practical reasons, when services are performed by an undetermined series of actions over a specified period of time, revenue is recognized on a straight line basis over the specified period, unless there is some evidence that some other method better represents the stage of completion (as described above).

When the outcome of the transaction cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized.

Grants and subsidies

Grants and subsidies are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be fully complied with.

Grants and subsidies which are strictly related to the financing of a given program are deducted from production costs. When they relate to an asset, grants and subsidies are directly deducted from the carrying amount of the asset and released to the amortization and depreciation calculated on the net amount over the useful life of the asset.

All other grants and subsidies (such as government grants, like income tax credit called CICA in France) are recognized as “Other operating income” when granted.

6.3.3.14. Production costs

Production costs are net of co-producers’ contributions, grants and subsidies. They mainly include the costs of scripts, actors, directors, rental of equipment, technical staff, participants, hosts, sets, format fees, ...

Until programs are delivered, related production costs are capitalized in work in progress for non-scripted programs and as intangible assets for scripted programs for which the Group retains the IP.

On delivery, the production costs of non-scripted programs are expensed in the income statement.

The production costs of scripted programs for which the Group retains the IP are amortized as production costs in the statement of profit or loss using the ultimate revenue method. The cumulated amortization is calculated at the end of a given year as follows:

Production costs $\times$ (actual cumulated revenue / total estimated revenue of program).

The total estimated revenue of a program is the sum of actual cumulated revenue of the program and the program’s future revenue forecast. Depreciation for a current year is calculated by difference with cumulated depreciation of previous years, if any. An impairment is booked if the net value of the program is higher than the future revenue forecast.

Initial depreciation of a scripted program upon delivery is expensed in production costs while subsequent depreciation is accounted for in depreciation & amortization of intangible assets.

6.3. Accounting principles and methods (Continued)

6.3.3.15. Determination of current operating profit (loss)

The format of the statement of profit or loss chosen by the Group presents a classification based on the nature of expenses. Current operating profit is calculated as the difference between pre-tax operating income and costs, other than finance costs and revenue, excluding share of profit (loss) of equity-accounted companies as well as any profits or losses from activities that have been or are being discontinued.

6.3.3.16. Other operating income and expenses

These comprise income and expenses that are both unusual in nature and significant in terms of value at the consolidated level. The Group presents such income and expenses separately in the statement of profit or loss in order to facilitate the understanding of the recurring operating performance that they are not part of.

6.3.3.17. Share subscription, purchase plans and free shares

Share subscription and purchase options, as well as free shares, have been granted to certain employees of the Group and are settled in cash or equity.

In accordance with IFRS 2 "Share-based payment" as it relates to cash-settled schemes, the options are valued at the date of grant using different valuation models. Changes in value subsequent to the date of grant impact the initial measurement.

These values are recognised on a straight-line basis over the vesting period. The resulting expense is recorded under payroll costs, counterpart of which is an operating liability, at fair value at closing date (any variation is recognised in profit or loss).

6.3.3.18. Tax

Current tax

Tax receivables or tax payables for the current period and prior periods are estimated at the amount that is expected to be received from or to be paid to the tax administration. Tax rates and tax laws used in order to estimate the tax receivable or the tax liability are those which have been finally adopted or are close to being adopted at the closing date.

Current income taxes pertaining to items recognised in "other comprehensive income" are recorded in the same category and not as profit or loss.

Deferred tax

Deferred tax is accounted for by applying the liability method to temporary differences existing at the closing date between the tax bases of assets and liabilities and their carrying value in the financial statements.

Deferred tax liabilities are recognized on all taxable temporary differences, except:

- when the deferred tax liability is generated by the initial recognition of goodwill, or by an asset or a liability in a transaction that is not a business combination and which, at the date of the transaction, affects neither the accounting profit, nor the taxable profit or tax loss;
- for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, where the date on which the temporary difference will reverse can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

6.3. Accounting principles and methods (Continued)

Deferred tax assets are recognised for all deductible temporary differences and any carry forward of unused tax credits and tax losses insofar as it is probable that the calculated deferred tax assets can be charged on taxable profit, except:

- where the deferred tax asset relates to a deductible temporary difference generated by the initial recognition of an asset or a liability in a transaction which is not a business combination and which, at the transaction date, affects neither accounting profit, nor the taxable profit or tax loss;
- for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, where deferred tax assets are recognised only when it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which it will be possible to utilise the temporary differences.

The carrying amount of the deferred tax assets is reassessed at each closing date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the use of all or part of the deferred tax asset.

The deferred tax assets not recognised are reviewed at each closing date and are accounted for to the extent that it has become probable that future taxable profit will enable the deferred tax asset to be recovered.

The deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year the asset will be realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the closing date.

Deferred taxes related to items recognised in "other comprehensive income" are recorded in the same category and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and if deferred taxes relate to the same taxable entity and to the same taxation authority.

6.4. Segment information

Information by business segment

The Group considers that there is mainly one significant operational sector to the extent that economic characteristics of all main businesses are similar. As the Group has also a distribution activity in a single entity, this level of information is considered as too confidential to be displayed.

Information on main customers

As regards to the activity of the Group, the clients of each entity are the television channels active in the country where the entity is located.

Information by geographical area

Based on its organisation, i.e. essentially one significant subsidiary by country, the Group has made the choice of providing a single level of information so as not to disclose confidential information.

6.5. Changes in consolidation scope

In 2015:

Acquisition of Stephen David Entertainment

On January 15th, 2015, Banijay Entertainment acquired 60% of the company Stephen David Entertainment ("SDE"). This entity is consolidated in the Group financial statements from the acquisition date.

6.5. Changes in consolidation scope (Continued)

Impacts of the acquisitions further to which control is exercised by the Group:

In € million	
Non current assets	2.6
Current assets	12.2
Total Assets	**14.7**
Non current liabilities	0.0
Current liabilities	12.0
Total Liabilities	**12.0**
Fair value of net assets at 100%	**2.7**
Total consideration price	34.1
Goodwill	**31.4**

The goodwill coming from the acquisition of SDE, accounted as a goodwill in the consolidated financial statements, is tax deductible for a total amount of $22,893k amortized over a period of 15 years in the local tax return.

In 2016:

Merger of Banijay Holding S.A.S. and Zodiak Media S.A.S.

Prior to the merger transaction, the share capital of Banijay Holding S.A.S. ("BH") was held by Lov Banijay S.A.S., DeA Communications S.A. (27.75%) ("DeA Com") and various minority shareholders each holding 17.17%.

On February 23rd, 2016, BH and Zodiak Media S.A.S. ("ZM") completed their merger. The merger was preceded by:

- Exit of BH's minority shareholders (AMS, EXOR, Groupe Arnault and Ufipar) via a purchase by BH of its own shares with a payment of an interest-free vendor loan amounting to € 192,772,457.

  As a result of this step:

  - Lov Banijay held 63.6% of BH and
  - DeA COM held 36.4% of BH.

- Contribution to LDH by Lov Banijay S.A.S. of 614,923 BH shares and by DeA Communications of 284,154 BH shares.

  As a result of this step:

  - Lov Banijay held 68.4% of LDH and DeA Com held 31.6% of LDH
  - LDH held 93.0% of BH
  - DeA Com continues to hold a direct 7.0% interest of BH

The merger consisted in :

- Merger of BH into ZM according to the merger treaty established on January 15, 2016 and modified on February 8, 2016.

  As a result of this step:

  - LDH held 73.3% of ZM
  - DeA Com continued to hold a direct 26.7% interest in ZM

6.5. Changes in consolidation scope (Continued)

The net assets of BH transferred, estimated at their fair market value, amounted to € 165,215,740.20 and ZM issued 35,954,283 share of €1 each to BH shareholders, applying an exchange ratio of 186 Banijay Group shares for 5 BH shares.

The merger has retrospective effect for accounting and tax purposes from January 1, 2016.

Pursuant to the merger of BH with ZM, Vivendi Contents S.A.S.U. ("Vivendi") agreed to subscribe to a reserved capital increase for a total amount of €100 million at a price of €1 per share. As a result of this step:

- Vivendi held 26.2% of ZM
- LDH held 54.1% of ZM
- DeA Com held19.7% of ZM

The final steps of the transaction are the contribution of the remaining 19.7% of ZM shares held by DeA COM to LDH and the change of name of ZM to Banijay Group S.A.S. As a result:

- LDH and Vivendi hold respectively 73.8% and 26.2% of Banijay Group
- Lov Banijay and DeA COM hold respectively 50.1% and 49.9% of LDH.

The merger resulted in recognizing a provisional goodwill of €267.5m which is subject to change upon finalization of the accounting of the business combination.

Impacts of the acquisitions further to which control is exercised by the Group:

In € million	
Non current assets	69.5
Current assets	111.5
Total Assets	**181.0**
Non current liabilities	205.8
Current liabilities	198.0
Total Liabilities	**403.8**
Fair value of net assets at 100%	**(222.8)**
Total consideration price	44.7
Goodwill	**267.5**

Acquisition of the remaining 50% of the shares of Ambra Banijay Italia Srl ("Ambra")

On July 22nd 2016, Banijay Entertainment acquired the remaining 50% of Ambra's shares, on which the Group already had the control. Banijay is now the only shareholder of the Italian company.

Acquisition of the remaining 33% of the shares of Aurora TV Srl ("Aurora")

On August 2nd 2016, Ambra acquired the remaining 33% of Aurora's shares, on which the Group already had the control. Ambra is now the only shareholder of the Italian company.

6.6. Notes to the statement of profit or loss

6.6.1. Revenue

Revenue reached €726,460k as of December 31, 2016, against €367,548k as at December 31 2015. This revenue essentially corresponds to the production and sale of audiovisual programs and the increase is mainly due to the merger with the Zodiak Media Group .

6.6. Notes to the statement of profit or loss (Continued)

6.6.2. Payroll costs

Payroll expenses consist of salaries and remuneration of staff, including payroll expenses, including share-based payments (IFRS2), i.e.:

- expenses related to share purchase or subscription plans,
- expenses related to plans allocating free shares,
- expenses related to exceptional bonus plans indexed on the increase in equity value .

6.6.3. Other non-current operating income and expenses

Like for 2015, as of December 31, 2016, other non-current operating income and expenses mostly correspond to restructuring costs.

6.6.4. Interest expenses

The interest expenses as of December 31, 2015 are mainly related to the term loan.

The interest expenses as of December 31, 2016 are mainly related to the new term loan signed by Banijay Group in February 2016 and to the redeemable bonds.

6.6.5. Other finance income and costs

In € thousand	2016	2015
Actuarial and revaluation losses and gains[1]	(13,141)	(43,132)
Provisions, net of reversals	(1,298)	11
Exchange gains and losses	(1,896)	(3,572)
Other	2,466	100
Other finance income (costs)	**(13,869)**	**(46,593)**

(1) This amount includes the discount charge for earn-outs liabilities at a rate of 8.64%, in relation with acquisitions of equity shares either effective or to be realised (under put options granted to the minority shareholders or earn-outs in favour of the transferors) , actuarial losses or gains due to changes in assumptions used for the determination of the earn-outs as well as the variation of the put option related to the redeemable bonds.

The amount of €(43,132)k booked in 2015 in the item "Actuarial and revaluation losses and gains" mainly reflects the increase of earn-out and put option debts as of December 31, 2015 due to higher results expected as foreseen in the business plan of some entities of the Group.

6.6.6. Income tax expense

In € thousand	2016	2015
Tax payable	(10,744)	(11,205)
Deferred Tax	13,056	119
Tax Income/expenses	**2,312**	**(11,086)**

The income tax for the period ended December 31, 2016 amounts to €2,312k because of the recognition of tax losses carryforward used in 2016 or that can be used in the next 3 years (2017-2019).

The Group's profit is realised in several countries. The tax rate is subject to changes in actual local tax rates and depends on the relative contributions of the different countries in the Group's profit.

The Group's effective tax rate is (31.25)% at December 2016. This rate is mainly due to the recognition of tax losses carry forward from previous years that were not recognized in the former Zodiak Group.

6.6. Notes to the statement of profit or loss (Continued)

In France, the Group benefits from the tax consolidation, regime applicable to all companies at least owned 95% for a minimum of the calendar year. Similarly, American, Swedish, Danish and English companies benefit from tax consolidation regimes as of their date of entry into the Group.

In € thousand	2016	2015
Net result	**22,396**	**(20,232)**
Income tax	(10,744)	(11,205)
Deferred tax	13,056	119
Net result before tax	**20,084**	**(9,146)**
Share of profit of associates and joint ventures	(2,512)	(5,655)
Net result before tax and share of profit of associates and joint ventures	**22,596**	**(3,491)**
Permanent differences	(15,200)	37,068
Net result before tax subject to the standard rate	**7,396**	**33,577**
French statutory income tax for the period	*34.4%*	*34.4%*
Theoretical income tax	**(2,546)**	**(11,561)**
Difference of tax rate	(3,610)	361
Recognition of tax loss carryforwards not recognized on previous years	8,382	0
Tax credits	973	394
Taxation not based on net income	(1,268)	(1,340)
Others	381	1,060
Income tax in the statement of profit or loss	**2,312**	**(11,086)**
Effective tax rate of the Group	**−31.3%**	**33.0%**

6.6.7. Income (loss) of associates and joint ventures (equity-accounted)

The share of profit from companies accounted for under the equity method corresponds to the portion of profit or loss achieved in 2016 by:

- the companies under the Brainpool parent (50%)
- MBG and Skillstar (50%)
- Banijay Studios North America (36%)
- Talpa Nordic ApS (49%)
- Financière EMG (8,71%)—the estimation was based on last available forecasts
- Bamago (50%)
- My Major Company (50%)
- DRY (49%)

6.7. Notes to the statement of financial position

6.7.1. Goodwill and other intangible assets

In € thousand	Goodwill	Concessions, patents, rights and commercial capital	Content assets and formats	Scripted production in progress	Assets recognition under the purchase price allocation	Other intangible assets	Total
Gross values at January 1st, 2015	**210,340**	**1,086**	**3,777**	**0**	**2,066**	**497**	**217,766**
Changes in consolidation scope	33,680	100	0	0	3,460	0	**37,240**
Acquisitions	0	156	1,523	0		245	**1,924**
Disposals, reclassification and derecognition	0	(75)	714	0		(1)	**638**
Exchange differences	13,100	11	71	0	269	(2)	**13,449**
Gross values at December 31st, 2015	**257,120**	**1,278**	**6,085**	**0**	**5,795**	**739**	**271,017**
Amortisation and impairment losses at January 1st, 2015	**0**	**(487)**	**(1,002)**	**0**	**(475)**	**(403)**	**(2,367)**
Changes in consolidation scope	0	(7)	0	0		0	**(7)**
Depreciation / amortization	0	(241)	(767)	0	(696)	(72)	**(1,776)**
Disposals, reclassification and derecognition	0	0	0	0		0	**0**
Exchange differences	0	0	(10)	0	(7)	4	**(13)**
Amortisation and impairment losses at December 31st, 2015	**0**	**(735)**	**(1,779)**	**0**	**(1,178)**	**(471)**	**(4,163)**
Net values at December 31st, 2015	**257,120**	**543**	**4,306**	**0**	**4,617**	**268**	**266,853**
Gross values at January 1st, 2016	**257,120**	**1,278**	**6,085**	**0**	**5,795**	**739**	**271,017**
Changes in consolidation scope	267,536	0	304,495	0	24,839	10,870	**607,740**
Acquisitions	0	320	17,537	40,922		983	**59,762**
Disposals, reclassification and derecognition	0	647	22,782	7,175		(118)	**30,486**
Exchange differences	4,449	27	(12,024)	9	(2,657)	(542)	**(10,738)**
Gross values at December 31st, 2016	**529,105**	**2,272**	**338,875**	**48,106**	**27,977**	**11,932**	**958,267**
Amortisation and impairment losses at January 1st, 2016	**0**	**(735)**	**(1,779)**	**0**	**(1,178)**	**(471)**	**(4,163)**
Changes in consolidation scope	0	0	(288,230)	0		(9,139)	**(297,369)**
Depreciation / amortization	0	(343)	(34,713)	(2,346)	(3,393)	(8,936)	**(49,731)**
Disposals, reclassification and derecognition	0	(625)	652	(1,417)		8,001	**6,611**
Exchange differences	0	(27)	10,847	8	23	566	**11,417**
Amortisation and impairment losses at December 31st, 2016	**0**	**(1,730)**	**(313,223)**	**(3,755)**	**(4,548)**	**(9,979)**	**(333,235)**
Net values at December 31st, 2016	**529,105**	**542**	**25,652**	**44,351**	**23,429**	**1,953**	**625,032**

The main share of the content assets in progress is expected to be delivered within the next 12 months and the related revenues and costs are expected to be recognized in the operating profit within the same timeframe. See note 6.5 on the calculation of the goodwill relating to the merger.

6.7. Notes to the statement of financial position (Continued)

6.7.2. Property, plant and equipment

In € thousand	Buildings	Technical installations, equipment and industrial tools	Other	Total
Gross values at January 1st, 2015	**177**	**12,162**	**2,597**	**14,936**
Changes in consolidation scope	0	278	0	**278**
Acquisitions	344	959	690	**1,993**
Disposals, reclassification and derecognition	(93)	(348)	(90)	**(531)**
Exchange differences	0	846	0	**846**
Gross values at December 31st, 2015	**428**	**13,897**	**3,197**	**17,522**
Depreciation and impairment losses at January 1st, 2015	**(147)**	**(8,283)**	**(1,550)**	**(9,980)**
Changes in consolidation scope	0	(220)	0	**(220)**
Depreciation / amortization	(30)	(1,755)	(406)	**(2,191)**
Disposals, reclassification and derecognition	93	343	56	**492**
Exchange differences	0	(592)	1	**(591)**
Depreciation and impairment losses at December 31st, 2015	**(84)**	**(10,507)**	**(1,899)**	**(12,490)**
Net values at December 31st, 2015	**344**	**3,390**	**1,298**	**5,032**
Gross values at January 1st, 2016	**428**	**13,897**	**3,197**	**17,522**
Changes in consolidation scope	8,864	6,650	17,402	**32,916**
Acquisitions	803	3,974	3,577	**8,354**
Disposals, reclassification and derecognition	105	(6,765)	(4,109)	**(10,769)**
Exchange differences	(54)	123	(752)	**(683)**
Gross values at December 31st, 2016	**10,146**	**17,879**	**19,315**	**47,340**
Depreciation and impairment losses at January 1st, 2016	**(84)**	**(10,507)**	**(1,899)**	**(12,490)**
Changes in consolidation scope	(4,953)	(5,351)	(13,397)	**(23,701)**
Depreciation / amortization	(2,184)	(2,533)	(2,275)	**(6,992)**
Disposals, reclassification and derecognition	155	6,702	3,458	**10,315**
Exchange differences	84	5	660	**749**
Depreciation and impairment losses at December 31st, 2016	**(6,982)**	**(11,684)**	**(13,453)**	**(32,119)**
Net values at December 31st, 2016	**3,164**	**6,195**	**5,862**	**15,222**

6.7. Notes to the statement of financial position (Continued)

6.7.3. Investments in associates and joint ventures (accounted for under the equity method)

In € thousand	Group Brainpool	Banijay Studios North America	Financière EMG	Shinawil	Dry	Bamago	My Major Company	Other	Total
Value at January 1st, 2015	**37,883**	**0**	**8,623**	**378**				**25**	**46,909**
Changes in consolidation scope	0	0	0	(378)				0	**(378)**
Share of profit (loss) of equity-accounted entities	3,407	(2,396)	(1,583)	0				(83)	**(655)**
Dividends paid	(6,150)	0	0	0				0	**(6,150)**
Negative equity portion transferred to provision (liability)	0	2,396	0	0				78	**2,474**
Depreciation of equity-accounted investments	(5,000)	0	0	0				0	**(5,000)**
Value at December 31st, 2015	**30,140**	**0**	**7,040**	**0**				**20**	**37,200**
Changes in consolidation scope	7	0	1,136	0	19	2,051	6,746	0	**9,959**
Share of profit (loss) of equity-accounted entities	749	(2,398)	(348)	0	(241)	27	(220)	(81)	**(2,512)**
Capital increase	0	0	0	0	0	0		0	**0**
Negative equity portion transferred to provision (liability)	0	2,398	0	0	241	0	(296)	76	**2,419**
Depreciation of equity-accounted investments	0	0	0	0	0	0	0	0	**0**
Value at December 31st, 2016	**30,895**	**0**	**7,828**	**0**	**19**	**2,078**	**6,230**	**15**	**47,065**

Sales and Net profit for entities consolidated under the equity method

In € thousand	Group Brainpool	Banijay Studios North America	Financière EMG	Shinawil	Other	2015
Sales	80,390	635	304,400	3,998	2,192	**391,615**
Net profit (loss)	6,708	(6,663)	(21,100)	1	(166)	**(21,221)**

In € thousand	Group Brainpool	Banijay Studios North America	Financière EMG	Dry	Bamago	My Major Company	Other	2016
Sales	34,711	2,200	336,300	2,985	100	3,891	3,158	**383,346**
Net profit (loss)	1,719	(6,661)	(4,000)	(241)	54	(272)	(159)	**(9,560)**

6.7. Notes to the statement of financial position (Continued)

Consolidated Balance Sheet for entities consolidated under the equity method

In € thousand	Brainpool Group	BSNA	Financière EMG	Shinawil	Dry	Other	2015
Non-current assets	2,136	1,501	93,995	70	0	2	**97,704**
Current assets	28,025	1,167	0	1,145	0	2,048	**32,385**
Total Assets	**30,161**	**2,668**	**93,995**	**1,215**	**0**	**2,050**	**130,089**
Equity	7,529	(9,487)	93,995	771	0	(7,863)	**84,944**
Non-current liabilities	3,632	75	0	0	0	0	**3,707**
Current liabilities	19,000	12,080	0	444	0	9,913	**41,437**
Total Equity and Liabilities	**30,161**	**2,668**	**93,995**	**1,215**	**0**	**2,050**	**130,089**

In € thousand	Brainpool Group	BSNA	Financière EMG	Dry	Bamago	My Major Company	Other	2016
Non-current assets	1,234	909	89,995	150	53	2,195	1	**94,537**
Current assets	22,845	5,552	0	4,518	1,148	3,773	150	**37,986**
Total Assets	**24,079**	**6,460**	**89,995**	**4,669**	**1,201**	**5,968**	**151**	**132,523**
Equity	9,139	(16,791)	89,995	(168)	1,173	3,487	(8,022)	**78,812**
Non-current liabilities	3,094	72	0	0	0	150	0	**3,316**
Current liabilities	11,846	23,179	0	4,837	28	2,331	8,173	**50,394**
Total Equity and Liabilities	**24,079**	**6,460**	**89,995**	**4,669**	**1,201**	**5,968**	**151**	**132,523**

6.7.4. Net financial investments

In € thousand	12.31.2016	12.31.2015
Plan assets to pay or fund employee benefits	5,619	4,767
Other	24,417	5,223
Non-current financial investments, net	**30,036**	**9,990**

The other financial investments mainly relate to the option granted to the Company to convert the bonds subscribed by Vivendi into new Company shares. This option is valued at €18m at the closing date. The variation during the year is fully booked in the financial result.

The remaining part principally relates to the deposits and guaranties given to different companies of the Group.

6.7.5. Net deferred tax

Breakdown of deferred taxes:

In € thousand	2016	2015
Tax bases carried forward	13,572	4,246
Provisions for retirement and other benefits	8,029	5,557
Others	(1,110)	294
Net deferred tax	**20,491**	**10,097**

6.7.6. Inventories and work in progress

Inventories and work-in-progress correspond to output in process not yet delivered to the client at the closing date. The increase in inventories and work-in-progress compared to the previous year can be explained by the merger.

6.7. Notes to the statement of financial position (Continued)

6.7.7. Trade and other receivables

In € thousand	12.31.2016	12.31.2015
Clients and related accounts, net	161,870	60,061
Current account asset	16,898	11,929
Tax receivables, excluding income tax	29,268	7,923
Other	9,650	2,356
Trade and other receivables	**217,686**	**82,269**

A receivable is derecognized when it is sold without recourse and when the Group has effectively transferred substantially all the significant risks and rewards of ownership of the receivable and has no more continuing involvement in the transferred asset.

Some French and Spanish Group entities have transferred trade receivables leading to the derecognition of €18,371k in the consolidated financial statements as of December 31, 2016.

Overdue but not impaired debt at the end of 2016:

In € thousand

Trade debtors and related accounts	Debt not yet due	Overdue but not impaired debt			
		< 3 months	> 3 months < 6 months	> 6 months and < 1 year	> 1 year
161,870	*128,813*	*24,222*	*1,418*	*3,184*	*4,233*

At December 31, 2016, 20.4% of the debt is due and not written down. Such debt is not depreciated because it does not present any risk of recoverability.

6.7.8. Income Tax receivables

The income tax receivables mainly relate to tax credits obtained as part of the Group's business to finance the production of certain drama shows.

6.7.9. Other current assets

In € thousand	12.31.2016	12.31.2015
Receivables from disposals of assets	733	913
Derivatives (part < one year)	13	0
Prepaid expenses	5,461	3,717
Financial assets (part < one year)	3,974	3,716
Other current assets	**10,181**	**8,346**

6.7.10. Liquidity and short-term deposits / Cash and cash equivalents

Bank cash produces interest at variable rates based on daily bank deposit interest rates. Short-term deposits are made for periods ranging from one day to three months depending on the immediate cash requirements of the Group. They bear interest at the corresponding short-term interest rate.

Marketable securities and other security investments are mainly shares in short-term cash "UCITS".

6.7. Notes to the statement of financial position (Continued)

6.7.11. Equity

Share capital split

In € thousand	12.31.2016	12.31.2015
Category B shares—1€ each	0	2,047
Ordinary Shares	61,856	0
Share premium	244,359	187,503
Share capital and related premium	**306,215**	**189,550**

As of December 31, 2016, the Group holds no treasury shares.

The Company never paid dividends since its creation.

The amounts presented as of December 31, 2015 relate to the share capital of Banijay Holding S.A.S. Following the merger of February 23, 2016 and the treatment of the reverse acquisition, the figures presented as at December 31, 2016 refer to the share capital of Banijay Group S.A.S. (former Zodiak Media S.A.S.).

6.7.12. Borrowings and financial liabilities

Net indebtedness

In € thousand	12.31.2016	12.31.2015
Cash and marketable securities	73,357	32,656
Bank overdrafts and short-term bank borrowings (part < 1 year)	(39,097)	(39,411)
Fair value of short-term hedging instruments	(222)	(416)
Short-term indebtedness, net	**34,038**	**(7,171)**
Interest-bearing borrowings—Part over one year[(1)]	(389,880)	(439)
Fair value of long-term hedging instruments[(2)]	18,000	0
Net indebtedness	**(337,842)**	**(7,610)**

(1) Including accrued interest calculated using the effective interest rate method.

(2) Booked in the balance sheet as "non-current financial assets"

The Group's financial debt mainly consists of following items:

- €300m senior facilities including a €275m Term Loan and a €25m revolving credit facility, provided by a pool of banks to the Company,
- €100m redeemable bonds subscribed by SIG 116, a Vivendi Group company
- Subordinated shareholder loan of €5.6m provided by DeA Com
- Local bank financings of €23,058k carried by some subsidiaries

The €300m senior facilities imposes covenants on the Group. As of December 31, 2016, the Company complies with all such covenants.

The average interest rate of the Group's financial debt, after hedging, is approximately 3%.

6.7. Notes to the statement of financial position (Continued)

Maturity of financial liabilities and borrowings at December 31st 2016

In € thousand	< 1 year	1 to 5 years	> 5 years	Total
Finance lease	307	183	0	490
Bank borrowings	15,336	260,011	0	275,347
Local Financing	22,663	395	0	23,058
Vivendi Bonds	0	0	102,600	102,600
Revolving credit facility		25,000		25,000
Other Finance Liabilities	1,307	354	5,784	7,445
Bank overdrafts	988	0	0	988
Borrowings and financial liabilities	**40,601**	**285,943**	**108,384**	**434,928**

6.7.13. Provisions (liabilities)

Pensions and other post-employment benefits

The Group contributes to pension plans and other post-employment benefits mainly in France, Italy and the US.

Other provisions

All disputes (type, amounts, procedure and level of risk) are identified by the Legal Department of the Group which ensures regular monitoring. The amount of provisions for the claims result from a case by case analysis, depending on the positions of the litigants, on the estimation of the risks by the Group's legal advisors and on first instance decisions, if any.

By nature, some provisions are based on estimates and assumptions without taking into account a precise deadline for the corresponding cash outflows.

In € thousand	December 31st, 2014	Allowance for the year	Reversals		Reclassification or transfer	Exchange difference	Changes in consolidation scope	December 31st, 2015
			Used	Not used				
Provisions for claims and litigation	258	100	−1,805	0	1,755	1	0	309
Provisions for other contingencies	423	0	0	0	0	0	0	423
Total provisions for contingencies	681	100	−1,805	0	1,755	1	0	732
Provisions for pensions	85	23	0	0	0	0	0	108
Negative equity portion of companies accounted for under the equity method	4,338	0	0	0	2,476	99	0	6,913
Other provisions	0	0	0	0	0	0	0	0
Total provisions for charges	4,423	23	0	0	2,476	99	0	7,021
Provisions	**5,104**	**123**	**−1,805**	**0**	**4,231**	**100**	**0**	**7,753**
Current provisions (< 1 year)	102	45	−2	0	0	1	0	146

6.7. Notes to the statement of financial position (Continued)

In € thousand	December 31st, 2015	Allowance for the year	Reversals Used	Reversals Not used	Reclassification or transfer	Exchange difference	Changes in consolidation scope	December 31st, 2016
Provisions for claims and litigation	309	3 650	(1 585)	(21)	1 026	0	24	3 403
Provisions for other contingencies	423	998	(2 722)	(648)	(1 457)	(71)	6 497	3 020
Total provisions for contingencies	732	4 648	(4 307)	(669)	(431)	(71)	6 521	6 423
Provisions for pensions	108	196	(337)	0	6	0	1 780	1 753
Negative equity portion of companies accounted for under the equity method	6 913	0	0	0	2 375	217	0	9 505
Other provisions	0	0	0	0	1 114	(10)	0	1 104
Total provisions for charges	7 021	196	(337)	0	3 495	207	1 780	12 362
Provisions	**7 753**	**4 844**	**(4 644)**	**(669)**	**3 064**	**136**	**8 301**	**18 785**
Current provisions (< 1 year)	146	2 298	(4 013)	(291)	554	(57)	4 925	3 562

6.7.14. Other long-term liabilities

Other non-current liabilities mainly correspond to the share due after one year relating to earn-outs payable for acquisitions and to put options granted to minority interests on the one hand; and to debts relating to share subscription and purchase options as well as to profit-sharing plans in favour of certain employees of the Group on the other hand.

6.7.15. Trade and other payables

In € thousand	12.31.2016	12.31.2015
Trade payables and related accounts	115,337	29,331
Tax liabilities	23,367	9,023
Payroll liabilities	30,387	11,145
Other liabilities	98,706	61,623
Trade and other payables	**267,797**	**111,122**

"Other liabilities" mainly include the payments made by the clients in advance of the production of programs.

6.7.16. Other current liabilities

In € thousand	12.31.2016	12.31.2015
Liabilities arising from acquisitions of tangible or intangible assets—Part due in less than one year	6,500	862
Liabilities related to investment purchases—Part due in less than one year	10,287	7,425
Hedging derivatives (part < one year)	235	416
Deferred income	100,608	10,228
Other current liabilities	40,084	10,568
Other current liabilities	**157,714**	**29,499**

Deferred income mainly relates to undelivered programs that are work in progress and that have already been invoiced. This variation is consistent with the increase of the work in progress and the trade receivables.

Other current liabilities mainly correspond to earn-out commitments on acquisitions and to put options granted to minority shareholders, for the share to be settled within one year.

6.8. Objectives and strategies regarding financial risk management

The main financial instruments of the Group include bank borrowings, bank overdrafts and trade payables. The main purpose of these financial instruments is to provide the Group with the financial means necessary for its activities. The Group has various financial assets, such as trade receivables, cash and short-term deposits, which are directly generated by its operations.

The Group's strategy was, and remains not to do any trading on derivative instruments.

The main risks resulting from the financial instruments of the Group involve cash flows, interest rate risk, liquidity risk, exchange risk and credit risk. The risks of the entities of the Group are managed by each entity according to the Group's strategy and in accordance with the Company's instructions.

Interest rate risk

The exposure of the Group to the risk of interest rate fluctuations is mainly related to the €275m term loan facilities.

In May 2016, the Group entered into hedging agreements with several banks in order to hedge 67% of implied interest rate risk.

Exchange risk

The foreign subsidiaries of the Group operate essentially on their own territory and sales or purchases within the Group are not significant; as a result, cash flows in the Group are not sensitive to changes in the currencies.

For the Group, the main currency risk is linked to US dollar fluctuations:

- As of December 31, 2016, the percentage of sales carried out in US dollars represented 23,39% of the consolidated turnover. A variation of (5)% of the U.S. dollar exchange rate would have an impact on the consolidated revenue for €(8)m and on the consolidated operating profit for €(1)m.
- As of December 31, 2016, the percentage of sales carried out in GBP pounds represented 10.97% of the consolidated turnover. A variation of (5)% of the GBP pounds exchange rate would have an impact on the consolidated revenue for €(3.8)m and on the consolidated operating profit for € (0.2)m.

Credit risk

Credit risk occurs if a party to a transaction is unable or refuses to fulfil its obligations, causing a financial loss to the Group. The Group deals only with recognised and creditworthy third parties.

Receivables are monitored regularly, so that the Group's exposure to bad debts is not significant.

Liquidity risk

The Group maintains adequate reserves of cash and short-term deposits in order to satisfy its liquidity needs.

Since 2013, the Group treasury department has implemented several liquidity concentration pools around the main business regions (Europe, US, UK & Scandinavia). By the end of 2016, approximately 90% of Group's revenue is covered by such mechanisms. Therefore, the organic growth of the Group and its working capital needs are ensured by operating cash flow generated by the business units.

6.8. Objectives and strategies regarding financial risk management (Continued)

Financial debts maturity at the end of December 31 2016, based on undiscounted cash flows

In € thousand	< 1 year	1 to 5 years	> 5 years	Total
Bank borrowings	18,211	285,011	0	303,222
Other loans and similar financial liabilities	22,449	932	108,325	131,706
Trade and other payables	267,797	0	0	267,797
Tax payables	2,466	0	0	2,466
Other liabilities	147,397	125,947	28,883	302,227
Total	**458,320**	**411,890**	**137,208**	**1,007,418**

The Group is subject to banking covenants being respected.

6.9. Off-balance-sheet commitments

In € thousands	31 December 2016
Leases	52,887
Securities pledged as collateral	1,016,620
Other	9,112
Commitments given	**1,078,620**
Credit Lines	14,638
Commitments received	**14,638**

The Company has pledged shares of its subsidiaries for the benefit of its bank pooling pursuant to the borrowing it has subscribed to in 2016. The shares of the following companies are pledged as collateral: Banijay Entertainment, Banijay France, Banijay Rights Ltd, Zodiak Media Ltd, Zodiak Media AB, H2O Productions, Banijay Productions, Banijay Entertainment Holding US, Banijay Group US, Banijay International Aps , Screentime Pty and Magnolia Spa.

"Other commitments given" mainly correspond to the estimate of put / call options on shares held by majority shareholders in joint ventures and to the Company's commitment to funding these joint ventures.

"Commitments received" refer to confirmed credit lines.

Furthermore, in the context of the current activity the Group concluded multi-year agreements related to the audiovisual production with some national channels around the world where it is present.

6.10. Information on related parties

The consolidated accounts include operations carried out by the Group in the ordinary course of its business with related parties. These transactions are made at the market price.

The table below shows total amounts of transactions that were concluded with related parties during the year:

(in thousands of €uros)	Financière LOV	De Agostini	Vivendi	Vivendi Subsidiaries
President compensation	(4,500)			
Current operating income / expenses				43,437
financial income / expenses		(2,364)	(2,600)	
Vivendi Convertible Bonds			102,600	
Net debt / liabilities		5,666		
Net trade receivables / payables				(12,558)

6.11. Staff

At December 31st 2016 907 employees are working as permanent staff in the Group compared to 471 employees as at December 31st 2015.

6.12. Audit and non-audit fees

	Auditor Fees			Other fees			
In € thousand	**Ernst & Young**	**Autres**	**Sub-total audit fees**	**Ernst & Young**	**Autres**	**Sub-total other fees**	**Total**
2015	867	81	**948**	6	71	**77**	**1,025**
2016	1,970	232	**2,202**	29	2	**31**	**2,233**

6.13. Events after the reporting period

No significant event has occurred since the closing date.

6.14. Consolidation scope

SUBSIDIARIES		COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st DECEMBER 2016	CONSOLIDATION METHOD- 31st DECEMBER 2015
BANIJAY GROUP S.A.S (MERGER ZM SA/ BH)		FRANCE	100,00%	HC	HC
JKS2 PTY LIMITED		AUSTRALIA	56,43%		
JKS3 PTY LIMITED		AUSTRALIA	56,43%		
ROSEBUD PTY LIMITED		AUSTRALIA	57,58%		
SCREENTIME COMMERCIAL PTY LIMITED		AUSTRALIA	57,58%		
SCREENTIME PTY LTD		AUSTRALIA	57,58%	FC	FC
SDS1 PTY LIMITED		AUSTRALIA	56,43%		
WARNIE TV PTY LIMITED		AUSTRALIA	56,43%		
ZODIAK BELGIUM N.V (EX KANAKNA, BE)		BELGIUM	100,00%	FC	
TUNSAY KHMER CO. LTD		CAMBODIA	100,00%	FC	
BANIJAY FINLAND OY		DENMARK	97,60%	FC	FC
BANIJAY INTERNATIONAL APS DKK (EX-BANIJAY NORDIK—HOLDING)		DENMARK	97,60%	FC	FC
BANIJAY NORDIC HOLDING APS DKK		DENMARK	97,60%	FC	FC
JAROWSKIJ DANMARK AS/ THE POST A/S		DENMARK	100,00%	FC	
LOOK ENTERTAINMENT APS		DENMARK	100,00%	FC	
MASTIFF A/S		DENMARK	100,00%	FC	
MTV PRODUKTION A/S		DENMARK	100,00%	FC	
NORDISK FILM TV A/S—DENMARK		DENMARK	97,60%	FC	FC
PINEAPPLE ENTERTAINMENT APS		DENMARK	49,78%	FC	FC
PRODUCTION FACILITIES APS— DENMARK		DENMARK	48,90%	FC	FC
RESPIRATOR MEDIA & DEVELOPMENT A/S—DENMARK		DENMARK	48,90%	FC	FC
SOCIAL CLUB PRODUKTION APS		DENMARK	100,00%	FC	
TALPA NORDIC APS		DENMARK	48,80%	EM	EM
YELLOW BIRD FILMS APS		DENMARK	100,00%	FC	
ZODIAK TELEVISION WORLD A/S		DENMARK	100,00%	FC	
ZODIAK FINLAND OY		FINLAND	100,00%	FC	
ADVENTURE LINE PRODUCTIONS SAS		FRANCE	100,00%	FC	
AIR PRODUCTIONS		FRANCE	97,60%	FC	FC
ALP MUSIC S.A.R.L.		FRANCE	100,00%	FC	
BABA FUNNY LEAGUE		FRANCE	92,72%	FC	
BAMAGO		FRANCE	50,00%	EM	
BANIJAY DIGITAL		FRANCE	100,00%	FC	FC
BANIJAY EDITING		FRANCE	100,00%	FC	FC
BANIJAY ENTERTAINMENT		FRANCE	97,60%	FC	FC
BANIJAY FRANCE (EX ZODIAK MEDIA FRANCE)		FRANCE	100,00%	FC	
BANIJAY LIBRARY		FRANCE	100,00%	FC	FC
BANIJAY PRODUCTIONS		FRANCE	97,60%	FC	FC
BANIJAY STUDIOS FRANCE(EX ZODIAK FICTION & DOCS)		FRANCE	100,00%	FC	
BASE RECORDS		FRANCE	97,60%	FC	FC
BIG NAME		FRANCE	97,60%	FC	FC
BUBBLE	(1)	FRANCE	50,00%	FC	FC
BUBBLE PROD		FRANCE	34,16%	FC	FC
CONNECTING PROD		FRANCE	92,72%	FC	
DAY AFTER DAY RADIO		FRANCE	92,72%	FC	FC
FESTIVAL AIR		FRANCE	97,60%	FC	FC
FICTIONS AIR		FRANCE	97,60%	FC	FC
FI NANCIÉRE EMG		FRANCE	8,71%	EM	EM
FOOD PRODUCTIONS		FRANCE	97,60%	FC	FC
GÉTÉVÉ PRODUCTIONS		FRANCE	100,00%	FC	
H2O DIVERTISSEMENT		FRANCE	92,72%	FC	FC
H2O FICTIONS		FRANCE	92,72%	FC	FC
H2O JEUX		FRANCE	92,72%	FC	FC
H2O SAS		FRANCE	92,72%	FC	FC
IMAGES ON AIR SAS		FRANCE	97,60%	FC	FC
KM PRESSE SNC		FRANCE	99,90%	FC	
KM PRESTATION SNC		FRANCE	99,90%	FC	
KM S.A.S.		FRANCE	100,00%	FC	
L'AFRIQUE SUR INTERNET		FRANCE	97,60%	NC	NC
LES EDITIONS DU 5		FRANCE	97,60%	FC	FC
LES PRODUCTIONS DU 5		FRANCE	97,60%	FC	FC
LODITION		FRANCE	92,72%	FC	FC
MBG		FRANCE	50,00%	EM	EM
MMC I (TIPEEE)		FRANCE	50,00%	EM	
MMC II ÁV		FRANCE	50,00%	EM	
MMC SPAIN 2	(2)	FRANCE	50,00%	EM	
MY MAJOR COMPANY		FRANCE	50,00%	EM	
MY MAJOR COMPANY EDITIONS		FRANCE	50,00%	EM	
NON STOP EDITION (EX HD EDITION)		FRANCE	50,00%	FC	FC

6.14. Consolidation scope (Continued)

SUBSIDIARIES		COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st DECEMBER 2016	CONSOLIDATION METHOD- 31st DECEMBER 2015
NON STOP PRODUCTIONS		FRANCE	50,00%	FC	FC
SKILLSTAR		FRANCE	50,00%	EM	EM
STUDIO 74		FRANCE	50,00%	EM	
STUDIO MABOUL		FRANCE	92,72%	FC	
TEAM CH1		FRANCE	95,16%	FC	FC
ZODIAK KIDS CENTRAL		FRANCE	100,00%	FC	
ZODIAK KIDS STUDIO FRANCE (MARATHON MEDIA)		FRANCE	100,00%	FC	
BRAINPOOL		GERMANY	48,80%	EM	EM
BRAINPOOL ARTIST UND CONTENT SERVICE GMBH		GERMANY	48,80%	EM	EM
BRAINPOOL LIVE ENTERTAINMENT GMBH		GERMANY	37,50%	EM	EM
BRAINPOOL TV GMBH		GERMANY	48,80%	EM	EM
CAPE CROSS STUDIO UND FILMLICTHGESELLSCHAFT GMBH		GERMANY	75,50%	EM	EM
ELTON TV PRODUKTIONS GMBH		GERMANY	32,55%	EM	EM
HPR PRODUKTION GBR		GERMANY	24,40%	EM	EM
KÖLN COMEDY FESTIVAL GMBH		GERMANY	48,80%	EM	EM
LADYKRACHER TV-PRODUKTION GMBH		GERMANY	24,40%	EM	EM
MILE 108 GRIPSTORE GMBH		GERMANY	36,84%	EM	EM
MILLIONÄRSWAHL, FORMATENTWI-CKLUNGSUND-VERWERTUNGSGESLLSCHAFT MBH	(3)	GERMANY	48,80%	EM	EM
MILLIONÄRSWAHL, PLATTFORMGESELLSCHAFT MBH	(3)	GERMANY	48,80%	EM	EM
MINESTRONE PRODUKTION GBR		GERMANY	24,40%	EM	EM
PRINCESS TV GMBH		GERMANY	48,80%	EM	EM
RAAB TV-PRODUKTION GMBH		GERMANY	48,80%	EM	EM
STEIN TV PRODUKTION GMBH	(3)	GERMANY	48,80%	EM	EM
SOL PRODUCTION		INDIA	70,00%	FC	
BETWEEN STATES FILM PRODUCTION DESIGNATED ACTIVITY COMPANY		IRELAND	100,00%		
CITIZEN TELEVISION PRODUCTIONS		IRELAND	50,00%	FC	
ZODIAK MEDIA IRELAND LTD		IRELAND	100,00%	FC	
4FRIENDS SRL		ITALY	24,88%	FC	FC
AMBRA BANIJAY ITALIA		ITALY	97,6%	FC	FC
ATLANTIS FILMS & VIDEO SRL		ITALY	48,8%	FC	FC
AURORA TV		ITALY	97,6%	FC	FC
DRY		ITALY	49,00%	EM	
MAGNOLIA SPA		ITALY	100,00%	FC	
MILANOROMA		ITALY	100,00%	FC	
NONPANIC		ITALY	58,56%	FC	FC
ZODIAK ACTIVE S.R.L.	(4)	ITALY	100,00%	FC	
RM5TO ELEMENTO MEXICO S DE/ ZODIAK LATINO S.DE R.L DE.C V.		MEXICO	99,90%	FC	
PALM PLUS MUSIC PUBLISHING B.V.		NETHERLANDS	75,00%	FC	
ZODIAK NEDERLAND B.V.		NETHERLANDS	100,00%	FC	
1953 LLC		NEW ZEALAND	58,56%		
FLYING START PICTURES LIMITED		NEW ZEALAND	28,8%	FC	
MAKING OF THE MOB LIMITED		NEW ZEALAND	58,56%	FC	FC
PALISADE LIMITED		NEW ZEALAND	58,56%		
ROMAN EMPIRE LIMITED		NEW ZEALAND	58,56%	FC	FC
SCREENTIME NEW ZEALAND LIMITED		NEW ZEALAND	57,58%	FC	FC
TRAPEZE PRODUCTIONS		NEW ZEALAND	58,56%		
BLEKKULF AS—NORWAY		NORWAY	97,60%	FC	FC
MASTIFF AS		NORWAY	100,00%	FC	
MASTIFF AS + MASTIFF ENTERTAINMENT AS, NORWAY		NORWAY	100,00%	FC	
NFTV PRODUKSJON AS—NORWAY		NORWAY	97,60%	FC	FC
NORDISK FILM TV & AS—NORWAY		NORWAY	97,60%	FC	FC
YELLOW BIRD NORGE AS		NORWAY	100,00%	FC	
GALILEO	(5)	RUSSIA	51,00%	FC	
MASTIFF RUSSIA		RUSSIA	75,50%	FC	
TA MEDIA GROUP	(5)	RUSSIA	51,00%	FC	
ZODIAK VOSTOK		RUSSIA	100,00%	FC	
BLOBHEAD PRODUCTIONC LTD		SCOTLAND	100,00%	FC	
IDEAL WORLD FILMS LTD		SCOTLAND	100,00%	FC	
IDEAL WORLD PROD. LTD		SCOTLAND	100,00%	FC	
LATE NFCHT SHOPPING		SCOTLAND	100,00%	FC	
LOVE OR MONEY		SCOTLAND	100,00%	FC	
THE COMEDY UNIT		SCOTLAND	100,00%	FC	
THE FOUNDATION TV PRODUCTIONS LTD		SCOTLAND	100,00%	FC	
WARK CLEMENTS & COMPANY LTD		SCOTLAND	100,00%	FC	

6.14. Consolidation scope (Continued)

SUBSIDIARIES		COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st DECEMBER 2016	CONSOLIDATION METHOD- 31st DECEMBER 2015
CUARZO PRODUCCIONES		SPAIN	61,32%	FC	FC
DLO PRODUCCIONES		SPAIN	61,32%	FC	FC
INDRAKSHI		SPAIN	97,60%	FC	FC
MAGNOLIA TV ESPANA		SPAIN	100,00%	FC	
NON STOP PEOPLE ESPANA SL		SPAIN	61,32%	FC	FC
5TH ELEMENT AB		SWEDEN	100,00%	FC	
5TO ELEMENTO AB		SWEDEN	90,00%	FC	
GUIDEBEAST AB		SWEDEN	100,00%	FC	
JAROWSKIJ ENTERPRISES AB		SWEDEN	100,00%	FC	
JAROWSKIJ SVERIGE AB		SWEDEN	100,00%	FC	
MASTIFF AB		SWEDEN	100,00%	FC	
MASTIFF MEDIA HOLDING AB		SWEDEN	100,00%	FC	
NORDISK FILM & TV PRODUKTION AB—SWEDEN		SWEDEN	97,60%	FC	FC
SOCIALA SPELET PRODUKTION HB		SWEDEN	50,00%	FC	
SOLSIDAN PRODUKTION HB		SWEDEN	50,00%	FC	
YB FILM & TV PRODUCTION AB		SWEDEN	100,00%	FC	
YB MILLENNIUM RIGHTS AB		SWEDEN	100,00%	FC	
YELLOW BIRD KW AB	(6)	SWEDEN	100,00%	FC	
YELLOW BIRD UK FILM AB		SWEDEN	100,00%	FC	
YELLOW BIRD US RIGHTS AB		SWEDEN	100,00%	FC	
YELLOWBIRD ENTERTAINMENT AB		SWEDEN	100,00%	FC	
YELLOWBIRD FILMS AB	(6)	SWEDEN	100,00%	FC	
YELLOWBIRD HOLDING AB		SWEDEN	100,00%	FC	
YELLOWBIRD RIGHTS AB		SWEDEN	100,00%	FC	
YELLOWBIRD W-2 AB	(6)	SWEDEN	100,00%	FC	
ZE MUSIC PUBLISHING AB		SWEDEN	100,00%	FC	
ZODIAK MEDIA AB		SWEDEN	100,00%	FC	
BAIT FILM LTD		UNITED KINGDOM	100,00%	FC	
BANIJAY (CENTRAL) LTD (EX ZODIAK MEDIA (CENTRAL) LTD)		UNITED KINGDOM	100,00%	FC	
BANIJAY INTERNATIONAL LTD	(7)	UNITED KINGDOM	97,60%	FC	FC
BANIJAY PRODUCTIONS LTD (EX ZODIAK PRODUCTIONS LTD)		UNITED KINGDOM	100,00%	FC	
BANIJAY UK LTD (EX ZODIAK MEDIA UK LTD)		UNITED KINGDOM	100,00%	FC	
BWARK FILMS LTD		UNITED KINGDOM	100,00%	FC	
BWARK PRODUCTION LTD		UNITED KINGDOM	100,00%	FC	
DANGEROUS FILMS LTD.		UNITED KINGDOM	70,00%	FC	
GRACE FILM LTD		UNITED KINGDOM	100,00%	FC	
IWC MEDIA LTD		UNITED KINGDOM	100,00%	FC	
MAST MDIA BFC CALL LTD		UNITED KINGDOM	100,00%	FC	
MONOGRAM PROD. LTD		UNITED KINGDOM	100,00%	FC	
PRESENTABLE LTD		UNITED KINGDOM	100,00%	FC	
RDF TELEVISION LTD		UNITED KINGDOM	100,00%	FC	
RED HOUSE		UNITED KINGDOM	100,00%	FC	
SOUND POCKET MUSIC LTD		UNITED KINGDOM	100,00%	FC	
TELEVISION PRODUCTIONS LTD		UNITED KINGDOM	100,00%	FC	
THE FOUNDATION TV PRODUCTIONS (FLOOGLES) LTD		UNITED KINGDOM	100,00%	FC	
THE FOUNDATION TV PRODUCTIONS LTD		UNITED KINGDOM	100,00%	FC	
THE RUSSIAN BRIDE LTD		UNITED KINGDOM	100,00%	FC	
TOUCHPAPER TELEVISION LTD		UNITED KINGDOM	100,00%	FC	
VIZY LIMITED		UNITED KINGDOM	2,00%	FC	
YOUNG BWARK LTD		UNITED KINGDOM	50,00%	FC	
ZODIAK MEDIA LTD		UNITED KINGDOM	100,00%	FC	
ZODIAK MUSIC PUBLISHING LTD		UNITED KINGDOM	100,00%	FC	
ZODIAK RIGHS LTD		UNITED KINGDOM	100,00%	FC	
WORLD WARS WV, LLC (W.VIRGINIA)		UNITED STATES	100,00%	FC	FC
247 W; 37TH ST, LOCATION SERVICES LLC		UNITED STATES	58,56%		
ACIP CO LLC		UNITED STATES	97,60%	FC	FC
ALPHA BLUE MUSIC PUBLISHING LLC (MUSIC PUBLISHING)		UNITED STATES	58,56%	FC	FC
ARGYLE MEDIA LLC (DEVELOPMENT & PRODUCTION)		UNITED STATES	58,56%	FC	FC
ATRIUM ENTERTAINMENT, LLC		UNITED STATES	97,60%	FC	FC
BANIJAY ENTERTAINMENT HOLDING US		UNITED STATES	97,60%	FC	FC
BANIJAY ENTERTAINMENT HOLDING US II		UNITED STATES	97,60%	FC	FC
BANIJAY GROUP US HOLDING		UNITED STATES	97,60%	FC	FC
BANIJAY STUDIOS NORTH AMERICA		UNITED STATES	35,14%	EM	EM
BG APPLE LLC		UNITED STATES	97,60%	FC	FC
BG PEACH, INC		UNITED STATES	97,60%	FC	FC

6.14. Consolidation scope (Continued)

SUBSIDIARIES		COUNTRY	% OF INTEREST	CONSOLIDATION METHOD- 31st DECEMBER 2016	CONSOLIDATION METHOD- 31st DECEMBER 2015
BMP FILMS, INC		UNITED STATES	97,60%	FC	FC
BONA FIDE PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
BUNIM MURRAY PRODUCTIONS INC		UNITED STATES	97,60%	FC	FC
BUNIM MURRAY PRODUCTIONS, LLC (EX BUNIM MURRAY PRODUCTIONS GROUP)		UNITED STATES	97,60%	FC	FC
CLOCK TOWER PRODUCTIONS, INC		UNITED STATES	100,00%	FC	
COMPLETE SOLUTION PICTURES AND SOUND, LLC		UNITED STATES	35,14%		
CROSSWALK PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
GENIO PRODUCTIONS, INC		UNITED STATES	100,00%	FC	
GF FILMS, LLC (UTAH)		UNITED STATES	58,56%	FC	FC
GULF STREAM MEDIA INC		UNITED STATES	100,00%	EM	
HASHTAG ENTERTAINMENT, LLC		UNITED STATES	97,60%	FC	FC
HIPPOCRITICAL PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
HIZZONER, LLC		UNITED STATES	97,60%	FC	FC
HOME BREWED PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
HOUSE OF HAUS, LLC		UNITED STATES	48,80%	FC	FC
IMPRESARIO PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
JAM BAY PRODUCTIONS INC		UNITED STATES	97,60%	FC	FC
LOOK BOTH WYS PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
M CABLE TELEVISION, INC		UNITED STATES	97,60%	FC	FC
M FILM, INC		UNITED STATES	97,60%	FC	FC
M MUSIC, INC		UNITED STATES	97,60%	FC	FC
M. THEORY ENTERTAINMENT, INC		UNITED STATES	97,60%	FC	FC
MIDDLEMAN, LLC		UNITED STATES	97,60%	FC	FC
MOBILITY PRODUCTIONS		UNITED STATES	97,60%	FC	FC
NOT A PROBLEM, LLC		UNITED STATES	48,80%	FC	FC
NOTE REPUBLIC, LLC		UNITED STATES	48,80%	FC	FC
OLEO, LLC	(4)	UNITED STATES	97,60%	FC	FC
ONLY ON OXNARD, LLC		UNITED STATES	97,60%		
OXNARD CATS ENTERTAINMENT, LLC		UNITED STATES	97,60%	FC	FC
PANGEA MANAGEMENT GROUP		UNITED STATES	100,00%	FC	
PARTICLE LLC		UNITED STATES	58,56%		
PARTICLE VFX LLC		UNITED STATES	58,56%		
PICO SCRIPT LAB, INC		UNITED STATES	100,00%	FC	
R.W. PRODUCTIONS INC		UNITED STATES	97,60%	FC	FC
ROAD RULES PRODUCTIONS INC		UNITED STATES	97,60%	FC	FC
ROUGH CUT PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
SANTA MONICA 23 PRODUCTIONS, INC	(8)	UNITED STATES	100,00%	FC	
SANTA MONICA PROD CENTER		UNITED STATES	100,00%	FC	
SCREENBOX LLC		UNITED STATES	58,56%		
SDE WV LLC		UNITED STATES	58,56%		
SEGME BUNIM, LLC		UNITED STATES	97,60%	FC	FC
SHADOWS DOUBT LLC		UNITED STATES	58,56%		
SNACK TRAY PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
SPRING BREAK FILMS LLC		UNITED STATES	48,80%	FC	FC
STEPHEN DAVID ENTERTAINMENT		UNITED STATES	29,28%	FC	FC
STEPHEN DAVID MEDIA, LLC		UNITED STATES	58,56%	FC	FC
SUNSET VENTURES INC		UNITED STATES	58,56%	EM	
TABULA RASA PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
TATSY TREAT, LLC		UNITED STATES	48,80%	FC	FC
TURNT UP PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
W, 37TH ST, LOCATION SERVICES LLC		UNITED STATES	58,56%		
WATER LOGGED INC		UNITED STATES	97,60%	FC	FC
WESTCAR LLC		UNITED STATES	58,56%		
WHEELHOUSE PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
YOLO PRODUCTIONS, LLC		UNITED STATES	97,60%	FC	FC
ZAMORA FILMS, LLC		UNITED STATES	97,60%	FC	FC
ZAMORA PRODUCIONS, LLC		UNITED STATES	97,60%	FC	FC
ZODIAK AMERICAS		UNITED STATES	100,00%	FC	
ZODIAK LATINO		UNITED STATES	90,00%	FC	
ZODIAK USA		UNITED STATES	100,00%	FC	

(1) merged in Non Stop Productions in 2016

(2) liquidated in 2015

(3) merged in Brainpool GmbH in 2016

(4) dissolved in 2016

(5) sold in 2016

(6) merged in YB Rights AB in 2016

(7) merged in Zodiak Rights in 2016

(8) merged in 2016

FC: Fully Consolidated

EM: Equity Method

NC: Not Consolidated

6.14. Consolidation scope (Continued)

Identity of parent company:

The company 'Banijay Group' is consolidated in the financial statements of LOV Group lnvest S.A.S.

6.15. Pro forma information

2016 pro forma turnover, EBITDA and current operating profit (including 12-month activity of the Zodiak Media group), excluding any non-recurring items, amounted to respectively €776,624k, €105,135k and €76,944k.

Current operating profit corresponds to current operating income (loss) including amortisation, depreciation and impairment losses on intangible assets. It also includes costs related to share-based payment and excludes non-recurring items.

EBITDA equals current operating profit (loss) before expenses related to share-based payments, acquisition costs, aborted fees, depreciation, amortization and impairment.

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Banijay Holding
Year ended December 31, 2014

Statutory auditors' report
on the consolidated financial statements

Banijay Holding
Year ended December 31, 2014

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Banijay Holding;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the president. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 December 31, 2014 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.

Without qualifying our opinion, we draw your attention to the matter set out in Note 5.3.4 to the consolidated financial statements regarding the impacts of the change in accounting method resulting from the first application of IFRS 11 standard.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Note 5.3.3.15 "Revenue recognition" to the consolidated financial statements describes the accounting methods related to revenue recognition. As part of our assessment of accounting methods applied by your Group, we have verified the appropriateness of accounting methods applied with regards to revenue recognition and have verified the correct application of those methods.

Your group is performing impairment tests on intangible assets, goodwill and tangible assets based on principles described in Notes 5.3 "Accounting Principles and Methods" and 5.7.2 "Impairment tests for goodwill and intangible assets with indefinite useful life" to the consolidated financial statements. We have reviewed the methods used with regards to impairment tests as well as cash flow projections and hypothesis used by your group.

Note 5.3.2 "Main estimates and accounting assumptions" to the consolidated financial statements describes accounting and valuation methods of earn-out clauses and put options granted to non-controlling interests. We have reviewed the reasonableness of the methods applied by your group and evaluations resulting.

Note 5.3.3.18 "Share subscription and purchase plans and free shares" to the consolidated financial statements describes accounting and valuation methods of option and free shares. We have reviewed the reasonableness of the methods applied by your group, as well as the correct application of those methods.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Joinville-le-Pont and Paris La Défense, March 2, 2015

The statutory auditors

Cabinet Hayot	Ernst & Young Audit
French original signed by	
Michel Hayot	Jean Bouquot

Banijay Holding

Consolidated financial statements

For the year ended 31 December 2014

CONTENTS

1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In € thousand	Notes	2014	2013 restated
Revenue	6.6.1	305 420	290 460
Operating expenses		−151 510	−149 286
External charges		−19 888	−16 857
Payroll costs	6.6.2	−96 200	−94 274
Taxes and duties		−757	−651
Depreciation and amortisation of intangible and tangible assets		−2 871	−2 219
Current impairment losses and provisions, net of reversals		−1 064	−810
Other current operating income and expenses		−116	1
Current operating profit		**33 014**	**26 364**
Other operating income and expenses	6.6.3	−2 228	−2 031
Earnings before interest and income tax (EBIT)		**30 786**	**24 333**
Finance income		146	202
Interest expenses		−2 079	−2 002
Cost of net debt		**−1 933**	**−1 800**
Other finance income (costs)	6.6.4	−13 258	−12 742
Profit before tax and income (loss) from equity-accounted affiliates		**15 595**	**9 791**
Income tax expense	6.6.5	−9 000	−8 966
Profit, net of tax expense		**6 595**	**825**
Share of profit of associates and joint ventures	6.6.6	4 236	1 281
Badwill		162	0
Profit (loss) from assets held for sale	6.6.7	476	−24 000
Profit (loss) for the year		**11 469**	**−21 894**
Attributable to:			
Non-controlling interests		991	605
Owners of the Parent		**10 478**	**−22 499**

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € thousand	2014	2013 restated
Profit (loss) for the year	**11 469**	**−21 894**
Other comprehensive income (loss)		
—Foreign currency translation reserve	10 359	−5 264
—Other changes, before tax	100	236
Net other comprehensive income (loss)	**10 459**	**−5 028**
Total comprehensive income (loss) for the year	**21 928**	**−26 922**
Attributable to:		
Non-controlling interests	1 246	550
Owners of the Parent	**20 682**	**−27 472**

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In € thousand	Notes	31 December 2014	31 December 2013 restated
Goodwill	6.7.1	210 340	199 122
Long-term content assets	6.7.1	2 775	2 488
Other intangible assets	6.7.1	2 284	2 294
Property, plant and equipment	6.7.3	4 955	5 249
Investments in equity-accounted associates and joint ventures	6.7.4	46 910	37 511
Non-current financial assets	6.7.5	5 080	4 265
Deferred tax assets	6.7.6	9 621	10 080
Other long-term assets		33	1 099
Total non-current assets		**281 998**	**262 108**
Inventories and work in progress	6.7.7	25 573	38 999
Short-term content assets		116	141
Trade and other receivables	6.7.8	52 836	57 199
Income tax receivable	6.7.9	4 834	1 470
Other current assets	6.7.10	5 699	3 466
Cash and cash equivalents	6.7.11	74 432	51 908
Total current assets		**163 490**	**153 183**
Total assets classified as held for sale		**0**	**21 000**
Total assets		**445 488**	**436 291**

EQUITY AND LIABILITIES

In € thousand	Notes	31 December 2014	31 December 2013 restated
Issued capital	6.7.12	2 057	2 057
Share premiums	6.7.12	207 493	207 493
Other comprehensive income (loss)		5 781	−4 305
Retained earnings		−43 379	−49 184
Equity attributable to owners of the Parent		**171 952**	**156 061**
Non-controlling interests		12 350	5 715
Total equity		**184 302**	**161 776**
Long-term borrowings and other financial liabilities	6.7.13	19 587	34 342
Other non-current provisions	6.7.14	4 917	5 505
Employee defined benefit obligation	6.7.14	85	98
Deferred tax liabilities		42	18
Other long-term liabilities	6.7.15	104 492	114 779
Total non-current liabilities		**129 123**	**154 742**
Short-term borrowings and bank overdrafts	6.7.13	9 612	13 347
Trade and other payables	6.7.16	75 734	84 670
Current tax liabilities		3 643	1 386
Current provisions for contingencies and losses	6.7.14	102	115
Other current liabilities	6.7.18	42 972	20 255
Total current liabilities		**132 063**	**119 773**
Total liabilities directly associated with assets classified as held for sale		**0**	**0**
Total equity and liabilities		**445 488**	**436 291**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

In € thousand	2014	2013 restated
Profit (loss) for the year	11 469	−21 894
Adjustments for:		
Share of profit of associates and joint ventures	−4 236	−1 281
Amortisation, depreciation, impairment losses and provisions, net of reversals	3 006	26 241
Other non-cash adjustments[1]	17 790	16 899
Cash flows from operating activities after cost of net debt and tax	**28 029**	**19 965**
Income tax expense	9 000	8 966
Cost of net debt	1 933	1 800
Cash flows from operating activities before cost of net debt and tax	**38 962**	**30 731**
Changes in working capital	7 038	−9 483
Income tax paid	−9 734	−6 940
Net cash flows from operating activities	**36 266**	**14 308**
Consequences of changes in consolidation scope	9 104	−34 208
Purchase of property, plant and equipment and of intangible assets	−1 841	−3 097
Net increase (decrease) in financial assets	−9	2
Changes in loans and advanced payments granted	−5 887	231
Proceeds from sale of property, plant and equipment and intangible assets	2	49
Dividends received	4 925	7 950
Net cash flows from investing activities	**6 294**	**−29 073**
Proceeds from borrowings	224	19 248
Repayment of borrowings	−21 016	−12 561
Net interest paid	−1 048	−1 190
Dividends paid to non-controlling interests	−1 199	−2 251
Net cash flows from (used in) financing activities	**−23 039**	**3 246**
Effects of exchange rate differences	3 023	−1 473
Net increase (decrease) of cash and cash equivalents	**22 544**	**−12 992**
Cash and cash equivalents at the beginning of the year	51 841	64 833
Cash and cash equivalents at the end of the year[2]	74 385	51 841

(1) Other non-cash adjustments mainly relate to actuarial and revaluation gains and losses for €11 616 thousand and to IFRS 2 share-based payments for €4 252 thousand.

(2) Cash and cash equivalents at the end of the year on the bottom of the statement of cash flows (€74 385 thousand) are calculated net of bank overdrafts (€47 thousand) and for this reason differ from those in the balance-sheet assets (€74 432 thousand).

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Other reserves					Equity	
In € thousand	**Number of shares**	**Issued capital**	**Share premiums**	**Revaluation reserve for financial instruments**	**Other OCI**	**Deferred tax**	**Foreign currency translation reserve**	**Retained earnings**	**Attributable to owners of the parent**	**Non-controlling interests**
At 1 January 2013	**2 057 501**	**2 057**	**207 493**	**− 434**	**627**	**− 349**	**831**	**− 22 793**	**187 432**	**995**
Loss for the year								− 22 499	− 22 499	605
Foreign currency translation reserve							− 5 209		− 5 209	− 55
Other changes				236	0	0			236	
Total comprehensive income (loss) for the year				236	0	0	− 5 209	− 22 499	− 27 472	550
Issue of shares										
Changes in consolidation scope				5	− 7	4	− 9	− 1 812	− 1 819	4 341
Dividends paid								− 2 080	− 2 080	− 171
Other changes										
At 31 December 2013—restated	**2 057 501**	**2 057**	**207 493**	**− 193**	**620**	**− 345**	**− 4 387**	**− 49 184**	**156 061**	**5 755**
At 1 January 2014	**2 057 501**	**2 057**	**207 493**	**− 193**	**620**	**− 345**	**− 4 387**	**− 49 184**	**156 061**	**5 715**
Profit for the year								10 478	10 478	991
Foreign currency translation reserve							10 104		10 104	255
Other changes				101	− 1	0			100	
Total comprehensive income for the year				101	− 1	0	10 104	10 478	20 682	1 246
Issue of shares										
Changes in consolidation scope							− 118	− 3 721	− 3 839	5 635
Payment of dividends								− 952	− 952	− 247
Other changes									0	
At 31 December 2014	**2 057 501**	**2 057**	**207 493**	**− 92**	**619**	**− 345**	**5 599**	**− 43 379**	**171 952**	**12 350**

Other changes in the "Comprehensive income for the period" are due to the change in the fair value of the interest rate swap attached to the borrowing subscribed by Banijay Entertainment.

'Changes in consolidation scope—Attributable to owners of the parent' mainly correspond to Banijay Holding being diluted in Banijay Entertainment after new shares were subscribed by new non-controlling interests.

Besides that, 'Changes in consolidation scope—Attributable to non-controlling interests'—are mostly imputable to new controlling interests entering the capital of Banijay Entertainment and to the acquisition of new consolidated companies in which the Group interests are lower than 100%.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6.1. Corporate information

The financial statements for the year ended at 31 December 2014, of the company Banijay Holding, were closed by the chairman in order to be published at the supervisory board's meeting, on 4 March 2015. The financial statements will be submitted for approval to the shareholders, who are allowed to modify them at the general shareholders' meeting.

Banijay Holding is a French company incorporated as a "SAS" «société par actions simplifiée», located at 5 rue François 1er, in Paris.

Banijay Holding SAS has a share capital of 2 057 501€ (2 057 501actions of 1 € each) and is the parent of the group Banijay Holding, hereafter called «Banijay Group».

Banijay Group is an actor mainly in the sector of the management and the marketing of intellectual property rights concerning especially audiovisual and interactive contents and\or formats as well as production of audiovisual programs.

It carries on its activities in all the communication mediums: television, radiotelephony, internet and telephony.

Besides, Banijay Group has an indirect and non-controlling interest in Euro Média Group, which operates in the sector of Audiovisual Technical Services.

Banijay Holding's reporting date is 31 December.

6.2. Significant events

On 13 February 2014, the company 'Banijay Entertainment' acquired 50% of the shares of the Italian company 'Ambra Multimedia S.r.l.' Control had been taken on 27 December 2013.

In July 2014, Banijay Holding sold its equity shares in Euro Media Group. The proceeds of sale were partially reinvested into financial EMG SAS, the new holding of Euro Media Group, for 7.5% of the capital. Shares in Barry & Co (this company was formerly the holding of Euro Media Group), were pledged for the benefit of the banking pool of Banijay Entertainment in respect of the 2010 loan agreement. In return for the relinquishment of this safety, Banijay Entertainment made an early refund of the loan for €9 M.

On 8 December 2014, the Banijay Entertainment Company acquired 45% additional equity shares in the French company H20 Productions, bringing its shareholding to 95%. It had already the control since September 2012.

6.3. Accounting principles and methods

6.3.1 Compliance with IFRS

Consolidated financial statements of Banijay Group and subsidiaries are prepared in accordance with IFRS (International Financial Reporting Standards) as issued by IASB (International Accounting Standards Board) at 31 December 2014 and as endorsed by the European Union at the same date.

International standards IAS/IFRS are available on the website of the European Commission at:

http:Ueur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:02008R1126-20140101&from=FR

The Group is applying for the first time at 31 December the following new standards and amendments adopted by the European Union, that are effective for periods beginning on or after 1 January 2014:

- IFRS 10 «Consolidated financial statements»;
- IFRS 11 «Joint arrangements»;
- IFRS 12 «Disclosure of interests in other entities»;
- lAS 27 revised «Separate financial statements»;
- lAS 28 revised «Investments in associates and joint ventures»;

6.3. Accounting principles and methods (Continued)

- Subsequent amendments to IFRS 10, IFRS 11 and IFRS 12;
- Subsequent amendments to lAS 27 revised;
- Amendments to lAS 32 «Offsetting financial assets and financial liabilities»;
- Amendments to lAS 36 «Recoverable amount disclosures for non-financial assets»;
- Amendments to lAS 39 «Novation of derivatives and continuation of hedge accounting»

According to IFRS 11 «Joint arrangements», all jointly controlled entities are now considered as associates and therefore accounted for using the equity method. Implementation has significantly affected consolidated financial statements of the Group; as a result, financial statements have been restated at 1 January 2013; consequences of new rules are disclosed in the paragraph 5.3.4.

The Group did not elect to early adopt the norms, amendments and interpretations published by IASB at 31 December 2014 (either endorsed or being adopted by the European Union), as follows:

- Annual Improvements—cycle 2010 – 2012;
- Annual improvements—cycle 2011 – 2013;
- Amendments to IAS 19 «Defined benefit plans : Employee contributions»;
- Amendments to lAS 16 and lAS 38 named «Clarification of acceptable methods of depreciation and amortisation»

6.3.2 Main estimates and accounting assumptions

The preparation of the consolidated financial statements of the Group requires the group's management to use certain estimates and assumptions that have an impact on the carrying amount of revenues, costs, assets and liabilities. The main estimates and assumptions relate to the valuation and useful lives of operating assets, of property, plant and equipment and of goodwill, to the amount of provisions for risks and other provisions in correlation with activity, to the calculation of debt related to earn outs on acquisitions, to the estimate of debt bound to put options in favour of minority interests as well as to the assumptions used for the share-based payments.

The features of main accounting methods, judgments and other uncertainties which affect the application of these accounting methods, as well as the sensitivity of the results to changes in the conditions and assumptions, are factors to be taken into account. Indeed the Group prepares estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, rarely equal to the achievements.

Goodwill depreciation

The Group reviews at least once a year if goodwill has to be impaired. This requires the recoverable value of the cash generating unit to which goodwill has been allocated, to be measured. The Group mainly estimates the recoverable value through its value-in-use. This latter is determined by the management through a projection of expected future cash flows that are to be discounted at an appropriate rate. See note 6.3.3.4 for further details.

Earn-out / put option in the favour of minority interests

Following external growth operations, the Group may be committed to pay minority interests either earn-outs or put options on their shareholding, based on prices depending on future profits. Related debts are accounting for in the balance sheet at present value. The Group estimates these payments using assumptions of future profit and calculates scheduled cash outflows at a discount rate.

Pensions and other defined post-employment benefit plans

The cost of defined benefit pension and other post-employment benefit plans is completed using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, rates of return

6.3. Accounting principles and methods (Continued)

expected from the assets of the scheme, future increases of wages, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to high uncertainty.

6.3.3 Summary of key accounting methods

Consolidated financial statements include the financial statements of Banijay Holding and those of subsidiaries at 31 December. The financial statements of subsidiaries are prepared on the same accounting period than that of the parent company, using homogeneous accounting principles.

All balances, transactions, revenue and expenses, intra-group profits and losses resulting from transactions with Group companies are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group acquires control of entities; they continue to be consolidated until the date that control ceases. The results of the operations of subsidiaries acquired or sold during the year are recognised in the consolidated results from the date of acquisition or up to the date of assignment.

Non-controlling Interests represent the portion of profit or loss and net assets not owned by the Group. They are presented separately in statement of profit or loss as well as in equity in the consolidated balance sheet, separately from the equity attributable to the shareholders of the parent company.

6.3.3.1 Current / non-current distinction

According to lAS 1 "Presentation of financial statements", the assets and liabilities are classified as current when their recoverability or their payment is expected no later than 12 months after the year closing date, with the exception of deferred taxes which are shown as non-current assets and liabilities.

6.3.3.2 Consolidation scope and methods

Subsidiaries

The companies in which Banijay Holding holds directly or indirectly more than 50% of the voting rights or operates an exclusive control are fully consolidated.

Joint ventures and associated companies

Joint ventures are the companies in which Banijay Holding exercises a joint control. Associated companies are investments in which Banijay Holding exerts a significant influence, i.e. it has the power to participate in the financial and operational policies but does not have control. Banijay Group accounts for its investments in joint ventures and associates using the equity method.

Under this method, interests in associates and joint ventures are recorded in the balance sheet at acquisition cost and are increased or reduced by the Group's share in the post-acquisition change of the entity's net assets. Goodwill relating to associates and joint ventures is included in the carrying amount of the investment and is not amortised. The statement of profit or loss reflects the Group's part in the results of operations of the related entity. Significant profits and losses resulting from transactions between the Group and the associates and joint ventures are eliminated up to the percentage of interest in the entity.

The percentage of interests held by the group in the consolidated companies as well as the consolidation methods are disclosed in note 5.14.

6.3.3.3 Foreign currency translation

The consolidated financial statements are shown in euro, which is the functional and presentation currency of the Group.

Translation of foreign-currency denominated transactions

Each entity determines its own functional currency; the items of each entity's financial statements are measured using the functional currency. Transactions in foreign currencies are recorded initially at the

6.3. Accounting principles and methods (Continued)

exchange rate of the functional currency prevailing at the transaction date or at coverage rate, if applicable. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the functional currency at the closing date and the resulting exchange differences are recognised in the statement of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are reported using the exchange rates ruling at the dates of the initial transactions.

Long-term monetary assets held by an entity of the Group in a foreign subsidiary for which no settlement is neither planned nor likely to occur in the foreseeable future, are a part of the net foreign investment. Thus, pursuant to the provisions of lAS 21 "The effects of changes in foreign exchange rates", corresponding exchange differences are entered into "other comprehensive income" until the date the investment is disposed of. Otherwise, the exchange differences are recorded in profit or loss.

Likewise, exchange differences relating to liabilities that are hedging instruments for net investments abroad as provided for by lAS 39 "Financial Instruments—Recognition and measurement", are recorded similarly to exchange differences of the underlying hedged: they are stored in "other comprehensive income".

Translation of subsidiaries' foreign-currency denominated financial statements

Assets and liabilities, including goodwill of foreign subsidiaries are translated into euros at the official exchange rate ruling on the balance sheet date and their statement of profit or loss is translated at the average exchange rate for the period considered. The resulting exchange differences are booked directly to equity in a separate heading denominated "foreign currency translation reserves". When a foreign entity is sold, the exchange differences accumulated in the "foreign currency translation reserve" allocated to the entity are transferred to profit or loss.

6.3.3.4 Business combinations and goodwill

Business combinations are accounted for under the purchase method. This requires to identify and to recognise at the fair value, at the acquisition date, all assets (including previously non-booked intangible assets), liabilities and contingent liabilities of the acquired company.

For each business combination, the Group may opt to use either the partial or full goodwill method; in the second method the acquiree's non-controlling interests are fair-valued.

Goodwill arising on business combination is the difference between:

- the acquisition cost of the equity shares plus, where elected, the fair value of the non-controlling interests and the fair value of the interests previously held through a step acquisition; and
- the net fair value of the assets, liabilities and contingent liabilities identified in the acquiree.

Goodwill is not amortised but its value in use is regularly reviewed by the Management of the Group. An impairment loss is recognised when events or circumstances indicate that a reduction of value is likely to have occurred. Such events or circumstances comprise significant adverse changes having a sustainable character, affecting economic surrounding or the hypotheses or objectives that were prevailing at the acquisition date.

When an impairment loss appears necessary, the amount accounted for is equal to the difference between the net book value and the fair value, determined by the method of discounted future cash flows.

Purchase of non-controlling interests and earn-outs

Commitments to acquire non-controlling interests and earn-out clauses are identified in a centralised way and estimated at each closing date according to the contractual conditions, the last available information and the relevant data projections over the period. Such commitments are recorded as debts for their present value at the closing date. The present value of these liabilities at the acquisition date is a part of the acquisition cost of the equity shares. Subsequent variations of these debts are directly accounted for in the financial income (loss).

6.3. Accounting principles and methods (Continued)

In accordance with the IFRS, the Group can finalise during a 12 month-period from the acquisition date the fair value estimates of identified assets, liabilities and contingent liabilities as well as commitments to purchase non-controlling interests and earn-out clauses.

6.3.3.5 Intangible assets

Intangible assets acquired separately are valued either at their acquisition cost or at their fair value at the acquisition date in a business combination.

Subsequent to acquisition date, they are carried at initial cost less accumulated amortisation and impairment losses.

Intangible assets with finite lives are amortised over their economic useful life. Intangible assets with indefinite lives are not amortised.

Intangible assets acquired in a business combination are recognised separately from goodwill if fair value can be measured reliably at the time of the acquisition.

Gains or losses related to the derecognition of an intangible asset are determined by difference between the proceeds from the disposal, net of costs, and the net book value of the asset; they are recognised in profit or loss when the asset is written off.

Non-current content assets

The Group recognises as assets:

- the operating rights of format acquired from beneficiaries for a period longer than one year;
- rights relating to internally generated formats, for amounts equal to direct costs attributable to their production, as far as they meet the recognition criteria for intangible assets;
- the acquisition rights of formats whose validity exceeds one year; and
- the purchases of finished episodes.

The operating rights of format acquired from third parties and used for the purposes of producing programmes are accounted for as production costs.

6.3.3.6 Property, plant and equipment

Property, plant and equipment are recorded at their acquisition cost, less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the useful life of assets. The residual value, the useful life and depreciation methods of assets are reviewed and adjusted, if necessary, at each financial year-end.

6.3.3.7 Impairment of non-financial assets

The recoverable amount of intangible assets, goodwill and tangible assets is tested for impairment as soon as external or internal signs of impairment losses exist, such signs being reviewed at each closing date (sector ratio declining, strong overall decrease in the business relating to the cash generating unit, fall in activity with a major customer of the cash-generating unit...). If so, the recoverable amount of the asset is tested for impairment to determine whether there is an impairment loss.

Irrespective of whether there is any indication of impairment, this test is performed at least once per year.

If appropriate, an impairment loss is recorded for the portion of the net book value of the asset exceeding the recoverable amount.

The value in use of the assets to which it is possible to directly attribute independent cash inflows is assessed on a stand-alone basis. The other assets are grouped within the cash-generating unit (C.G.U.) to which they belong in order to estimate their value in use. A C.G.U. is defined as the smallest group of

6.3. Accounting principles and methods (Continued)

assets that generates cash inflows that are largely independent of those from other assets or groups of assets. So far the business of Banijay Group is forming a single C.G.U.

The value in use of an asset or a C.G.U. is measured by the method of discounted cash flows, based on projections of future financial cash flows over the next 4 years, further extrapolated. Forecasts are derived from plans validated by the Board of Directors and the Supervisory Board, with a projection to infinity using a growth rate of 2%. These cash flows are determined on an after-tax basis.

The Group principally refers to the value in use to estimate the recoverable amount of assets. By assessing value in use, the estimated future cash flows are discounted; the discount rate is a post-tax rate and reflects the current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss is recognised, it is accounted for directly in the statement of profit or loss under a specific heading.

The value of assets, other than goodwill, for which an impairment loss has been recorded, is reviewed at each closing date for the purposes of reversing the impairment loss, if necessary. Where a reversal, it is posted in profit or loss. In this case, the book value of the asset can be increased up to its recoverable value. After reversing the impairment loss, the book value cannot not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment losses recognised for goodwill can never be reversed.

6.3.3.8 Financial assets

Financial assets are divided into the three following categories: loans and receivables, held-to-maturity investments and financial assets measured at fair value through profit or loss.

Transactions relating to financial assets are recorded at the settlement date.

Loans and receivables

These financial assets are initially recognised at their fair value plus directly attributable transaction costs, then at amortised cost at each closing date, applying the effective interest rate method.

This category includes trade receivables and other debtors, loans and deposits, receivables attached to participating interests, cash and loans in current accounts to associates or non-consolidated entities.

Loans and receivables are examined with respect to any objective indication of impairment. A financial asset is dealt with individually; a loss is recognised if the carrying amount is greater than the recoverable value estimated through impairment tests.

The loss of value, if any, is recorded in profit or loss and can be reversed if the recoverable amount is due to improve over the following years.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a maturity fixed, that the entity intends and is able to hold to maturity. These investments are assessed and recorded at the amortised cost using the effective interest rate method.

They are examined with respect to any objective indication of impairment. A financial asset is dealt with individually; an impairment loss is recognised through profit or loss if the carrying amount is greater than the recoverable value estimated through impairment tests.

6.3. Accounting principles and methods (Continued)

Financial assets measured at fair value through profit or loss

These assets are accounted for at fair value; changes in fair value are recorded in the profit or loss. This category includes:

- Financial assets classified as held-for-trading, among which the assets that the company intends to resell in a near term with the aim of realising a gain, and that belong to a portfolio of financial instruments collectively managed and for which practice is short-term disposal;
- Assets explicitly designated by the Group at initial recognition.

Impairment testing of financial assets

The Group should consider at the closing date, if a financial asset or a group of financial assets is likely to suffer an impairment loss.

If there is an objective evidence that loans and receivables carried at amortised cost are impaired, the amount of the loss is estimated by difference between the book value and the discounted future cash flows such as expected (excluding future probable credit losses that are not yet effective); the discount rate used is the initial effective interest rate (i.e. the effective interest rate computed at initial recognition of the asset). The book value is reduced through the use of an allowance account. The amount of the loss is recorded in the profit or loss.

If, subsequently, the loss in value decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognised impairment will be reversed. The reversal of the impairment loss is recognised in profit or loss, as long as the book value of the asset does not exceed its amortised cost at the date the loss allowance is reversed.

With respect to receivables, a loss allowance is recorded when there is any objective evidence (probability of insolvency or severe financial difficulties of the debtor) that the Group will be unable to recover the debt in accordance with the initial conditions of billing. The book value of the receivable is reduced through an allowance for loss. Impaired receivables are derecognised when they are considered as uncollectible.

6.3.3.9 Financial investments

Non-consolidated equity securities are initially entered at acquisition cost and are reduced if necessary on the basis of the market value.

6.3.3.10 Inventories

Inventories relating to work in progress are valued at production cost; they represent outstanding production of audiovisual programmes that are not yet finalised and not delivered to the client at the closing date. In the case that production losses are anticipated, a provision for losses on onerous contract is accounted for, after inventories have been written off.

6.3.3.11 Current content assets

Current content assets comprise:

- operating rights of format acquired for a period less than one year; and
- the acquisition rights of formats (formats options), paid to beneficiaries, whose maturity is less than one year.

6.3.3.12 Cash and cash equivalents

Cash and short-term deposits include liquid and available bank accounts as well as short-term deposits whose initial maturity is less than three months.

6.3. Accounting principles and methods (Continued)

For the needs of the consolidated statement of cash flows, cash and cash equivalents are composed of the cash and cash equivalents defined above as well as bank overdrafts.

6.3.3.13 Financial liabilities

Financial liabilities are divided into three categories: financial liabilities at amortised cost, financial liabilities at fair value through "other comprehensive income" and financial liabilities at fair value through profit or loss.

The financial liabilities of the Group mainly consist of liabilities valued at amortised cost. Among them are loans and similar debts including:

- Credit lines from banks
- Bank overdrafts
- Borrowings in relation with assets under finance leases.

The category of financial liabilities at fair value through profit or loss includes:

- Liabilities considered as held-for-trading, which mainly include liabilities incurred to be sold or redeemed in the short term;
- Liabilities explicitly designated at initial recognition by the Group as financial instruments that do not meet the criteria of efficient hedge accounting according to lAS 39 "Financial Instruments: recognition and measurement"; change in fair value is therefore recognised in profit or loss.

Financial liabilities at fair value through "other comprehensive income" comprise financial instruments that meet the conditions of efficient hedge accounting according to lAS 39.

Interest-bearing debts and borrowings

All loans and debt are recognised initially for the fair value of the consideration received, less costs directly attributable to the transaction.

After initial recognition, interest-bearing liabilities and debts are evaluated at amortised cost, using the effective interest rate method.

Gains and losses are recognised in profit or loss when liabilities are derecognised and using the model of amortised cost. Costs directly attributable to the issuance of debt are deducted from liabilities and are amortised over debt life, as a component of the effective interest rate.

Finance leases

Finance lease contracts, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the beginning of the lease, at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the amortisation of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are expensed in statement of profit or loss.

The leased investments shown in the assets are depreciated over the shorter of the two durations: the expected useful life of the asset or the period of the lease, if there is no reasonable certainty that the group will get the property before the term of the lease.

Lease payments under an operating lease are recognised as an expense, in the statement of profit or loss, on a straight-line basis over the lease term.

Derivative financial instruments

The group uses derivative financial instruments such as forward exchange contracts, options and interest rate swaps to cover its risks related to fluctuations in foreign currency exchange rates and interest rates.

6.3. Accounting principles and methods (Continued)

These derivative financial instruments are recognised initially at fair value on the date on which the derivative contract is contracted. They are then re-estimated at their fair value. Derivative financial instruments are recognised as assets in the balance sheet when the fair value is positive and as liabilities if the fair value is negative.

Gains or losses related to the change in fair values of derivatives during the financial year are accounted for in "other comprehensive income", for those derivatives that meet the criteria of hedge accounting, or are recognised directly in profit or loss, for those derivatives that do not meet the conditions.

The fair value of forward exchange contracts is calculated by reference to the forward exchange rates applicable for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to the market values of similar instruments.

The fair value of financial instruments that are traded in active markets is determined at each balance sheet date by reference to the market quotations or transaction prices; transaction costs are not taken into account.

For instruments that are not traded in an active market, fair value is determined using appropriate valuation techniques. These may include:

- transactions under normal conditions of the market between knowledgeable and willing parties;
- the reference to the present fair value of another instrument that is substantially the same;
- the approach by the method of discounted cash flows or other valuation methods.

6.3.3.14 Provisions

Provisions are recorded only if:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- It is likely that an expenditure will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The charges relating to provisions are accounted for in profit or loss, net of any contingent reimbursement. If the effect of the time value of money is material, provisions are discounted using a discount pre-tax rate that reflects, where appropriate, the risks specific to the obligation. When discounting, the increase in the provision due to the passage of time is recognised in finance costs.

6.3.3.15 Revenue recognition

Revenue generated by Banijay Group's businesses is recognised when:

- it is probable that the economic benefits resulting from the transaction will flow to the Group;
- the amount of the revenue can be measured reliably; and
- at the date of transaction, it is likely that the amount of the sale will be recovered.

More specifically, the principles governing the recognition of revenue by type of activity are as follows:

- sales of programmes are recorded at the delivery date of the program to the TV channels;
- sales of audiovisual rights under license are accounted for as soon as rights are conferred to the beneficiary;
- sales of by-products (DVD...) are recorded at the delivery date of the goods and sales of services (SMS...) are recognised when revenues are certain (example: receipt of records...).

6.3.3.16 Determination of current operating profit (loss)

The format of the profit and loss statement elected by the Group presents a classification based on the nature of expenses. Current operating profit is calculated as the difference between pre-tax operating

6.3. Accounting principles and methods (Continued)

income and costs, other than finance costs and revenue, excluding share of profit (loss) of equity-accounted companies as well as any profits or losses from activities that have been or are being discontinued.

6.3.3.17 Other operating income and expenses

These bring together revenue and expenses that are both unusual in nature and significant at the consolidated level. The Group presents those income and expenses separately in the statement of profit or loss in order to improve the understanding of the recurring operating performance.

6.3.3.18 Share subscription and purchase plans and free shares

Share subscription and purchase options, as well as free shares, are granted to certain employees of the Group or to external consultants and are settled in cash.

In accordance with IFRS 2 "Share-based payment", the options are valued at grant date using the «Black & Scholes» model or other equivalent models. Changes in value subsequent to the grant date do not affect the initial measurement. Free shares are evaluated on the basis of the value of the share on grant date, less any dividend expected to be received during the vesting period.

These values are recognised on a straight-line basis over the vesting period. The resulting expense is recorded under payroll costs, whose counterpart is an operating liability, being fair-valued at closing date (any variation is recognised in profit or loss).

6.3.3.19 Tax

Current tax

Tax receivable or tax payable for the current period and prior periods is estimated at the amount that is expected to be received from or to be paid to the tax administration. Tax rates and tax laws used in order to measure the tax receivable or the tax liability are those which have been adopted or are almost adopted at the balance sheet date.

Current income taxes pertaining to items recognised in "other comprehensive income" are recorded in the same category and not in profit or loss.

Deferred tax

Deferred tax is accounted for by applying the liability method to temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying value in the financial statements.

Deferred tax liabilities are recognized on all taxable temporary differences, except:

- when the deferred tax liability is generated by the initial recognition of goodwill, or by an asset or a liability in a transaction that is not a business combination and which, at the date of the transaction, affects neither the accounting profit, nor the taxable profit or tax loss;
- for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, where the date on which the temporary difference will reverse can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and any carryforward of unused tax credits and tax losses, insofar as it is probable that the calculated deferred tax assets can be charged on taxable profit, except:

- where the deferred tax asset relates to a deductible temporary difference generated by the initial recognition of an asset or a liability in a transaction which is not a business combination and which, at the transaction date, affects neither accounting profit, nor the taxable profit or tax loss;

6.3. Accounting principles and methods (Continued)

- for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, where deferred tax assets are recognised only when it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which it will be possible to utilise the temporary differences.

The carrying amount of the deferred tax assets is reassessed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the use of all or part of the deferred tax asset. The deferred tax assets not recognised are reviewed at each closing date and are accounted for to the extent that it has become probable that future taxable profit will enable the deferred tax asset to be recovered.

The assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year the asset will be realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at closing date.

Deferred taxes related to items recognised in "other comprehensive income" are recorded in the same category and not in profit or loss.

Assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and if deferred taxes relate to the same taxable entity and to the same taxation authority.

6.3. Accounting principles and methods (Continued)

6.3.4 Impact of the change in accounting methods

The consequences of the first application of IFRS 11 on the consolidated financial statements at 31 December 2013 are the following:

Consolidated statement of profit or loss

In € thousand	**2013 published**	**First application of IFRS 11**	**2013 restated**
Revenue	335 985	*−45 525*	290 460
Operating expenses	−174 959	*25 673*	−149 286
External charges	−18 813	*1 956*	−16 857
Payroll costs	−103 525	*9 251*	−94 274
Taxes and duties	−653	*2*	−651
Depreciation and amortisation of intangible and tangible assets	−2 811	*592*	−2 219
Current impairment losses and provisions net of reversals	−616	*−194*	−810
Other current operating income and expenses	−184	*185*	1
Current operating profit	**34 424**	***−8 060***	**26 364**
Other operating income and expenses	−5 819	*3 788*	−2 031
Earnings before interest and income tax (EBIT)	**28 605**	***−4 272***	**24 333**
Finance income	224	*−22*	202
Interest expenses	−2 073	*71*	−2 002
Cost of net debt	**−1 849**	***49***	**−1 800**
Other finance income (costs)	−12 761	*19*	−12 742
Profit before tax and income (loss) from equity-accounted affiliates	**13 995**	***−4 204***	**9 791**
Income tax expense	−11 813	*2 847*	−8 966
Profit, net of tax expense	**2 182**	***−1 357***	**825**
Share of profit of associates and joint ventures	90	*1 191*	1 281
Loss from assets held for sale	−24 000	*0*	−24 000
Loss for the year	**−21 728**	***−166***	**−21 894**
Attributable to:			
Non-controlling interests	771	*−166*	605
Owners of the Parent	**−22 499**	***0***	**−22 499**

6.3. Accounting principles and methods (Continued)

Consolidated statement of financial position

In € thousand	31 December 2013 published	First application of IFRS 11	31 December 2013 restated
Goodwill	230 963	*−31 841*	199 122
Long-term content assets	2 488	*0*	2 488
Other intangible assets	2 355	*−61*	2 294
Property, plant and equipment	6 837	*−1 588*	5 249
Investments in equity-accounted associates and joint ventures	1 058	*36 453*	37 511
Non-current financial assets	4 265	*0*	4 265
Deferred tax assets	10 086	*−6*	10 080
Other long-term assets	1 128	*−29*	1 099
Total non-current assets	**259 180**	***2 928***	**262 108**
Inventories and work in progress	39 915	*−916*	38 999
Short-term content assets	1 596	*−1 455*	141
Trade and other receivables	60 276	*−3 077*	57 199
Income tax receivable	1 934	*−464*	1 470
Other current assets	3 597	*−131*	3 466
Cash and cash equivalents	60 047	*−8 139*	51 908
Total current assets	**167 365**	***−14 182***	**153 183**
Total assets classified as held for sale	**21 000**	***0***	**21 000**
Total assets	**447 545**	***−11 254***	**436 291**

In € thousand	31 December 2013 published	First application of IFRS 11	31 December 2013 restated
Issued capital	2 057	*0*	2 057
Share premium	207 493	*0*	207 493
Other comprehensive income	−4 305	*0*	−4 305
Retained earnings	−49 184	*0*	−49 184
Equity attributable to owners of the Parent	**156 061**	***0***	**156 061**
Non-controlling interests	6 304	*−589*	5 715
Total equity	**162 365**	***−589***	**161 776**
Long-term borrowings and other financial liabilities	34 748	*−406*	34 342
Other non-current provisions	3 729	*1 776*	5 505
Employee defined benefit obligation	98	*0*	98
Deferred tax liabilities	18	*0*	18
Other long-term liabilities	114 779	*0*	114 779
Total non-current liabilities	**153 372**	***1 370***	**154 742**
Short-term borrowings and bank overdrafts	13 510	*−163*	13 347
Trade and other payables	94 599	*−9 929*	84 670
Current tax liabilities	3 164	*−1 778*	1 386
Current provisions for contingencies and losses	115	*0*	115
Other current liabilities	20 420	*−165*	20 255
Total current liabilities	**131 808**	***−12 035***	**119 773**
Total equity and liabilities	**447 545**	***−11 254***	**436 291**

6.3. Accounting principles and methods (Continued)

Consolidated statement of cash flows

In € thousand	2013 published	First application of IFRS 11	2013 restated
Loss for the year	−21 728	*−166*	−21 894
Adjustments for:			
Share of profit of associates and joint ventures	−90	*−1 191*	−1 281
Amortisation, depreciation, impairment losses and provisions, net of reversals	30 427	*−4 186*	26 241
Other non-cash adjustments	16 907	*−8*	16 899
Cash flows from operating activities after cost of net debt and tax	**25 516**	***−5 551***	**19 965**
Income tax expense	11 813	*−2 847*	8 966
Cost of net debt	1 849	*−49*	1 800
Cash flows from operating activities before cost of net debt and tax	**39 178**	***−8 447***	**30 731**
Changes in working capital	−9 570	*87*	−9 483
Income tax paid	−8 402	*1 462*	−6 940
Net cash flows from operating activities	**21 206**	***−6 898***	**14 308**
Consequences of changes in consolidation scope	−35 056	*848*	−34 208
Purchase of property, plant and equipment and of intangible assets	−3 902	*805*	−3 097
Net increase (decrease) in financial assets	−7	*9*	2
Changes in loans and advanced payments granted	205	*26*	231
Proceeds from sale of property, plant and equipment and intangible assets	49	*0*	49
Dividends received	155	*7 795*	7 950
Net cash flows from investing activities	**−38 556**	***9 483***	**−29 073**
Proceeds from borrowings	19 248	*0*	19 248
Repayment of borrowings	−12 726	*165*	−12 561
Net interest paid	−1 201	*11*	−1 190
Dividends paid to non-controlling interests	−2 538	*287*	−2 251
Net cash flows from (used in) financing activities	**2 783**	***463***	**3 246**
Effects of exchange rate differences	−1 473	*0*	−1 473
Net increase (decrease) of cash and cash equivalents	**−16 040**	***3 048***	**−12 992**
Cash and cash equivalents at the beginning of the year	76 020	*−11 187*	64 833
Cash and cash equivalents at the end of the year	59 980	*−8 139*	51 841

6.4. Segment information

Information by business segment

Today, the Group considers that there is only one significant operational sector to the extent that economic characteristics of all business are similar and that the Group has a unique production activity.

Information on main customers

As regards to the activity of the Group, each entity has for clients main active television channels in the country where the entity is located.

Information by geographical area

Referring to its organisation, i.e. one subsidiary by country, the Group has made the choice of one single level of information to not display confidential information.

6.5. Changes in consolidation scope

Transfer of 100% of ALJ Productions' net assets to Banijay Entertainment

On 1 January 2014, 'ALJ Productions', a former wholly owned subsidiary by 'Banijay Entertainment', brought to this latter all its assets and liabilities.

Acquisition of Bubble and Bubble Prod

On 26 February 2014 the company 'Non Stop Productions SAS' acquired 100% of 'Bubble SARL' and 20% of 'Bubble Prod SAS'. On 5 June 2014, following the exercise of a put option by the majority shareholders of Bubble Prod, Non Stop Productions acquired a further stake of 50% in Bubble Prod, therefore taking control. These companies are fully consolidated, as from takeover date.

Creation of Banijay Studios North America

On 6 April 2014, 'Banijay Entertainment Holdings US lnc.' has created the company 'Banijay Studios North America LLc', jointly with a partner which holds the control; as the Group has a significant influence on Banijay Studios North America, this entity is accounted for by the equity method in the consolidated accounts of the Group, from creation date.

Creation of Team CH1

On 10 April 2014 the company 'CH1SAS' was jointly founded by 'H20 Productions SAS' and 'Big Names'; It is fully consolidated by the Group, from creation date.

Creation of Talpa Nordic ApS

On 23 June 2014 the entity 'Nordisk Film TV A/S' was created in Denmark jointly with the partner company 'Talpa Nordic ApS'. This company is accounting for using the equity method.

Acquisition of Atlantis Film & Video and 4Friends Film

On 19 September 2014 the 'Ambra Banijay ltalia Srl' company acquired 50% of the 'Atlantis Film & Video Srl' company, which itself owns 51.1% of the company '4Friends Film Srl'. Ambra has control on Atlantis and this one has control over 4 Friends. These two companies are therefore fully consolidated from their date of acquisition.

Founding H20 Productions' subsidiaries

On 11 August 2014, the company 'H20 Productions SAS' has created the following entities: 'H20 Fictions SAS', 'H20 Day After Day SAS', 'Jeux H20 SAS' and 'H20 Divertissement SAS', in which it holds 100%.

6.6. Notes to the statement of profit or loss

6.6.1 Revenue

Revenue reached €305 420 thousand at 31 December 2014; it essentially corresponds to the sales of audiovisual programmes.

6.6.2 Payroll costs

Payroll expenses consist of salaries and remuneration of staff, including payroll expenses, including share-based payments (IFRS2), i.e.:

- expenses related to share purchase or subscription plans,
- expenses related to plans allocating free shares,
- expenses related to exceptional bonus plans indexed on equity value increase.

6.6. Notes to the statement of profit or loss (Continued)

The amounts recognised as staff expenses in respect of share purchase or subscription plans and of share allocating plans amount to €3 996 thousand at 31 December 2014 against €2 961 thousand at 31 December 2013.

Equity instruments

In return for services rendered, the Group grants to certain employees share subscription and purchase options and bonus shares. Transactions are based on shares of Banijay Entertainment or of Banijay Nordic Holding ApS

- Transactions based on shares of Banijay Entertainment:

	2010 Plan Subscription options	2010 Plan Free shares
Grant date	20/12/2010	20/12/2010
Expiry date	31/12/2017	N/A
Vesting period	(a)	(b)
Number of beneficiaries	5	1
Outstanding number at 1 January 2013	4 800	0
Number granted in 2013	0	0
Number acquired in 2013	0	0
Number cancelled in 2013	0	0
Number exercised in 2013	0	n/a
Number expired in 2013	0	n/a
Outstanding number at 31 December 2013	4 800	0
Number granted in 2014	0	0
Number acquired in 2014	0	0
Number cancelled in 2014	375	0
Number exercised in 2014	0	n/a
Number expired in 2014	0	n/a
Outstanding number at 31 December 2014	4 425	0
Number to be exercised at 31 December 2014	4 425	n/a
Exercise price (in euros)	100	n/a

(a) The options are acquired by the beneficiaries by 25% annually over a period of 4 years, provided that on the anniversary date of the award, the beneficiary is employed by the group or by related companies, is not in a notice period and did not conclude a conventional break. Options cannot be exercised before a period of 4 years and 3 months starting at the grant date. In case of voluntary departure (resignation) or of dismissal for misconduct, the beneficiary will lose all of his options.

(b) Free shares are definitively acquired only upon the expiration of a period of 2 years and beneficiaries are obliged to keep their shares during 2 years.

- Transactions based on shares of Banijay Nordic Holding:

In relation with the acquisition on 2 December 2009 of the group 'Nordisk', the company 'Banijay International ApS' is committed to grant to the managers of this group, options allowing them to subscribe for a total of 20% of the equity of the Scandinavian entities, over a period of 8 years. This plan is subject to a condition of presence (⅓ of the options will be granted on 2 of December 2014 and the balance on December 2, 2017) except acceleration in specific circumstances (for instance in the event of death). The exercise price is set at 1DKK but can be increased to take account of the evolution of the share capital of the Scandinavian companies. The managers, at the end of 8 years, have a put option on the shares they will held on Banijay Nordic Holding ApS.

Such share-based payments for services to be rendered have been dealt with in accordance IFRS 2, using the fair value of the Scandinavian companies at the date the commitment in favour of employees was signed.

6.6. Notes to the statement of profit or loss (Continued)

6.6.3 Other operating income and expenses

Other operating income and expenses mostly correspond to acquisition costs for ownership interests and to restructuring costs mainly in the Scandinavian and Australian subsidiaries.

6.6.4 Other finance income and costs

In € thousand	2014	2013 restated
Actuarial and revaluation losses and gains(1)	− 11 616	− 13 119
Provisions, net of reversals	49	− 114
Exchange gains and losses	− 1 659	500
Revenue from financial assets other those from cash equivalents	8	63
Other	− 40	− 72
Other finance income (costs)	**− 13 258**	**− 12 742**

(1) This amount includes the discount charge for earn-outs liabilities at a rate of 9.1%, in relation with acquisitions of equity shares either effective or to be realised (under put options granted to the minority shareholders or earn-outs in favour of the transferors) as well as actuarial losses or gains due to changes in assumptions used for the determination of the earn-outs.

6.6.5 Income tax expense

The income tax expense for the year ended 31 December 2014 is breakdown as follows:

In € thousand	2014	2013 restated
Current income tax	− 7 634	− 8 668
Deferred tax	− 1 366	− 298
Income tax expense	**− 9 000**	**− 8 966**

The increase in the tax burden is mainly linked to the reversal of a portion of the deferred tax asset previously recognised on bonuses paid to managers by a company of the group, following negotiations conducted in 2014.

6.6. Notes to the statement of profit or loss (Continued)

Tax proof:

In € thousand	2014	2013 restated
Profit (loss) for the year	**11 469**	**−21 894**
Current income tax	−7 634	−8 668
Deferred tax	−1 366	−298
Pre-tax profit (loss)	**20 469**	**−12 928**
Share of profit of equity-accounted companies	4 236	1 281
Pre-tax profit (loss), excluding share of profit of associates and joint ventures	**16 233**	**−14 209**
Permanent differences(1)	14 347	35 038
Pre-tax profit, bearing tax at standard rate	**30 580**	**20 829**
Group's weighted tax rate(2)	*36,31%*	*36,19%*
Theoretical tax gain (expense)	**−11 104**	**−7 538**
Deferred tax not recognised on tax losses	−1 099	−616
Deferred tax not recognised on temporary differences	−87	−1 547
Prior tax losses used in the year	2 049	557
Repayment of back taxes (following tax adjustment)	0	−29
Prior- year adjustments	837	0
Other	404	207
Tax gain (expense) shown in the statement of profit or loss	**−9 000**	**−8 966**
Group's effective tax rate	**29,43%**	**43,05%**
Elimination of the impact of Spanish tax repayment		−44
Group's effective tax rate, after elimination of the impact of Spanish tax repayment	**29,43%**	**42,83%**

(1) Mainly: €11 616 thousand correspond to actuarial and revaluation losses and gains and €3 996 thousand are costs linked to share-based payments at 31 December 2014.

(2) Group's weighted tax rate is the addition of theoretical taxes of each subsidiary based on local tax rate, divided by the pre-tax profit for the Group.

The Group's profit is realised through several countries. The tax rate is subject to changes in enacted rates and depends on the relative contributions of the countries in the Group's profit.

The Group's effective tax rate was 29.43% in 2014. The decrease of this rate essentially results from the recognition of tax loss carried forward in the French tax Group and from the reduction of the relative weight of the United States in the overall Group's profit.

In France, the Group is under the regime of tax consolidation for companies at least owned by 95% for a minimum of one year. Similarly, American and Danish companies benefit from tax consolidation from their date of entry into the Group.

6.6.6 Share of profit (loss) of associates and joint ventures (equity-accounted)

The share of profit from companies accounted for under the equity method corresponds to the portion of profit or loss achieved in 2014 by:

- the group 'Brainpool' (50% held)
- the company 'Screentime Shinawil' (49% held)
- the associated group 'Bunim Murray Productions', held by 'Combate Americas' (20%)
- the companies 'MBG' and 'Skillstar' (50% held)

6.6. Notes to the statement of profit or loss (Continued)

- the company 'Banijay Studios North America' (36% held)
- the company 'Talpa Nordic ApS' (49% held)
- the company 'Financière EMG' (7,5% held)—the estimation was based on last available forecasts

6.6.7 Profit from assets held for sale

The «profit from assets held for sale» correspond to the gain on the disposal of interests that were held in 'Barry and Co' and 'Euro Media Group'.

6.7. Notes to the statement of financial position

6.7.1 Goodwill and other intangible assets

In € thousand	Goodwill	Concessions, patents, rights and commercial capital	Content assets and formats	Other tangible assets	Total
Gross values at 1 January 2013	**194 522**	**309**	**64**	**1 912**	**196 807**
Changes in consolidation scope	10 456	70	260	501	**11 287**
Acquisitions	0	122	2 396	226	**2 744**
Disposals, reclassification and derecognition	0	20	0	− 26	**− 6**
Exchange differences	− 5 856	0	− 4	− 7	**− 5 867**
Gross values at 31 December 2013, restated	**199 122**	**521**	**2 716**	**2 606**	**204 965**
Amortisation and impairment losses at 1 January 2013	**0**	**− 224**	**− 64**	**− 251**	**− 539**
Changes in consolidation scope	0	− 9	0	0	**− 9**
Acquisitions	0	− 114	− 165	− 263	**− 542**
Disposals, reclassification and derecognition	0	− 6	0	26	**20**
Exchange differences	0	0	1	8	**9**
Amortisation and impairment losses at 31 December 2013, restated	**0**	**− 353**	**− 228**	**− 480**	**− 1 061**
Net values at 31 December 2013, restated	**199 122**	**168**	**2 488**	**2 126**	**203 904**
Gross values at 1 January 2014	**199 122**	**521**	**2 716**	**2 606**	**204 965**
Changes in consolidation scope	836	− 9	0	43	**870**
Acquisitions	0	562	843	87	**1 492**
Disposals, reclassification and derecognition	0	6	162	− 174	**− 6**
Exchange differences	10 382	6	56	1	**10 445**
Gross values at 31 December 2014	**210 340**	**1 086**	**3 777**	**2 563**	**217 766**
Amortisation and impairment losses at 1 January 2014	**0**	**− 353**	**− 228**	**− 480**	**− 1 061**
Changes in consolidation scope	0	3	0	− 19	**− 16**
Acquisitions	0	− 157	− 752	− 390	**− 1 299**
Disposals, reclassification and derecognition	0	21	− 21	7	**7**
Exchange differences	0	− 1	− 1	4	**2**
Amortisation and impairment losses at 31 December 2014	**0**	**− 487**	**− 1 002**	**− 878**	**− 2 367**
Net values at 31 December 2014	**210 340**	**599**	**2 775**	**1 685**	**215 399**

6.7. Notes to the statement of financial position (Continued)

6.7.2 Impairment tests for goodwill and intangible assets with indefinite useful life

The Group has tested for impairment goodwill and intangible assets with indefinite useful life. For these tests, were used:

- a 4-year business plan further extrapolated;
- a discount rate of 9.1%;
- a growth-to-infinity rate of 2%;and
- the net book value at 31 December 2014 of the assets tested.

A change of + 0.5% or −0.5% of the discount rate would have no significant impact.

6.7.3 Property, plant and equipment

In € thousand	Buildings	Technical installations, equipment and industrial tools	Other	Total
Gross values at 1 January 2013	**184**	**7 229**	**2 010**	**9 423**
Changes in consolidation scope	1	1 038	5	**1 044**
Acquisitions	8	2 363	403	**2 774**
Disposals, reclassification and derecognition	−27	−260	−230	**−517**
Exchange differences	−1	−394	−149	**−544**
Gross values at 31 December 2013, restated	**165**	**9 976**	**2 039**	**12 180**
Depreciation and impairment losses at 1 January 2013	**−83**	**−4 606**	**−954**	**−5 643**
Changes in consolidation scope	0	−171	−1	**−172**
Acquisitions	−35	−1 480	−342	**−1 857**
Disposals, reclassification and derecognition	10	268	151	**429**
Exchange differences	0	256	56	**312**
Depreciation and impairment losses at 31 December 2013, restated	**−108**	**−5 733**	**−1 090**	**−6 931**
Net values at 31 December 2013, restated	**57**	**4 243**	**949**	**5 249**
Gross values at 1 January 2014	**165**	**9 976**	**2 039**	**12 180**
Changes in consolidation scope	0	604	204	**808**
Acquisitions	5	892	423	**1 320**
Disposals, reclassification and derecognition	5	−151	−103	**−249**
Exchange differences	2	841	33	**876**
Gross values at 31 December 2014	**177**	**12 162**	**2 596**	**14 935**
Depreciation and impairment losses at 1 January 2014	**−108**	**−5 733**	**−1 090**	**−6 931**
Changes in consolidation scope	0	−443	−115	**−558**
Acquisitions	−37	−1 718	−384	**−2 139**
Disposals, reclassification and derecognition	−2	152	51	**201**
Exchange differences	0	−541	−12	**−553**
Depreciation and impairment losses at 31 December 2014	**−147**	**−8 283**	**−1 550**	**−9 980**
Net values at 31 December 2014	**30**	**3 879**	**1 046**	**4 955**

6.7. Notes to the statement of financial position (Continued)

6.7.4 Investments in associates and joint ventures (accounted for under the equity method)

In € thousand	Group Brainpool	Combate Americas (held by BMP	MBG	Banijay Studios North America	Talpa	Financière EMG	Skillstar	Shinawil	Total
Value at 31 December 2012, restated	**39 816**	**0**	**22**	**0**	**0**	**0**	**2**	**298**	**40 138**
Changes in consolidation scope	0	568	0	0	0	0	0	0	**568**
Share of profit (loss) of equity-accounted entities	5 185	−76	0	0	0	0	−3 835	7	**1 281**
Dividends paid	−7 950	0	0	0	0	0	0	0	**−7 950**
Capital increase	−338	0	0	0	0	0	0	0	**−338**
Foreign currency translation reserve	0	−21	0	0	0	0	0	0	**−21**
Negative equity portion transferred to provision (liability)	0	0	0	0	0	0	3 833	0	**3 833**
Value at 31 December 2013, restated	**36 713**	**471**	**22**	**0**	**0**	**0**	**0**	**305**	**37 511**
Changes in consolidation scope	50	171	0	358	7	9 000	0	0	**9 586**
Share of profit (loss) of equity-accounted entities	6 045	−30	−2	−796	−2	−377	−41	74	**4 871**
Dividends paid	−4 925	0	0	0	0	0	0	0	**−4 925**
Foreign currency translation reserve	0	23	0	14	0	0	0	0	**37**
Negative equity portion transferred to provision (liability)	0	0	0	424	0	0	41	0	**465**
Depreciation of equity-accounted investments	0	−635	0	0	0	0	0	0	**−635**
Value at 31 December 2014	**37 883**	**0**	**20**	**0**	**5**	**8 623**	**0**	**379**	**46 910**

Sales and profit (loss) of entities accounted for under the equity method

In € thousand	Group Brainpool	Combate Americas (held by BMP)	MBG	Banijay Studios North America	Talpa	Financière EMG	Skillstar	Shinawil
Sales	87 668	n.a	14	0	0	153 082	0	6 153
Net profit (loss)	13 421	n.a	−6	−2 210	−2	−5 023	−81	147

n.a : not available

6.7. Notes to the statement of financial position (Continued)

Statement of financial position of the entities accounted for under the equity method

In € thousand	Brainpool	Combate Americas chez BMP	MBG	Banijay Studios North America	Talpa	Financière EMG	Skillstar	Shinawil
Non-current assets	2 883	n.a	0	1 323	0	0	0	82
Current assets	30 212	n.a	50	1 783	13	120 000	9	2 557
Total Assets	**33 095**	**0**	**50**	**3 106**	**13**	**120 000**	**9**	**2 639**
Equity	13 421	n.a	40	−2 418	11	115 095	−7 747	770
Non-current liabilities	3 569	n.a	0	59	0	0	0	0
Current liabilities	16 105	n.a	10	5 465	2	4 905	7 756	1 869
Total Equity and Liabilities	**33 095**	**0**	**50**	**3 106**	**13**	**120 000**	**9**	**2 639**

n.a: not available

6.7.5 Non-current financial investments

In € thousand	31 December 2014	31 December 2013, restated
Plan assets to pay or fund employee benefits	4 693	3 938
Other	387	327
Non-current financial investments, net	**5 080**	**4 265**

"Other" non-current financial investments essentially comprise deposits and sureties paid by the consolidated companies.

6.7.6 Deferred tax assets

Deferred tax asset at 31 December 2014 mainly results from the debt for bonuses due to the managers of a consolidated company when the earn-outs will be further paid and from the recognition of losses carried forward.

6.7.7 Inventories and work in progress

Inventories and work-in-process correspond to output in process not yet delivered at the closing date. The decrease in inventories and work-in-process can be explained by delivery of some productions being differed compared to last year.

6.7.8 Trade and other receivables

In € thousand	31 December 2014	31 December 2013, restated
Clients and related accounts, net	41 236	48 280
Current account asset	5 424	118
Tax receivables, excluding income tax	5 339	3 735
Other	837	5 066
Trade and other receivables	**52 836**	**57 199**

6.7. Notes to the statement of financial position (Continued)

At 31 December 2014, the analysis of overdue and not impaired receivables was as follows:

In € thousand

		Overdue but not impaired debt			
Trade debtors and related accounts	**Debt not yet due**	**< 3 months**	**> 3 months < 6 months**	**> 6 months and < 1 year**	**> 1 year**
41 236	*27 497*	*8 750*	*1 789*	*1 286*	*1 914*

At 31December 2014, 33.3% of the receivables were overdue, for which no impairment loss was recognised. No reduction was accounted for as those receivables do not present any risk of recovery.

6.7.9 Current income tax receivable

The increase of income tax receivable between 31 December 2013 and 31 December 2014 is essentially generated by the deductibility of a bonus which will be paid to the managers of a company of the Group in the first quarter of 2015.

6.7.10 Other current assets

In € thousand	31 December 2014	31 December 2013, restated
Receivables from disposals of assets	850	0
Prepaid expenses	1 933	1 872
Financial assets (part < one year)	2 916	1 594
Other current assets	**5 699**	**3 466**

The increase in short-term financial assets is essentially linked to the receivership of a part of the sale price for shares 'Barry & CO', for €1 836 thousand (see 5.7.5.).

6.7.11 Liquidity and short-term deposits / Cash and cash equivalents

Bank cash produces interest at variable rates based on daily bank deposit interest rate. Short-term deposits are made for periods ranging from one day to three months depending on the immediate cash requirements of the Group; they bear interest at the corresponding short-term interest rate.

Marketable securities and other securities investments are mainly shares in short-term cash "UCITS".

6.7.12 Equity

Share capital decomposition

In € thousand	31 December 2014	31 December 2013, restated
Category A shares—1€ each	10	10
Category B shares—1€ each	2 047	2 047
Share premium	207 493	207 493
Share capital and related premium	**209 550**	**209 550**

Rights attached to shares

- The A shares are non-voting preference shares ; they give right to a preferred dividend;
- The B shares are preference shares with voting right; they bear a normal dividend, after the preferred dividend is paid.

All the shares are released.

At 31 December 2014, the Group holds no treasury share.

6.7. Notes to the statement of financial position (Continued)

The company Banijay Holding has never paid dividends since it was created.

6.7.13 Borrowings and financial liabilities

Net indebtedness

In € thousand	31 December 2014	31 December 2013, restated
Cash and marketable securities	74 432	51 908
Bank overdrafts and short-term bank borrowings (part < 1 year)	−9 612	−13 347
Fair value of short-term hedging instruments	−92	0
Short-term indebtedness, net	**64 728**	**38 561**
Interest-bearing borrowings—Part over one year(1)	−19 587	−34 342
Fair value of long-term hedging instruments	0	−193
Net indebtedness	**45 141**	**4 026**

(1) Including accrued interest calculated using the effective interest rate method.

Breakdown by maturity of borrowings and financial liabilities at 31 December 2014

In € thousand	< 1 year	1 to 5 years	> 5 years	Total
Finance lease liabilities	271	561	24	856
Bank borrowings	9 697	19 375	0	29 072
Bank overdrafts	48	0	0	48
Borrowings and financial liabilities	**10 016**	**19 936**	**24**	**29 976**

This schedule of payments is restated as for amortisation of commissions already paid for €644 thousand and USD162 thousand.

On 2 June 2010, the Group has signed a bank loan of €38 500 thousand and of USD20 307 thousand at floating rates that are respectively indexed on 3-month Euribor and on 3-month Libor. This loan is subject to the respect of certain finance, structure and coverage ratios.

In September 2010, the Group has put in place a rate swap for 50% of the amount borrowed. In September 2011, the Group has entered a second rate swap for the additional part in euros, until that not hedged. The 2010 hedging has expired in June 2013.

On 26 April 2013, the Group took a bank loan of €20 000 thousand at a floating rate indexed on 3-month Euribor. This loan is, like that of 2010, subject to compliance with certain finance, structure and coverage ratios. In June 2013, the Group has decided a rate swap for 60% of the additional amount borrowed.

Fair value of hedges is recognised in other liabilities and in "OCI", amounting to €92 thousand.

In July 2014, the Group early repaid €9 000 thousand; in September 2014, the Group paid the annual term of €7 250 thousand and USD2 901 thousand.

6.7. Notes to the statement of financial position (Continued)

6.7.14 Provisions (liabilities)

In € thousand	31 December 2013, restated	Allocations for the year	Reversals Used	Reversals Not used	Reclassification or transfer	Exchange difference	Changes in consolidation scope	31 December 2014
Provisions for claims and litigation	1 787	108	− 1 126	− 511	0	0	0	258
Provisions for other contingencies	0	403	0	0	0	0	20	423
Total provisions for contingencies	1 787	511	− 1 126	− 511	0	0	20	681
Provisions for pensions	98	− 13	0	0	0	0	0	85
Negative equity portion of companies accounted for under the equity method	3 833	0	0	0	465	40	0	4 338
Total provisions for charges	3 931	− 13	0	0	465	40	0	4 423
Provisions	**5 718**	**498**	**− 1 126**	**− 511**	**465**	**40**	**20**	**5 104**
Of which: Current provisions (< 1 year)	115	2	0	− 15	0	0	0	102

Pensions and other post-employment benefits

The Group is concerned by pension plans and other post-employment benefits in France and in Italy.

Other provisions

All disputes (nature, amounts, procedure and level of risk) are identified by the legal Department of the Group which ensures regular monitoring. The amount of provisions for the claims result from an analysis case by case, depending on the positions of the litigants, on the estimation of risks by the Group's legal advisors and on any judgements at first instance.

By nature, some provisions are based on estimates and assumptions without allowing a precise deadline for corresponding cash outflows.

Negative equity portion of equity-accounted investments represent the share of losses in 'Banijay Studios North America' and 'Skillstars'.

6.7.15 Other long-term liabilities

Other non-current liabilities mainly correspond to the part due over one year of debts relating to earn-outs payable for investments acquisitions and to put options granted to minority interests on the one hand; to debts relating to share subscription and purchase options as well as to profit-sharing plans in favour of certain employees of the Group on the other hand.

6.7.16 Trade and other payables

In € thousand	31 December 2014	31 December 2013, restated
Trade payables and related accounts	11 721	21 561
Tax liabilities	7 347	7 572
Payroll liabilities	10 142	8 411
Other liabilities	46 524	47 126
Trade and other payables	**75 734**	**84 670**

"Other liabilities" mainly include the payments made by the customers in advance of the production of programs.

6.7. Notes to the statement of financial position (Continued)

6.7.17 Tax liabilities

Tax liabilities correspond to current tax due by profit-making companies.

6.7.18 Other current liabilities

In € thousand	31 December 2014	31 December 2013, restated
Liabilities arising from acquisitions of tangible or intangible assets—Part due in less than one year	420	0
Liabilities related to investment purchases—Part due in less than one year	445	3 133
Hedging derivatives (part < one year)	92	0
Deferred income	9 189	15 631
Other current liabilities	32 826	1 491
Other current liabilities	**42 972**	**20 255**

Deferred income above all relate to undelivered programs in progress that have already been invoiced.

Other current liabilities mainly correspond to earn-outs commitments on investment acquisitions and to put options granted to minority interests, for the part to be settled within one year.

6.8. Objectives and strategies regarding financial risk management

The main financial instruments of the Group include bank borrowings, bank overdrafts and trade payables. The main purpose of these financial instruments is to provide the Group with the financial means necessary for its activities. The Group has various financial assets, such as trade receivables, cash and short-term deposits, which are directly generated by its operations.

The Group's strategy was, and still is to do no trading on derivative instruments.

The main risks from the financial instruments of the Group involve cash flows, interest rate risk, liquidity risk, exchange risk and credit risk. The risks of all entities of the Group are managed by each entity according to the Group's strategy and in accordance with the parent company.

Interest rate risk

The exposure of the Group to the risk of changes in market interest rates essentially concerns the Group's long-term debt.

By 31 December 2014, the group has hedged 64% of its long-term loans in euros until 2015, at fixed interest rates. For this, the Group has entered into agreements of interest rate swaps under which he will exchange, at specified intervals, the difference between fixed-rate interest and variable-rate interest calculated by reference to a notional agreed. These swaps are intended to cover the underlying debt. These interest rate swap contracts are eligible for lAS 39 hedge accounting.

The characteristics of Group's swap contracts are disclosed in the table below, in thousands of currency:

Inception date of contract	Currency	Reference nominal	Nominal used	Payer rate	Receiver rate	Expiry date
20-sept-11	euro	4 125	2 063	1,50%	3 month—Euribor	22-juin-15
20-sept-11	euro	4 125	2 063	1,50%	3 month—Euribor	20-juin-15
20-sept-11	euro	4 125	2 063	1,50%	3 month—Euribor	22-juin-15
20-sept-11	euro	4 125	2 063	1,50%	3 month—Euribor	20-juin-15
20-sept-13	euro	3 000	2 500	0,52%	3 month—Euribor	20-sept-15
20-sept-13	euro	3 000	2 500	0,51%	3 month—Euribor	21-sept-15
20-sept-13	euro	3 000	2 500	0,49%	3 month—Euribor	21-sept-15
20-sept-13	euro	3 000	2 500	0,52%	3 month—Euribor	21-sept-15

6.8. Objectives and strategies regarding financial risk management (Continued)

Exchange risk

The foreign subsidiaries of the Group operate essentially on their own territory and sales or purchases within the group are low; as a result, cash flows in the Group Banijay are little sensitive to changes in the currencies.

For the Group, the main currency risk is linked to US dollar fluctuations:

- At 31 December 2014, the percentage of sales carried out in US dollars represented 36.6% of the consolidated turnover. A variation of −5% of the U.S. dollar exchange rate would have an impact of −1.7% and −2.8% respectively on the consolidated revenue and operating profit.
- The amount of the outstanding capital for the US dollar loan amounts to €7 168 thousand at 31 December 2014. A variation of + 5% of the US dollar exchange rate would have an impact of €377 thousand on capital remaining due.

Breakdown by currency of assets and liabilities at 31 December 2014:

In € thousand	EURO	US DOLLAR	DANISH KRONE	NORWEGIAN KRONE	SWEDISH KRONE	AUSTRALIAN DOLLAR	NEW ZEALAND DOLLAR	BRITISH POUND STERLING	TOTAL
Total non-current assets	507 512	172 962	74 855	9 619	2 303	14 026	146	665	782 088
Total current assets	77 379	61 844	10 427	5 305	1 213	3 635	2 466	1 221	163 490
Total assets	**584 891**	**234 806**	**85 282**	**14 924**	**3 516**	**17 661**	**2 612**	**1 886**	**945 578**
Total equity	497 840	123 310	38 546	9 964	2 227	15 208	99	−2 802	684 392
Total non-current liabilities	20 743	70 227	36 826	1 019	66	237	5	0	129 123
Total current liabilities	66 308	41 269	9 910	3 941	1 223	2 216	2 508	4 688	132 063
Total equity and liabilities	**584 891**	**234 806**	**85 282**	**14 924**	**3 516**	**17 661**	**2 612**	**1 886**	**945 578**

Credit risk

Credit risk occurs if a party in a transaction is unable or refuses to fulfill its obligations, causing a financial loss to the Group. The Group deals only with recognised and creditworthy third parties.

Receivables are monitored regularly, so that Group's exposure to bad debts is not significant.

Liquidity risk

The group withholds adequate reserves of cash and short-term deposits in order to satisfy its liquidity needs.

The maturities of Group's financial liabilities at 31 December 2014, based on contractual cash flows not discounted, are presented below:

In € thousand	< 1 year	1 to 5 years	> 5 years	Total
Bank borrowings	9 745	19 375	0	29 120
Other loans and similar financial liabilities	327	505	24	856
Trade and other payables	75 734	0	0	75 734
Tax payables	3 643	0	0	3 643
Other liabilities	44 416	116 230	27 375	188 022
Total	**133 865**	**136 110**	**27 399**	**297 375**

6.9. Off-balance-sheet commitments

In € thousand	31 December 2014	31 December 2013, restated
Leases	10 289	9 451
Securities pledged as collateral	212 943	231 443
Other	18 926	325
Commitments given	**242 158**	**241 219**
Credit line	4 000	4 000
Commitments relating to investments	3 413	
Commitments received	**7 413**	**4 000**

'Banijay Entertainment' has pledged securities for the benefit of a bank pooling, in relation with the borrowing it has subscribed to in June 2010. In 2014, shares of the following companies are pledged as collateral: 'Banijay Nordic', 'Banijay Entertainment Holdings US', 'lndrakshi', 'Banijay Productions', 'Screentime Pty', and 'H20 Productions'.

"Other commitments given" mainly correspond to the estimate of a put option on securities held by majority shareholders of a joint venture and to our commitment to funding the joint venture.

Commitments received refer to confirmed credit lines as well as put options that allow the Group to purchase some minority interests in the consolidated companies.

6.10. Information on related parties

The consolidated accounts include operations carried out by the Group in the ordinary course of its business with related parties. These transactions are made at the market price.

The table below shows total amounts of transactions that were concluded with related parties during the year:

In € thousand	Financière LOV	LOV Group Invest	AMS	Prader Inversiones	Brainpool	Banijay Studios North America
Licenses and royalties	−1 630					
Other operating income (expenses)		0	−120	−952	−39	
Finance income (costs)						
Loans—Cash advances, net						5 313
Trade receivables, net		75				
Trade payables			−24	−404	−73	

6.11. Staff employed

At 31 December 2014, permanent staff within the Group totalised 390.

Country	Permanent staff at 31 December 2014	Permanent staff at 31 December 2013
France	108	92
Germany	0	0
United States of America	86	82
United Kingdom	7	5
Spain	26	26
Denmark	100	61
Norway	28	29
Finland	12	11
Sweden	7	8
Australia	10	20
Italy	1	6
New Zealand	5	6
Total	**390**	**346**

6.12. Statutory auditors' fees

In € thousand	Audit fees				Other fees				
	Ernst & Young	Hayot	Other	Subtotal Audit fees	Ernst & Young	Hayot	Other	Subtotal Other fees	Total
Year 2013	675	37	40	**752**	58	0	5	**63**	**815**
Year 2014	806	40	40	**886**	9	0	0	**9**	**895**

6.13. Events after the reporting period

On 15 January 2015, 'Banijay Entertainment Holding US lnc.' has acquired 60% of 'Stephen David Entertainment lnc.', located in New York. This company produces in particular «premium non-scripted» programmes.

6.14. Consolidation scope

	Country	% interest	Consolidation method 31 December 2014	Consolidation method 31 December 2013
BANIJAY HOLDING SAS	France	N/A	Parent Company	Parent Company
BANIJAY ENTERTAINMENT SAS	France	97,60%	Full	Full
ALJ PRODUCTIONS SAS[1]	France			Full
BANIJAY INTERNATIONAL SNC	France	97,60%	Full	Full
BANIJAY PRODUCTIONS SAS	France	97,60%	Full	Full
EDITIONS DU 5	France	97,60%	Full	
BARRY & CO	Belgium			Equity
EURO MEDIA GROUP	France			Equity
FINANCIERE EMG	France	7,50%	MEE	
AIR PRODUCTIONS	France	97,60%	Full	IG
CC Communication	*France*	97,60%	*NC*	*NC*
L'Afrique sur Internet	*France*	97,60%	*NC*	*NC*
Current Productions	*France*	97,60%	*NC*	*NC*
IMAGE ON AIR SAS	France	97,60%	Full	Full
BASE RECORDS SARL	France	97,60%	Full	Full
FICTION AIR SARL	France	97,60%	Full	Full
FOOD PRODUCTIONS	France	97,60%	Full	Full
FESTIVAL AIR	France	97,60%	Full	Full
BANIJAY LIBRARY	France	100,00%	Full	Full
INDRAKSHI SL	Spain	97,60%	Full	Full
CUARZO PRODUCCIONES SL	Spain	61,32%	Full	Full
DLO PRODUCCIONES	Spain	61,32%	Full	Full
BRAINPOOL Beteiligungsgesellschaft mbH	Germany	48,80%	Equity	Equity
BRAINPOOL TV GMBH	Germany	*48,80%*	Equity	Equity
BRAINPOOL ARTIST UND CONTENT SERVICES GMBH	Germany	*48,80%*	Equity	Equity
RAAB TV—PRODUKTION GMBH	Germany	*48,80%*	Equity	Equity
LADYKRACHER TV—PRODUKTION GMBH	Germany	*24,40%*	Equity	Equity
KÖLN COMEDY FESTIVAL GMBH	Germany	*48,80%*	Equity	Equity
CAPE CROSS STUDIO UND FILMLICTHGESELLSCHAFT MBH	Germany	*36,84%*	Equity	Equity
ELTON TV PRODUKTIONS GMBH	Germany	*32,53%*	Equity	Equity
MILE 108 GRIPSTORE GMBH	Germany	*48,80%*	Equity	Equity
BRAINPOOL LIVE ENTERTAINMENT GMBH	Germany	*36,60%*	Equity	Equity
STEIN TV PRODUKTION GMBH	Germany	*24,40%*	Equity	Equity
KUTTNER TV GMBH[2]	Germany			Equity
MINESTRONE PRODUKTION GBR	Germany	*24,40%*	Equity	Equity
HPR PRODUKTION GBR	Germany	*24,40%*	Equity	Equity
PRINCESS TV GMBH	Germany	*24,40%*	Equity	Equity
MILLIONARSWAHL FORMATENTWICKLUNGS GMBH	Germany	*48,80%*	Equity	Equity

6.14. Consolidation scope (Continued)

	Country	% interest	Consolidation method 31 December 2014	Consolidation method 31 December 2013
MILLIONARSWAHL PLATTTFORMGESELLSCHAFT GMBH	Germany	*48,80%*	Equity	Equity
BANIJAY ENTERTAINMENT HOLDING US INC	United States	97,60%	Full	Full
ACIP CO LLC	United States	97,60%	Full	Full
THE ANGEL CITY FACTORY LLC	United States	97,60%	Full	Full
BRAINSTORM TELEVISION LLC	United States	97,60%	Full	Full
BUNIM MURRAY PRODUCTIONS INC	United States	97,60%	Full	Full
BUNIM MURRAY PRODUCTIONS LLC	United States	97,60%	Full	Full
MOBILITY PRODUCTIONS	United States	97,60%	Full	Full
M THEORY ENTERTAINMENT INC	United States	97,60%	Full	Full
WATER LOGGED INC	United States	97,60%	Full	Full
JAM BAY PRODUCTIONS INC	United States	97,60%	Full	Full
ROAD RULES PRODUCTIONS INC	United States	97,60%	Full	Full
SPRING BREAK FILMS LLC	United States	*48,80%*	Full	Full
R.W. PRODUCTIONS INC	United States	97,60%	Full	Full
M NETWORK TELEVISION INC	United States	97,60%	Full	Full
M CABLE TELEVISION INC	United States	97,60%	Full	Full
M FILMS INC	United States	97,60%	Full	Full
M MUSIC INC	United States	97,60%	Full	Full
BMP FILMS INC	United States	97,60%	Full	Full
MIDDLEMAN LLC	United States	97,60%	Full	Full
ZAMORA FILMS LLCQ	United States	97,60%	Full	Full
ZAMORA PRODUCTIONS (PR) LLC	United States	97,60%	Full	Full
HIZZONER LLC	United States	97,60%	Full	Full
ONLY ON OXNARD LLC	United States	97,60%	Full	Full
BAD EASY LLC	United States	97,60%	Full	Full
BG PEACH INC	United States	97,60%	Full	Full
NOT A PROBLEM LLC	United States	*48,80%*	Full	Full
TASTY TREAT LLC	United States	*48,80%*	Full	Full
OLEO LLC	United States	*97,60%*	Full	Full
HIPPOCRITICAL LLC	United States	*97,60%*	Full	Full
BG APPLE LLC	United States	*97,60%*	Full	Full
NOTE REPUBLIC LLC	United States	*48,80%*	Full	Full
COMBATE AMERICAS	United States	*19,52%*	Equity	Equity
HOME BREWED PRODUCTIONS LLC	United States	*97,60%*	Full	
DENVER & DELILAH	United States	*48,80%*	Full	
HOUSE OF HAUS LLC	United States	*48,80%*	Full	
OXNARDS CATS ENTERTAINMENT LLC	United States	*97,60%*	Full	
SNACK TRAY PRODUCTIONS LLC	United States	*97,60%*	Full	
ATRIUM ENTERTAINMENT LLC	United States	*97,60%*	Full	

6.14. Consolidation scope (Continued)

	Country	% interest	Consolidation method 31 December 2014	Consolidation method 31 December 2013
LOOK BOTH WAYS PRODUCTIONS LLC	United States	*97,60%*	Full	
CROSSWALK PRODUCTIONS LLC	United States	*97,60%*	Full	
BANIJAY STUDIOS NORTH AMERICA (LLC)	United States	35,14%	Equity	
BANIJAY INTERNATIONAL APS	Denmark	97,60%	Full	Full
BANIJAY NORDIC HOLDING APS	Denmark	97,60%	Full	Full
BANIJAY FINLAND OY	Finland	71,05%	Full	Full
NORDISK FILM TV A/S	Denmark	97,60%	Full	Full
NORDISK FILM & TV AS	Norway	97,60%	Full	Full
NFTV PRODUKSJON AS	Norway	97,60%	Full	Full
BLEKKULF AS	Norway	97,60%	Full	Full
NORDISK FILM & TV PRODUKTION AB	Sweden	97,60%	Full	Full
RESPIRATOR MEDIA & DEVELOPMENT A/S	Denmark	48,90%	Full	Full
PRODUCTION FACILITIES APS	Denmark	48,90%	Full	Full
PINEAPPLE ENTERTAINMENT	Denmark	49,78%	Full	Full
TALPA NORDIC APS	Denmark	47,82%	Equity	
H2O PRODUCTIONS SAS	France	92,72%	Full	Full
H2O FICTIONS	France	92,72%	Full	
H2O DAY AFTER DAY	France	92,72%	Full	
H2O JEUX	France	92,72%	Full	
H2O DIVERTISSEMENT	France	92,72%	Full	
BIG NAMES	France	97,60%	Full	Full
TEAM CH1	France	95,16%	Full	
BANIJAY DIGITAL SAS	France	100,00%	Full	Full
BANIJAY EDITING SAS	France	100,00%	Full	Full
NS EDITION SAS	France	50,00%	Full	Full
MASSIVE BRAIN GAMES SAS	France	50,00%	Equity	Equity
SKILLSTAR SARL	France	50,00%	Equity	Equity
NS PRODUCTIONS SAS	France	50,00%	Full	Full
BUBBLE	France	50,00%	Full	
BUBBLE PROD	France	35,00%	Full	
BANIJAY INTERNATIONAL LtD	Great Britain	97,60%	Full	Full
SCREENTIME PTY LtD	Australia	57,58%	Full	Full
OCTV PTY LTD(3)	Australia		Full	Full
FMTV PTY LTD	Australia	*56,43%*	Full	Full
JANET KING TV PTY LTD(4)	Australia		Full	Full
AG TV PTY LTD(5)	Australia			Full
FROG TV PTY LTD(6)	Australia			Full
FT & CO PTY LTD(7)	Australia			Full
VTV PTY LTD	Australia	*56,43%*	*Full*	
SCREENTIME NEW ZEALAND LIMITED	New Zealand	57,58%	*Full*	*Full*
FLYING START PICTURES LTD	New Zealand	28,79%	*NC*	*NC*
SCREENTIME SHINAWIL LIMITED	Ireland	28,22%	Equity	Equity
AMBRA BANIJAY ITALIA SRL	Italy	48,80%	Full	Full
AURORA TV SRL	Italy	32,50%	Full	Full

6.14. Consolidation scope (Continued)

	Country	% interest	Consolidation method 31 December 2014	Consolidation method 31 December 2013
NONPANIC	Italy	29,30%	Full	Full
ATLANTIS FILM & VIDEO SRL	Italy	24,40%	Full	
4 FRIENDS FILM SRL	Italy	12,47%	Full	

(1) The Group has transferred all assets and liabilities of ALJ to Banijay Entertainment

(2) Kuttner TV GmbH has been merged into Brainpool TV

(3) (4) (5) (6) (7) Dedicated production companies that have been wound up following the delivery of programmes

Full: full consolidation

Equity: accounted for under the equity method

NC: non-consolidated

Identity of parent company:

The company 'Banijay Holding' is consolidated in the financial statements of LOV Group lnvest SAS.

6.15. Pro forma information

2014 pro forma turnover and EBITDA (including 12-month activity of Atlantis and 4Friends), off non-recurring items, amounted respectively to €308 564 thousand and €40 566 thousand.

EBITDA corresponds to current operating income (loss) before amortisation, depreciation and impairment losses on intangible assets (except content assets); it includes charges related to share-based payment, and excludes non-recurring items.

Zodiak Media
Year ended December 31, 2015

Statutory auditors' report on the consolidated financial statements

Zodiak Media
Year ended December 31, 2015

Statutory auditors' report on the condensed consolidated financial statements

To the Chief Executive Officer,

In our capacity as statutory auditors of Zodiak Media and in accordance with your request, we hereby report to you on the audit of the accompanying consolidated financial statements of Zodiak Media for the year ended December 31, 2015.

Management is responsible for the preparation and fair presentation of these consolidated financial statements. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, by audit sampling and other means of testing, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the assets, liabilities and financial position of the group at December 31, 2015 and the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

This report is governed by French law. The courts of France shall have exclusive jurisdiction over any claim, dispute or difference resulting from our engagement letter or the present report, or any related matters. Each party irrevocably waives its right to oppose any action brought before French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Paris-La Défense, March 29, 2016

The statutory auditors
ERNST & YOUNG et Autres

Bruno Perrin

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

CONTENT

Consolidated income statement

For the year ended 31 December 2015

	Notes	2015	2014
		€million	€million
Revenue	4	**421.5**	**422.9**
Other operating expenses and income	5	(316.8)	(317.6)
Gross income		**104.7**	**105.3**
Payroll costs of permanent staff and overheads	8	(75.9)	(81.5)
Operating Depreciation and Amortization	7	(17.7)	(18.0)
Depreciation and Amortization related to business combination and goodwill impairment	7	(112.9)	(74.3)
Non operating income and expenses	6	(17.2)	(9.9)
Share of results of associates		(0.0)	(0.1)
Earnings Before Interest and Taxes (EBIT)		**(119.1)**	**(78.6)**
Finance costs	9	(35.4)	(37.2)
Finance income	10	12.6	13.6
Profit (loss) before tax		**(141.9)**	**(102.2)**
Income tax expense	12	(3.7)	(3.6)
Profit (loss) for the year from continuing operations		**(145.6)**	**(105.8)**
Profit (loss) for the year		**(145.6)**	**(105.8)**
Attributable to:			
Equity holders of the parent		(145.3)	(105.7)
Non-controlling interests		(0.3)	(0.1)
		(145.6)	(105.8)

Calculation of operating profit

EBIT	**(119.1)**	**(78.6)**
Impairment charges	110.6	70.7
Depreciation and Amortization related to business combination	2.3	3.6
Non operating income and expenses	17.2	9.9
Effects of LTIP and other compensation-related deferred payments	(0.4)	0.4
Operating profit	**10.6**	**6.1**

Please refer to Note 1.3 for definition of Operating Profit

Consolidated statement of financial position

As at 31 December 2015 and 2014

	Notes	2015 €million	2014 €million
Assets			
Non-current assets			
Goodwill	13	277.6	373.0
Films, audiovisual rights and TV productions	14	21.2	21.8
Other intangible assets	14	1.6	1.5
Tangible assets	15	9.2	8.9
Investment in associates		0.0	—
Other non-current assets	16	3.1	5.3
Deferred tax asset	12.3	2.3	1.7
		315.0	**412.0**
Current assets			
Production in Progress	17	65.1	100.6
Trade receivables	18	105.3	125.1
Current tax assets		13.6	18.7
Other current assets	19	16.5	29.3
Cash and cash equivalents	20	15.1	30.1
		215.5	**303.9**
Total assets		**530.5**	**715.9**
Equity and liabilities			
Equity attributable to equity holders of the parent			
Issued capital	21	1.0	351.1
Share premium	21	0.0	197.6
Retained earnings and other reserves		149.0	(317.8)
Net profit (loss) for the period		(145.4)	(105.8)
		4.6	125.1
Non-controlling interests		(1.8)	(1.3)
Total equity		**2.8**	**123.8**
Non-current liabilities			
Interest-bearing loans and borrowings	22.1	268.4	279.7
Other non-current financial liabilities	22.2	0.3	0.8
Provisions	23	3.4	3.6
Other non- current liabilities		0.0	0.0
Deferred tax liability	12.3	3.8	4.2
		275.8	**288.3**
Current liabilities			
Interest-bearing loans and borrowings	22.1	41.8	35.2
Other current financial liabilities	22.2	0.5	2.8
Provisions	23	4.9	4.1
Trade and other payables, and deferred income	24	193.8	249.9
Current tax payable		10.7	11.8
		251.8	**303.8**
Total liabilities		**527.6**	**592.1**
Total equity and liabilities		**530.5**	**715.9**

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2015

in €million	Note	Issued capital (Note 21)	Share premium (Note 21)	Retained earnings—Other reserves—Net result	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the parent					
At 31 December 2014		**351.1**	**197.6**	**(423.6)**	**125.1**	**(1.3)**	**123.8**
Capital reduction to zero		(351.1)	(197.6)	548.7	—		—
Issue of share capital		13.9			13.9	—	13.9
Capital reduction by reduction of the number of shares		(12.9)		12.9	0.0	—	0.0
Deferred payments				0.8	0.8	—	0.8
Other				(0.7)	(0.7)	(0.2)	(0.9)
Total		**(350.1)**	**(197.6)**	**561.7**	**14.0**	**(0.2)**	**13.8**
Net income and expense for the period recognised directly in equity		—	—	10.8	10.8		10.8
Profit for the period		—	—	(145.3)	(145.3)	(0.3)	(145.6)
Total income and expense for the year		**—**	**—**	**(134.5)**	**(134.5)**	**(0.3)**	**(134.8)**
At 31 December 2015		**1.0**	**0.0**	**3.6**	**4.6**	**(1.8)**	**2.8**

For the year ended 31 December 2014

in €million	Note	Issued capital (Note 21)	Share premium (Note 21)	Retained earnings Other reserves—Net result	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the parent					
At 31 December 2013		**351.1**	**196.9**	**(320.3)**	**227.7**	**1.4**	**229.1**
Issue of share capital			0.7		0.7	—	0.7
Share-based payment					—	—	—
Dividends					—	(2.6)	(2.6)
Deferred payments				(0.2)	(0.2)	—	(0.2)
Acquisition of subsidiary					—	—	—
Acquisition of non-controlling interests				—	—	—	—
Other				0.4	0.4	(0.1)	0.2
Total		**—**	**0.7**	**0.2**	**0.9**	**(2.7)**	**(1.8)**
Net income and expense for the period recognised directly in equity		—	—	2.2	2.2	0.1	2.2
Profit for the period		—	—	(105.7)	(105.7)	(0.1)	(105.8)
Total income and expense for the year		**—**	**—**	**(103.5)**	**(103.5)**	**(0.1)**	**(103.6)**
At 31 December 2014		**351.1**	**197.6**	**(423.6)**	**125.1**	**(1.3)**	**123.8**

Consolidated statement of comprehensive income

For the year ended 31 December 2015 and 2014

	2015	2014
	€million	€million
Foreign currency translation differences	10.9	2.3
Changes in Fair Value of cash flow hedges	—	—
Changes in Fair Value of available for sale financial assets	—	—
Defined benefit plan actuarial gains	(0.1)	(0.1)
Income tax on income and expense recognised directly in equity	—	—
Net income and expense for the year recognised directly in equity	10.8	2.2
Profit (loss) for the period	(145.6)	(105.8)
Total income and expense for the year	**(134.8)**	**(103.6)**
Attributable to :		
Equity holders of the parent	(134.5)	(103.5)
Non-controlling interests	(0.3)	(0.1)

Consolidated cash flow statement

For the year ended 31 December 2015 and 2014

	2015	2014
	€million	€million
Operating activities		
Earnings Before Interests and Taxes	(119.1)	(78.6)
Non-cash adjustments:		
Depreciation, amortization and impairment charges	130.7	92.4
Share of net profit of associate	0.0	0.1
Movements in provisions, pensions and government grants	0.6	(0.3)
Working capital adjustments	15.4	(21.9)
Income tax expense	(4.6)	(2.9)
Net cash flows from operating activities	**23.0**	**(11.3)**
Investing activities		
Purchase and creation of intangible assets and tangible assets	(20.0)	(19.3)
Acquisitions of subsidiaries, net of cash acquired		(3.1)
Acquisition / disposal of non-controlling interests	(0.3)	2.4
Net cash flows used in investing activities	**(20.3)**	**(20.0)**
Financing activities		
Proceeds from share issue	13.9	0.7
Proceeds from borrowings	8.7	38.8
Repayment of borrowings	(32.8)	(17.8)
Interest paid	(7.6)	(9.0)
Refinancing expenses paid		(0.5)
Dividends paid to non-controlling interests		(2.6)
Net cash flows used in financing activities	**(17.8)**	**9.6**
Net increase in cash and cash equivalents	(15.1)	(21.6)
Net foreign exchange difference	0.1	(0.2)
Cash and cash equivalents at 1 January	30.1	51.9
Cash and cash equivalents at 31 December	**15.1**	**30.1**

GENERAL INFORMATION

On December 18th, 2015, Zodiak Media has changed its corporate form from SA to SAS with a supervisory board.

Zodiak Media SAS ('the Company'), is a limited liability company domiciled in France majority owned by the Italian company De Agostini SpA. The registered office is located at Immeuble Le France—115-123 Avenue Charles-De-Gaulle—92200 Neuilly-Sur-Seine (France)

The company is a leading creator, producer and distributor of content for TV, cinema, internet and mobile. This content includes programming as diverse as Drama, Comedy, Animation, Documentary, Lifestyle, Factual, Entertainment, Gameshow, Reality, Kids and Talkshow.

Zodiak Media has more than 45 production companies in 17 territories and operates an international distributional network based in London and Paris.

These consolidated financial statements present the financial situation of the Company and its subsidiaries ("the Group"). They are denominated in Euro since this is the currency used for the majority of the Group's transactions.

The consolidated financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the supervisory board on March 25th, 2016.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable on December 31, 2015 and the relevant interpretation standards (SIC/IFRIC) registered by the European Commission and in force at such date, which, for those relevant to the Company, do not present any difference with the accounting standards as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Euro and all values are rounded to the nearest million (€million) except when otherwise indicated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2015, the list of which is disclosed in Note 27.

1.2 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

Standards and interpretations compulsory at January 1, 2015

- Amendment to IAS 19, Employee Benefits: employee contributions to defined benefit plans, aimed at simplifying the accounting for contributions that are independent of the number of years of employee service;
- IFRIC 21, Levies, which provides guidance on when to recognize a liability for a levy imposed by a government.

No significant impacts resulted from these new standards in Group consolidated financial accounts as of December 31st, 2015.

Standards and interpretations compulsory after December 31, 2015 with no early application decided by the Group

Among those standards and interpretations, those which could affect the Group's future consolidated financial statements are:

- IFRS 15, Revenue from Contracts with Customers;
- Amendments to IAS 16 and IAS 38, aimed at clarifying acceptable methods of depreciation and amortization;

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Amendment to IFRS 11, Joint Arrangements, providing guidance on how to account for the acquisition of an interest in a joint arrangement;
- Amendments resulting from the IFRS annual improvement process (2010-2012, 2011-2013 and 2012-2014 cycles);

Subject to their definitive adoption by the European Union, these standards and standard amendments are of mandatory application for fiscal years beginning on or after January 1, 2016 or later.

1.3 Presentation of the consolidated financial statements

The Group management considers the operating profit (non gaap measure) as one of the most relevant indicator of the Group's operational performance. The operating profit reconciles to earnings before interest and taxes by adding impairment charge, depreciation and amortization related to business combination, the effect of long term incentive plans and other compensation-related deferred payments and the share of result of associates.

1.4 Summary of significant accounting policies

Use of estimate

In the preparation of the consolidated financial statements, the management is required to make estimates and valuations which impact on the amounts posted under assets, liabilities, expense and revenue, as well as on the reporting of contingent assets and liabilities. The management regularly updates the estimates and valuations based on historical data and on other factors which may be deemed reasonable in the given circumstances. The actual results may differ, sometimes significantly, from these estimates due to possible changes in the factors considered in the determination of such estimates.

Estimates and judgements are extremely important in the determination of the following balance sheet and income statement items:

- business combination and goodwill determination: valuation methods adopted for the identification of intangible assets acquired via business combination;
- goodwill valuation: assumptions updated annually for the impairment test performed on the group's cash-generating unit (CGU) determined by future cash flows and discount rates (please refer to Note 13);
- deferred taxes: estimates concerning the recognition of deferred tax assets, updated annually for factors such as the expected tax rate and the future tax results of the group (please refer to Note 12);

Consolidation methods

Subsidiaries

The Group exercises control when it owns a majority of the voting rights or it has the direct or indirect power to determine a company's financial and operating policies, including through contractual agreements, with the aim of obtaining benefits from its operations.

The financial statements of subsidiaries are included in the consolidated financial statements starting from the date on which the Group assumes control and until such control ceases.

The portions of net equity and net income attributable to non-controlling shareholders are separately listed in the consolidated balance sheet and income statement. If losses attributable to non-controlling shareholders in a consolidated subsidiary are greater than the non-controlling interests in a subsidiary, the excess and any further loss attributable to the non-controlling interests are attributable to the Group's net equity, unless the non-controlling shareholders are subject to a binding obligation and they are capable of making further investment to cover the losses. If the subsidiary later records net income, it is attributable to the Group until the proportion of the non-controlling shareholders' losses previously covered by the Group is recovered.

All subsidiaries are included in the consolidated financial statements according to the line-by-line method. The original value of the equity investment is eliminated against a corresponding portion of net equity of each subsidiary, including any adjustments to fair value at the acquisition date; the resulting difference is recognised as goodwill under intangible assets, pursuant to IFRS 3 (Revised)—Business Combinations.

The financial statements of companies used for consolidation purposes are drafted at the same closing date if this date is different from the parent company closing date, and the same accounting standards are adopted.

Mergers between entities making up the Group (business combinations involving entities under common control), that are outside the scope of IFRS 3 (Revised), are recognised at their original value, and income or loss generated by the transfer is reversed in full.

Associates

Associates are the Companies in which the Group owns at least 20% of voting rights or exercises significant influence, but not control or joint control, over financial and operating policies. The consolidated financial statements include the Group portion of affiliates' results, recognised according to the net equity method, starting from the date that significant influence begins and until it ceases.

If the Group's portion of an affiliate's losses exceeds the original value of the equity investment recognised in the financial statements, the equity investment's original value is written down to zero and the portion of further losses is not recognised, except if and to the extent to which the Group has an obligation to cover them.

Transactions eliminated on consolidation

In the drafting of the consolidated financial statements, all balances and transactions among Group companies, as well as unrealised gains and losses on infra-Group transactions, are eliminated. Unrealised gains and losses on transactions with affiliates or joint ventures are eliminated in relation to the portion of the Group's equity investment in such companies. Losses are immediately recognised if the loss generates a reduction in the net realisable value of current assets or an impairment.

Consolidation of foreign entities

The parent company converts the assets and liabilities of foreign companies denominated in currencies other than the Euro that fall within the scope of consolidation into the presentation currency for the financial statements, using the prevailing exchange rates on the closing date of the financial statements (current rate method). Any goodwill from the acquisition of foreign operations and adjustment to fair value generated by the attribution of the acquisition cost for a foreign company are recognised in the corresponding currency and converted at the year-end exchange rate. Costs and revenues are converted at the average exchange rate for the year. Conversion rate differences generated by the application of this method are classified as a net equity item until the equity investment is transferred, on which date accumulated exchange rate differences are recognised in the income statement. When drafting the consolidated cash flow statement, average exchange rates are used to convert the cash flow of foreign subsidiaries.

For foreign subsidiaries operating in hyperinflation economies, non-monetary assets and liabilities are converted at original exchange rates and income statement items are converted at current exchange rates. Conversion differences generated are recognised in the income statement.

Conversion of items denomination in foreign currency

The Group's consolidated financial statements are presented in Euros, which is the Zodiak Media's functional currency. That is the currency of the primary economic environment in which Zodiak Media operates.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are originally translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are originally translated using the exchange rates at the date when the fair value is determined.

The assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the balance sheet date and their income statements are translated at the average exchange rates (unless the average rate is not a reasonable approximation of the accumulated effect of the rates that apply on the transaction date, in which case earnings and expenses are converted at the exchange rate prevailing at the transaction date).

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenues shall be measured at the fair value of the consideration received or receivable, net of commissions, pay-backs, grants, subsidies and co-producers contribution.

Production revenues (from producing television programs)

Production revenues are recognised when the program / rights are delivered to the client. Usual criteria to establish revenue recognition are:

- In most cases : client's acceptance's document (example: delivery notice signed / approved by the client)
- broadcasting of a certain number of episodes
- expiry of the period stated in the contract to reject or return the product

In case of partial deliveries of the same program over several periods of time (series...), revenue, costs and margin are recognized according to deliveries.

Production revenues are booked net of grants, subsidies and co-production financing.

Distribution revenues (from the sale of finished programs)

Distribution revenues are recognized when the rights are transferred to the client:

- on the basis of a signed contract or a deal memo,
- and, when the related rights are opened,
- and, for the full revenue (revenues are not spread over the licensing period).

Distribution revenues are only recognized when delivered productions are completed and delivered.

Distribution revenues are presented net of paybacks to co-producers and other rights owners (authors, directors, etc).

Revenues from other rights and services

Other rights and services include merchandising, music rights, other ancillary revenues and digital services.

Merchandising revenues are recognized when the rights are transferred to the client:

- on the basis of a signed contract or a deal memo,
- and, when the licensing period begins,
- and, for the full revenue (revenues are not spread over the licensing period).

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advanced payments are recognized as revenue when the above criteria are met and further payments are recognized when granted.

Music rights are recognized in revenues when granted.

Revenues and costs related to the rendering of services are recognized on completion of the service rendered as long as it can be estimated reliably.

A service can be considered delivered when the milestone specified in the contract has been reached. However, if the contract specifies and schedules several completion milestones, then revenues and costs can be recognized partially according to the defined completion milestones. For practical reasons, when services are performed by an indeterminate series of acts over a specified period of time, revenue is recognized on a straight line basis over the specified period, unless there is some evidence that some other method better represents the stage of completion (as described above).

When the outcome of the transaction cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized.

Revenues from grants and subsidies

Grants and subsidies are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants and subsidies which are strictly related to the financing of a given program are deducted from production costs. When they relate to an asset, grants and subsidies are directly deducted from the carrying amount of the asset, and released to the amortization and depreciation calculated on the net amount, over the useful life of the asset.

All other grants and subsidies (such as government grants, like income tax credit called CICA in France) are recognized as "Other operating income" when granted.

Interest income

Interest income is recognised as interest accrues (using the effective interest method) and included in finance income in the consolidated income statement.

Dividends

Dividends are recognised in finance income when the Group's right to receive the payment is established.

Development costs

Development costs are expensed as incurred until the project is green lighted for production. They are included in "Other operating expenses and income".

Production costs

Production costs are net of co-producers contribution, grants and subsidies. They mainly include the costs of scripts, actors, directors, temporary staff, rental of equipment...

Until programs are delivered, related production costs are capitalized in work in progress.

On delivery, the production costs of unscripted programs are expensed in the income statement.

The production costs of scripted programs are depreciated through production costs in the income statement using the ultimate revenue method. The cumulated depreciation is calculated at the end of a given year as follows:

Production costs × (actual cumulated revenue / total estimated revenue of program).

The total estimated revenue of a program is the sum of actual cumulated revenue of the program and the program's future revenue forecast. Depreciation of current year is calculated by difference with cumulated depreciation of previous years, if any. An impairment is booked if the net value of the program is higher than the future revenue forecast.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Finished and delivered programs having secondary sales potentials (generally scripted programs) are considered as audiovisual rights. Therefore, the residual value of related costs, not generated by production revenues, is recognized in intangible assets.

Work in progress

Production costs are recognized:

- in work in progress until programs are delivered
- in the income statement (in production costs) as soon as programs are delivered and related production revenues are recognized.

Intangible assets

Intangible assets include:

- format rights are those acquired externally or through business combinations. They can be commercially exploited either through internal use to produce television programs, or through external use, i.e. the sale or licensing to third parties,
- audiovisual rights, or catalogues, referring to the Group's library of finished programs, whether acquired or internally produced, for which the Group has legal right to distribute,
- production contracts, or client contracts, acquired through business combinations, referring to contracts for producing television programs, TV movies, or cinematic movies.
- other intangible assets : film rights for the adaptation of books, software, etc.

Initial recognition

Intangible assets are measured on initial recognition at cost, except for those acquired in a business combination, which are measured at fair value.

Depreciation & amortization

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Program rights are considered to have a definite useful life. They are depreciated over the period the company expects to benefit from the use of the intangible asset, on an individual right basis, to the extent to which the revenue generated in each period contributes to the expected total revenue, with a maximum of ten years.

By exception to the above, own productions rights with a gross asset value lower than € 0,5m, are depreciated in respect of the production-driven amortization (on delivery), then the balance is amortized on a straight line basis over three years.

Similarly, third party rights with a gross asset value lower than € 0,5m, are depreciated on a straight line basis over three years.

Intangible assets acquired in a business combination are depreciated:

- program rights: using the ultimate revenue method over a maximum of ten years
- format rights: on a straight line basis or according to the DCF projections, over the estimated useful life of the asset, with a maximum of ten years
- client contracts: on a straight line basis or according to the DCF projections as per PPA report, over the contract duration, with a maximum of three years.

Software assets are depreciated over their estimated useful life (between 1 and 5 years).

The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The depreciation of intangible assets is recognized in the income statement in Operating Depreciation & Amortization or in Depreciation and Amortization related to business combination. The Group has no intangible assets with indefinite useful lives.

Business combinations and goodwill

- Business combinations from January 1st, 2010 :

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interests.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Transactions costs directly attributable to the acquisition are expensed and included in non-operating expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

- Business combinations prior to January 1st, 2010 :

In comparison to the above-mentioned requirements, the difference following applied:

Transactions costs directly attributable to the acquisition formed part of the acquisition costs.

If the identifiable fair value of the assets and liabilities, contingent liabilities, and the cost of acquisition could only be valued provisionally at the date of acquisition, all adjustments to those amounts were recognized within twelve months following the date of acquisition.

Tangible assets

Tangible assets include property used in production, production equipment and other various equipment.

Tangible assets are valued at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

- Buildings : 20 years
- Plant and equipment : 5 to 10 years

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

As of December 31, 2015, the Group does not use held-to-maturity investments and available-for-sale assets.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Changes in fair value are recognised in the consolidated income statement in finance costs and income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value. The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Amortized cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Changes in fair value are recognised in the consolidated income statement in finance costs and income.

Other Financial liabilities

Other financial liabilities include deferred payments (earn-outs and put options) granted by the Group at the acquisition of the related subsidiary.

Put options on non-controlling interests

In case of a business combination where the acquirer has granted a put option over some or all of the outstanding shares, not giving the acquirer present access to the benefits associated with the ownership interest, the non-controlling interest continues to be recognized, with changes in the carrying amount arising from the allocation of its share of profits and losses (and other changes in equity reserves) for the year. At each reporting date, the non-controlling interest is derecognized as it if was acquired at that date. The liability is recognized at each reporting date at its fair value (the present value of the exercise price of the option).

Any difference between the amount of non-controlling interest derecognized and the liability is recognized against Group Net Equity, in accordance with the accounting policy for acquisition of non-controlling interests. There is no separate accounting for the unwinding of the discount due to the passage of time. Any dividends paid to the non-controlling shareholders are recognized against Group Net Equity. Where the put option is exercised, the accounting is updated as discussed above, and the liability existing at that date is extinguished by the payment of the exercise price. Where the put option expires unexercised, the adjustments made to equity at each reporting period are effectively unwound, such that the non-controlling interest is recognized at the amount it would have been, had no put option been accounted for.

Earn out

Whether arrangements for contingent payments to employees or selling shareholders are contingent consideration in the business combination or are separate transactions depends on the nature of the arrangements and criteria such as continuing employment, level of remuneration, number of shares owned, and formula for determining consideration.

Potential additional purchase price consideration in the business consideration is recognised in other financial liabilities when its payment is probable and can be measured reliably. Subsequent changes in the earn-out fair value were recognized as an adjustment to goodwill for business combination prior to January 1st 2010, and will be recognised through profit or loss for business combinations from January 1st, 2010.

In case of continuing employment, contingent payments considered as separate transaction are recognised as compensation for services rendered, taking into account the market value of the relevant compensation.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, in accordance with IAS 12 principles.

Deferred income tax assets are recognised in accordance with IAS 12 principles, for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Pensions and other post-employment benefits

In accordance with IAS 19, defined-benefit plans in favour of employees calling for pay-outs after termination of the employment relationship and other long-term benefits are actuarially measured according to the projected unit credit method applied separately to each plan.

According to this method, the liability is measured by taking into account a series of variables (mortality, future changes in compensation, forecast inflation, etc.).

The liability recognized in the financial statements represents the estimated current value of the obligation less any social security costs on past employment services not yet recognized, less the fair value of the assets in service of the plan that will be used to directly extinguish the obligation; future cash flows are discounted using a market interest rate. The actuarial assumptions at the basis of the calculation are periodically reviewed to confirm their validity.

During 2012, by anticipation to the standards and interpretations compulsory after December 31, 2012, the Group voluntarily changed its accounting policy to recognize actuarial gains and losses in the period in which they occur in total in other comprehensive income, in accordance with IAS 19 Revised. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit and loss in subsequent periods. The other impacts about pension plans remain the same.

The group has defined contribution pension plans. A defined contribution pension plan is a pension plan for which the group pays fixed fees to a separate legal unit. For fee-determined pension plans, the group pays fees to publicly or privately administrated pension insurance plans on a mandatory, contracted or voluntary basis. Once fees are paid, the group has no further payment obligations. The fees are posted as employment costs when they are due for payment. Prepaid fees are posted as an asset in the scope that cash repayment or a reduction in future payments may be to the Group's credit.

Share-based payment

Equity settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognised in personnel costs.

Cash settled transactions

The Group recognises stock option plans on shares of subsidiaries in favour of some directors and executives. The put and call options grant the beneficiaries the right to sell to the Group, and the Group the right to buy from the beneficiaries, all or some of the shares they own after exercise of the buy option. According to IFRS 2—Share-based payment, given that such plans are similar to cash settled plans, the cost of such transactions is initially measured at fair value on the grant date. Fair value is recognised in the period until vesting with recognition of a corresponding liability. The liability is recalculated at each financial statement closing date up to and including the settlement date, with all changes in fair value recognised in the income statement under personnel costs.

NOTE 2—MAIN TRANSACTIONS AND CHANGES IN THE CONSOLIDATION AREA

2.1 Main transactions and events occurred in 2015

Disposal of Mona Lisa Production SAS

On March 31st, 2015, Zodiak Media France SAS, owner of 50,01% of Mona Lisa Production SAS shares, has sold its participation for a total price of €0.3 million.

2.2 Main transactions occurred in 2014

Disposal of 2bcom S.r.l.

On February 27th, 2014, Magnolia S.p.A., owner of 80% of 2Bcom S.r.l shares, has sold its subsidiary to Gaming World S.r.l and to Duduc S.r.l. for a total price of €1 thousand.

Disposal of Zodiak Media Brazil Ltda

On May 26th, 2014, Zodiak Media SA, owner of 100% of Zodiak Media Brazil Ltda shares, has sold its subsidiary to Mrs Carla Alfonso and Mr Patrick Siaretta for a total price of €1 thousand.

Creation and disposal of Zodiak Active Plus Srl

A reorganization of Zodiak Active has been implemented with the view to refocus its activities on TV Production and Online video businesses which are consistent with the Group's core business.

In this respect, on April 22nd, 2014, Zodiak Active SRL contributed in kind to a newly-created wholly owned subsidiary, named Zodiak Active Plus, the business branch named "Advertising and Brands" comprising the business units "automated advertising", "digital agency/brands" and "Premium SMS", for a value of €2,5 million based on Financial statements at December 31, 2013, verified by an appraisal. The contribution in kind was effective on May 1st, 2014.

NOTE 2—MAIN TRANSACTIONS AND CHANGES IN THE CONSOLIDATION AREA (Continued)

On May 29th, 2014, Zodiak Active Srl sold all its shares in Zodiak Active Plus Srl to DeA Communications SA for a price of €2.75 million with an earn out payable in the event DeA Communications sell Zodiak Active Plus Srl to a third party within three years and corresponding to a percentage (50% if the transfer occur within the first year, 25% if it occurs during the second year and 10% if it occurs the third year) of the gain realized by DeA Communication on such transfer adjusted with the investments made in or distribution received from Zodiak Active Plus Srl.

NOTE 3—MAIN EVENTS AFTER THE REPORTING PERIOD

On February 23rd, 2016 the Groups BANIJAY and ZODIAK Media announced that their merger transaction was completed creating the world's biggest independent production company and the largest not controlled by a media group with revenues of around US$1 billion.

This merger is structured as a reverse merger pursuant to which Lov Group took over the control of the company which was then renamed Banijay Group. The company then opened its share capital to Vivendi Contents under a share capital increase of €100,000,000.

As a consequence of these operations, Banijay Group is 73.8% controlled by LDH a company whose shareholders are Stéphane Courbit's LOV Group (50.1%) and DeA Communications SA (49.9%), with Vivendi owning 26.2%. Stéphane Courbit is named Chairman and Marco Bassetti is appointed CEO of Banijay Group.

The new Group, which already boasts the leading production companies in many countries, now has operations in 17 territories producing entertainment, drama, factual, reality entertainment, docu-drama, children's and animation programming. Leading formats and shows include Versailles, The Secret Life of Four Year Olds, Temptation Island, Popstars, Beat Your Host, 71 Degrees North, Keeping up with the Kardashians, Fort Boyard, Making of the Mob, Underbelly, Wife Swap, Wild Things,Being Human, Location Location Location and The Girl with the Dragon Tattooamong among many others.

Pursuant to the merger and on the same date, the company has been refinanced by a pool of three banks (Société Générale Corporate and Investment Banking, Banca IMI, S.p.A. London branch and Natixis) for a total amount of €275,000,000 as senior loan fully drawn on February 23rd, 2016 and €25,000,000 RCF. The bank loan maturity date is on February 23rd, 2021 and should be syndicated. In addition, the company issued 1,000 bonds redeemable in shares or in cash with a nominal value of €100,000 each. These bonds have been fully subscribed by SIG 116, a Vivendi group company, and bears a 3% capitalized interest with a maturity date on February 23rd, 2023.

This refinancing allowed to refinance the former Zodiak Media Group as well as the former Banijay Group.

Following the merger process the Group Banijay-Zodiak will be fully focused on market opportunities and the implementation of a new organization.

NOTE 4—REVENUE

Distribution, production and licensing are the main sources of revenues of the group. The revenues amounted to €421.5 million in 2015 as compared to €422.9 million in 2014. The split between these activities is as follows:

€million	2015	2014
Production	370.0	363.7
Distribution and licensing	37.3	43.4
Other rights and services	14.2	15.8
Total	**421.5**	**422.9**

NOTE 5—OTHER OPERATING EXPENSES AND INCOME

€million	2015	2014
Audiovisual tax credits	4.7	2.8
Other operating income	1.5	1.5
Other operating expenses	(323.0)	(321.8)
Total	**(316.8)**	**(317.6)**

NOTE 6—NON OPERATING INCOME AND EXPENSES

Non-operating expenses and income essentially comprise costs related to mergers and acquisitions, restructuring costs, previous year adjustment and relocation costs. As of December 31, 2015, they amounted to € (17.2) million and are split as follows:

€million	2015	2014
Potential acquisition	0.0	(0.0)
Restructuring costs	(11.7)	(8.8)
Previous year adjustments	(0.2)	(0.0)
Relocation costs	0.0	(0.5)
Other non operating expenses	(5.4)	(0.6)
Total	**(17.2)**	**(9.9)**

NOTE 7—DEPRECIATION, AMORTIZATION AND IMPAIRMENT

As of December 31, 2015 depreciation, amortization and impairment are as follows:

€million	2015	2014
Included in other operating expenses :	**(22.2)**	**(21.5)**
Production costs—Amortization	(22.2)	(21.5)
Included in operating depreciation and amortisation :	**(17.7)**	**(18.0)**
Depreciation and amortization of tangible assets	(3.5)	(3.5)
Amortization of films, audiovisual rights, TV productions and other intangible assets	(14.2)	(14.6)
Included in depreciation and amortisation related to business combination :	**(112.9)**	**(74.3)**
Goodwill impairment	(110.6)	(70.7)
Depreciation and amortization related to business combination	(2.3)	(3.6)

NOTE 8—PAYROLL COSTS OF PERMANENT STAFF AND OVERHEADS

Payroll costs of permanent staff	2015	2014
€million		
Wages and salaries	(63.1)	(64.9)
Social security costs	(13.3)	(14.2)
Pension costs and other post-employment benefits	(2.1)	(1.9)
Effect of LTIP and other compensation-related deferred payments	0.4	(0.4)
Profit sharing schemes	(0.1)	(0.1)
Other personal costs	(1.3)	(1.8)
Permanent staff costs allocated to costs of sales	31.5	31.1
Total	**(47.9)**	**(52.2)**
Average full-time equivalent permanent employees (net of allocation)	373	568

NOTE 8—PAYROLL COSTS OF PERMANENT STAFF AND OVERHEADS (Continued)

Overheads €million	2015	2014
Gross overhead costs	(31.3)	(35.0)
Total allocation	3.3	5.6
Total	**(27.9)**	**(29.4)**
Total	**(75.9)**	**(81.5)**

NOTE 9—FINANCE COSTS

The financing costs break down as follows:

€million	2015	2014
Interest on bank overdrafts	(0.1)	(0.0)
Interest on loans and borrowings	(0.5)	(0.8)
Interests and commitment fees—club deal	(6.9)	(8.4)
Interests on junior instrument (non cash)	(17.7)	(14.1)
Total interest expense	**(25.2)**	**(23.3)**
Revaluation and unwinding of discount of deferred payments	0.0	(0.1)
Net loss on financial assets and liabilities at fair value through profit and loss	(0.1)	(0.0)
Mark to market of hedging instrument (non cash)	—	0.0
Total finance costs excluding adjustments	**(25.2)**	**(23.4)**
Exchange difference	(7.4)	(11.7)
Amortization of capitalized financing costs (non cash)	(1.7)	(1.7)
Other financial expenses	(1.1)	(0.4)
Total finance costs	**(35.4)**	**(37.2)**

NOTE 10—FINANCE INCOME

The financing income breaks down as follows:

€million	2015	2014
Interest income on loans and cash equivalent	(0.0)	0.2
Gains from valuation of hedging derivatives fair value through profit and loss	0.3	0.8
Exchanges differences income	12.2	9.8
Other	0.1	2.8
Total finance income	**12.6**	**13.6**

NOTE 11—SHARE-BASED PAYMENT PLANS

The impact of share-based payments plans on the 2015 and 2014 income statements is as follows:

	2015 €million	2014 €million
Income (expense) arising from cash-settled share-based payment transactions	0.4	(0.4)
Total expense arising from share-based payment transactions	**0.4**	**(0.4)**

On April 2014, the Board of Directors approved the principles of a Long-Term Incentive Plan (LTIP) based on IRR achieved as at 31.12.2016 and 31.12.2017.

The change of control described in Note 3 above constitutes a LTIP exercise event. Conditions for a LTIP pay-out in case of change of controls being not met, the provision on LTIP accrued in 2014 for a total amount of €(0.4)m is totally reversed in 2015.

NOTE 12—INCOME TAX

12.1 Income tax expense

Income tax expense comprises current and deferred tax expenses of consolidated entities.

Consolidated income statement	2015	2014
€million		
Current income tax:		
Current income tax charge	(2.2)	(2.8)
Adjustments in respect of current income tax of previous years	(0.8)	1.2
Deferred income tax:		
Relating to origination and reversal of temporary differences	0.9	(0.6)
Adjustments in respect of deferred income tax of previous years		
CVAE—IRAP	(1.6)	(1.3)
Income tax expense reported in the income statement	**(3.7)**	**(3.6)**

12.2 Reconciliation of effective tax rate

€million	2015	2014
Profit before tax	(141.9)	(102.2)
Income tax rate applicable in France: 34,43% (2013: 34,43%)	34.43%	34.43%
Tax calculated at the company's statutory income tax rate	**48.9**	**(35.2)**
Differences /changes in local tax rates	0.4	(1.9)
Non deductible expenses net of taxable income	(39.0)	(22.8)
Business taxes recorded as corporate income tax	(1.6)	(1.3)
Tax losses:		
—Tax losses carry forward no longer recoverable	0.0	1.3
—Use of unrecognised ordinary losses	2.3	0.0
—Unrecognised tax losses	(15.0)	(14.0)
Adjustments in respect of income tax of previous years	0.2	(0.1)
Effective income tax	**(3.7)**	**(3.6)**
Effective tax rate	*n.s.*	*n.s.*

12.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities	2015	2014
Tax losses carried forward	0.0	0.0
Tax effect of accounting of deferred payments	0.0	(0.0)
Other deductible temporary differences	0.9	0.7
Financial derivatives	0.0	0.0
Deferred tax assets related to business combination	0.0	0.0
Other deferred tax assets	1.5	0.9
Total deferred tax assets	**2.3**	**1.7**
Deferred tax liabilities related to business combination	(1.1)	(1.9)
Other taxable temporary differences	(2.7)	(2.3)
Total deferred tax liabilities	**(3.8)**	**(4.2)**

The group has tax losses carry forward for an amount of €208 million, of which €194 million are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognized in respect of €208 million losses, as these losses may not be used to offset taxable profits in a foreseeable future.

NOTE 13—GOODWILL

13.1 Change in goodwill

The tables below show the changes during the last two periods, and the balance as at December 31, 2015 and December 31, 2014.

The exchange differences as at December 31, 2015 and December 31, 2014 are related to goodwill with a positive effect of approximately €15.3 million, almost entirely attributable to the Zodiak Television's goodwill denominated in Swedish Kronor, and to the RDF Media group's goodwill denominated in British Pounds.

The goodwill adjustments for €0.4 million in 2015 derive from the revision of the goodwill relating to acquisitions made in previous years.

Detail of Goodwill in Euros millions	31/12/14	Fair value adjustment	Acquisitions & perimeter variations	Currency differencies	Other movements	31/12/15
Marathon Group	162.0					162.0
KM	21.4					21.4
Mona Lisa	0.2		(0.2)			0.0
Magnolia	53.0					53.0
2BCom/Poker Channel	0.0					0.0
Zodiak TV	165.9			3.7		169.6
Palm Plus	13.8					13.8
Mastiff Polska	0.0					0.0
5to Elemento	0.0					0.0
Sol Productions	0.6	0.1				0.8
RDF Media Group	176.3			10.9	(0.5)	186.7
Mast Media	2.2		(2.5)	0.1	0.2	(0.0)
Dangerous	4.4			0.3	0.3	5.0
Red House	1.7	(0.5)		0.2		1.4
Bwark	2.2			0.1		2.3
Sub-total	**603.7**	**(0.4)**	**(2.7)**	**15.3**	**0.0**	**615.9**
Goodwill impairment	(230.7)	(107.6)				(338.3)
Total	**373.0**	**(108.0)**	**(2.7)**	**15.3**	**0.0**	**277.6**

NOTE 13—GOODWILL (Continued)

The goodwill adjustments for €0.1 million in 2014 derive from the revision of the goodwill relating to acquisitions made in previous years.

Detail of Goodwill in Euros millions	31/12/13	Fair value adjustment	Acquisitions & perimeter variations	Currency differencies	Other movements	31/12/14
Marathon Group	162.0					162.0
KM	21.4					21.4
Mona Lisa	0.2					0.2
Magnolia	53.0					53.0
2BCom/Poker Channel	1.6		(1.6)			0.0
Zodiak TV	176.0			(10.1)		165.9
Palm Plus	13.8					13.8
Mastiff Polska	0.0					0.0
5to Elemento	0.0					0.0
Sol Productions	1.2	(0.6)		0.1		0.6
RDF Media Group	164.2			12.1		176.3
Mast Media	2.2					2.2
Dangerous	4.4					4.4
Red House	1.2	0.5		0.1		1.7
Bwark	2.1			0.1		2.2
Sub-total	**603.1**	**(0.1)**	**(1.6)**	**2.3**		**603.7**
Goodwill impairment	(165.7)	(65.0)				(230.7)
Total	**437.4**	**(65.1)**	**(1.6)**	**2.3**		**373.0**

13.2 Goodwill impairment test

During the fourth quarter of 2015, the Group has tested the value of goodwill allocated to the cash-generating units (CGU) or groups of CGU.

The Group's production and distribution business is considered as one sole cash-generating unit for all its operations since:

- Since its creation mid 2008 the Group has conducted several successive reorganizations which have led to the replacement of historical acquisitions by an organization by division, some of which are geography-based, some of which are transversal (Rights / Digital);
- As a consequence, operating results are now regularly reviewed by the Group CEO, assisted by the Group COO and the Group CFO, as well as by the Group Executive Committee, to make decisions about resources to be allocated and assess the performance, on a global basis and not only on a
- geographical basis;
- The reporting structure has been reorganized to reflect the way of conducting the business;
- The distribution activity is for a significant part dedicated to the sale of internal programs to external clients. Its cash inflows are not largely independent of the cash inflows from other groups of assets.

The test consisted of the comparison of the recoverable amount of the above described CGU and of its carrying value (including goodwill).

The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (discounted cash flow method (DCF)) and the fair value (less costs to sell), determined based on recent transactions or market data (stock market prices, comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions).

The test was performed on the basis of the market value issued from the merger transaction finalized on February 23rd, 2016 and explained in Note 3.

NOTE 13—GOODWILL (Continued)

On the basis of the results of the test, the management has come to the conclusion that the recoverable amount of the CGU was smaller than its carrying value (including goodwill) and therefore a goodwill impairment provision €(108.2) million had to be recorded.

NOTE 14—FILM, AUDIOVISUAL RIGHTS AND TV PRODUCTIONS AND OTHER INTANGIBLE ASSETS

Film, audiovisual rights and TV productions and other intangible assets' changes for 2015 and 2014 are shown in the tables below:

Changes in gross assets

Intangible assets (in € million)	Book Value 31 12 14	Additions / Decrease	Other movements	Book Value 31 12 15
From business combination (PPA)	108.5	(23.8)	2.4	87.1
Program rights	*77.5*	*(17.4)*	*1.6*	*61.8*
Formats	*12.1*	*(6.5)*	*0.5*	*6.2*
Client contracts	*18.9*	*0.0*	*0.3*	*19.2*
From Own Productions	230.4	32.1	(3.3)	259.2
From Third parties and other	37.9	5.7	0.4	44.0
Sub-total Audiovisual rights	**376.7**	**14.0**	**(0.5)**	**390.3**
Other intangible assets	**19.9**	**0.1**	**2.6**	**22.4**
Total intangible assets	**396.6**	**14.1**	**2.1**	**412.7**

Intangible assets (in € million)	Book Value 31 12 13	Additions / Decrease	Other movements	Book Value 31 12 14
From business combination (PPA)	107.2	0.0	1.3	108.5
Program rights	*76.7*	*0.0*	*0.8*	*77.5*
Formats	*11.9*	*0.0*	*0.3*	*12.1*
Client contracts	*18.6*	*0.0*	*0.3*	*18.9*
From Own Productions	201.5	27.1	1.8	230.4
From Third parties and other	36.5	(0.4)	1.7	37.9
Sub-total Audiovisual rights	**345.2**	**26.7**	**4.8**	**376.7**
Other intangible assets	**27.5**	**(4.7)**	**(2.9)**	**19.9**
Total intangible assets	**372.6**	**22.0**	**1.9**	**396.6**

Changes in accumulated depreciation and amortization

Intangible assets (in € million)	Depreciation 31 12 14	Depreciation	Other movements	Depreciation 31 12 15
From business combination (PPA)	(102.6)	21.6	(2.3)	(83.4)
Program rights	(71.9)	*15.2*	(1.5)	*(58.2)*
Formats	(12.1)	*6.4*	(0.5)	*(6.2)*
Client contracts	(18.7)	*(0.1)*	(0.3)	*(19.0)*
From Own Productions	(220.4)	(29.6)	3.0	(247.0)
From Third parties and other	(31.9)	(6.3)	(0.4)	(38.6)
Sub-total Audiovisual rights	**(354.9)**	**(14.4)**	**0.2**	**(369.1)**
Other intangible assets	**(18.4)**	**(0.7)**	**(1.7)**	**(20.8)**
Total intangible assets	**(373.3)**	**(15.1)**	**(1.5)**	**(389.9)**

NOTE 14—FILM, AUDIOVISUAL RIGHTS AND TV PRODUCTIONS AND OTHER INTANGIBLE ASSETS (Continued)

Intangible assets (in € million)	Depreciation 31 12 13	Depreciation	Other movements	Depreciation 31 12 14
From business combination (PPA)	(97.6)	(3.6)	(1.5)	(102.6)
Program rights	*(67.4)*	*(3.6)*	(0.9)	(71.9)
Formats	*(11.8)*	*(0.0)*	(0.3)	(12.1)
Client contracts	*(18.4)*	*(0.0)*	(0.3)	(18.7)
From Own Productions	(194.1)	(24.7)	(1.6)	(220.4)
From Third parties and other	(30.2)	(0.2)	(1.5)	(31.9)
Sub-total Audiovisual rights	**(321.9)**	**(28.5)**	**(4.5)**	**(354.9)**
Other intangible assets	**(23.7)**	**3.9**	**1.5**	**(18,4)**
Total intangible assets	**(345.7)**	**(24.6)**	**(3.1)**	**(373.3)**

Net assets

Intangible assets (in € million)	NBV 31 12 13	NBV 31 12 14	NBV 31 12 15
From business combination (PPA)	9.6	5.9	3.7
Program rights	*9.3*	*5.6*	*3.6*
Formats	*0.1*	*0.0*	*0.0*
Client contracts	*0.2*	*0.2*	*0.1*
From Own Productions	7.4	10.0	12.2
From Third parties and other	6.3	6.0	5.3
Sub-total Audiovisual rights	**23.2**	**21.8**	**21.2**
Other intangible assets	**3.7**	**1.5**	**1.6**
Total intangible assets	**27.0**	**23.3**	**22.8**

NOTE 15—TANGIBLE ASSETS

The tangible assets changes for 2015 and 2014 are shown in the tables below:

Tangible assets (in €million)	Book Value 31 12 14	Additions / Decrease	Other movements	Book Value 31 12 15
Property investments	**9.2**	**0.2**	**(0.1)**	**9.2**
Land	*0.3*	*0.0*	*0.0*	*0.3*
Buildings	*8.9*	*0.2*	*(0.2)*	*8.9*
Other tangible assets	**25.5**	**(2.3)**	**0.5**	**23.7**
Audiovisual equipment	*7.1*	*(0.1)*	*(0.3)*	*6.6*
Office and IT equipement	*17.5*	*(2.2)*	*0.8*	*16.0*
Other	*0.9*	*0.1*	*0.0*	*1.0*
Total tangible assets	**34.7**	**(2.1)**	**0.3**	**32.9**

Tangible assets (in €million)	Book Value 31 12 13	Additions / Decrease	Other movements	Book Value 31 12 14
Property investments	**8.7**	**0.3**	**0.2**	**9.2**
Land	*0.3*	*0.0*	*0.0*	*0.3*
Buildings	*8.4*	*0.2*	*0.2*	*8.9*
Other tangible assets	**25.4**	**0.4**	**(0.3)**	**25.5**
Audiovisual equipment	*7.1*	*(0.0)*	*(0.0)*	*7.1*
Office and IT equipement	*17.4*	*0.3*	*(0.2)*	*17.5*
Other	*0.9*	*0.1*	*(0.0)*	*0.9*
Total tangible assets	**34.1**	**0.7**	**(0.0)**	**34.7**

NOTE 15—TANGIBLE ASSETS (Continued)

Changes in accumulated depreciation and amortization

Tangible assets (in €million)	Depreciation 31 12 14	Depreciation	Other movements	Depreciation 31 12 15
Property investments	**(5.9)**	**0.5**	**0.2**	**(5.3)**
Land	*(0.3)*	*(0.0)*	*(0.0)*	*(0.3)*
Buildings	*(5.7)*	*0.5*	*0.2*	*(5.0)*
Other tangible assets	**(19.9)**	**1.8**	**(0.4)**	**(18.5)**
Audiovisual equipment	*(5.4)*	*(0.3)*	*0.3*	*(5.4)*
Office and IT equipement	*(14.1)*	*2.2*	*(0.7)*	*(12.6)*
Other	*(0.4)*	*(0.1)*	*(0.0)*	*(0.5)*
Total tangible assets	**(25.8)**	**2.3**	**(0.2)**	**(23.7)**

Tangible assets (in €million)	Depreciation 31 12 13	Depreciation	Other movements	Depreciation 31 12 14
Property investments	**(5.1)**	**(0.6)**	**(0.2)**	**(5.9)**
Land	*(0.2)*	*(0.0)*	*(0.0)*	*(0.3)*
Buildings	*(4.9)*	*(0.6)*	*(0.1)*	*(5.7)*
Other tangible assets	**(18.6)**	**(1.5)**	**0.1**	**(19.9)**
Audiovisual equipment	*(5.0)*	*(0.4)*	*(0.0)*	*(5.4)*
Office and IT equipement	*(13.2)*	*(1.0)*	*0.1*	*(14.1)*
Other	*(0.4)*	*(0.1)*	*0.0*	*(0.4)*
Total tangible assets	**(23.7)**	**(2.1)**	**(0.1)**	**(25.8)**

Net assets

Tangible assets (in €million)	NBV 31 12 13	NBV 31 12 14	NBV 31 12 15
Property investments	**3.5**	**3.2**	**3.9**
Land	*0.0*	*0.0*	*0.0*
Buildings	*3.5*	*3.2*	*3.9*
Other tangible assets	**6.8**	**5.6**	**5.2**
Audiovisual equipment	*2.2*	*1.7*	*1.3*
Office and IT equipement	*4.2*	*3.4*	*3.4*
Other	*0.5*	*0.5*	*0.5*
Total tangible assets	**10.4**	**8.9**	**9.2**

NOTE 16—OTHER NON-CURRENT ASSETS

€million	2015	2014
Financial non current assets	0.0	0.1
Deposits	1.3	1.8
Other non-current assets	1.7	3.5
Total other non-current assets	**3.1**	**5.3**

Other non-current assets include net capitalized refinancing costs for €1.8 million.

NOTE 17—PRODUCTION IN PROGRESS

The production in progress relates to the production costs of programs which have not been delivered at December 31, 2015.

NOTE 18—TRADE RECEIVABLES

€million	2015	2014
Trade receivables	92.1	100.5
Invoices to be issued / accrued trade receivables	15.0	25.7
Provisions for doubtful accounts	(2.1)	(2.2)
Receivables from affiliated companies	0.4	1.1
Trade receivables	**105.3**	**125.1**

Trade receivables are non-interest bearing and are generally on 30-60 day terms.

Credit risk relative to customers is deemed low for the Group given that its production customers are large broadcasters and that its distribution customers are well-known from the sales team who requests a payment before delivery in case of risk. In addition, as the Group's policy is to optimize its working capital, the process for issuing invoices and collecting payments is a priority.

			Past due but not impaired			
	Total	Neither past due not impaired	< 90 days	90 – 180 days	180 – 360 days	> 360 days
	€million	€million	€million	€million	€million	€million
31/12/2015	105.3	84.5	17.1	1.4	1.5	0.8
31/12/2014	125.1	91.4	25.7	1.5	1.7	4.8

NOTE 19—OTHER CURRENT ASSETS

€million	2015	2014
Advances to suppliers and credit notes to be received	2.0	7.2
Grants to be received	2.6	2.5
Other miscellaneous receivables	11.9	19.7
Total other current assets	**16.5**	**29.3**

NOTE 20—CASH AND CASH EQUIVALENTS

Cash and cash equivalent include short-term deposits. They are made for varying periods between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Credit risk relative to cash and cash equivalent is mitigated by selecting counterparties with high credit ratings and which are always the banks providing also to the Group financing and cash management services.

NOTE 21—ISSUED CAPITAL AND SHARE PREMIUM

The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

Equity is monitored in a way that the Group's financial indebtedness remains within acceptable present financial market conditions.

NOTE 21—ISSUED CAPITAL AND SHARE PREMIUM (Continued)

On December 18th, 2015, Zodiak Media has changed its corporate form from SA to SAS. Prior to this operation the share capital of Zodiak Media SA was reduced to €1 million.

in € million	Dec 31, 2014	Capital reduction to zero	Capital increase	Capital reduction by reduction of the number of shares	Dec 31, 2015
Issued capital	351.1	(351.1)	13.9	(12.9)	1.0
Shares premium	197.6	(197.6)			0
	548.7	(548.7)	13.9	(12.9)	1.0
Number of ordinary shares (in '000)	408 248	(408 248)	13 866	(12 866)	1 000
Value of 1 ordinary share (in €)	0.86	(0.86)	1.00	1.00	1.00

No dividends were paid in 2014 and 2015.

NOTE 22—FINANCIAL LIABILITIES

22.1 Interest-bearing loans

Non-current Interest-bearing loans and borrowings (in € million)	Maturity	Dec 2015	Dec 2014
Loans from related parties(*)	30/01/2017	143.4	139.6
Bank loans		125.0	140.0
Loan 1 in Euro	11/12/2016	125.0	140.0
Total		**268.4**	**279.6**

Current Interest-bearing loans and borrowings (in € million)	Maturity	Dec 2015	Dec 2014
Loans from related parties		0.0	0.0
Bank overdrafts(**)		0.2	0.1
Bank loans		41.6	35.2
Loan 2 in Euro	11/12/2016	24.0	24.0
Other loans denominated in Euro	Less than one year	9.7	4.1
Other loans denominated in British Pound	Less than one year	7.9	7.0
Total		**41.8**	**35.2**

(*) Loan from related parties concern Junior Bonds and other subordinated shareholder's loans

(**) or negative bank accounts balances because of bank reconciliations

22.2 Other financial liabilities

€million	2015	2014
Deferred payments—Put Options	**0.6**	**1.3**
Within one year	0.5	1.3
After one year but not more than five years	0.1	0.0
More than five years	—	—
Deferred payments—Earn-Outs	**0.1**	**0.5**
Within one year	0.0	0.0
After one year but not more than five years	0.1	0.5
More than five years	—	—
Interest rate swap—Non hedging	**0.0**	**0.3**
Other current and non-current financial liabilities	**0.2**	**1.7**
Total other financial liabilities	**0.8**	**3.7**
Of which other non current financial liabilities	0.3	0.8
Of which other current financial liabilities	0.5	2.8

NOTE 22—FINANCIAL LIABILITIES (Continued)

Deferred payments relate to earn out and put options granted to non-controlling shareholders at the acquisition of the subsidiary by the Group and vary as follows:

€million	Put Options	Earn-out
At 31 December 2013	**1.0**	**3.6**
Fair value adjustments	0.4	(0.2)
Variations of perimeter	0.0	0.0
Payments	(0.3)	(3.1)
Revaluation and unwinding of discount through profit and loss	0.0	0.0
Other compensation-related deferred payments	0.0	0.0
Impact of exchange rate differences and other	0.1	0.1
At 31 december 2014	**1.3**	**0.5**
Fair value adjustments	(0.8)	0.1
Variations of perimeter	0.0	0.0
Payments	0.0	(0.5)
Revaluation and unwinding of discount through profit and loss	0.0	0.0
Other compensation-related deferred payments	0.0	0.0
Impact of exchange rate differences and other	0.0	0.0
At 31 december 2015	**0.5**	**0.1**

22.3 Total financial liabilities by maturity and liquidity risk

The analysis by date of maturity of borrowings, deferred payments and interest swap is as follows:

Year ended 31 December 2015 (in € million)	Within 1 year	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	41.8	268.4	—	**310.2**
Deferred payments—Put Options	0.5	0.1	—	**0.6**
Deferred payments—Earn-Outs	—	0.1	—	**0.1**
Other financial liabilities	—	0.2	—	**0.2**
Total	**42.3**	**268.8**	**—**	**311.1**

Year ended 31 December 2014 (in € millions)	Within 1 year	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	35.2	279.7	—	**314.8**
Deferred payments—Put Options	1.3	—	—	**1.3**
Deferred payments—Earn-Outs	0.0	0.5	—	**0.5**
Interest rate swap—Non hedging	—	0.3	—	**0.3**
Other financial liabilities	1.6	0.1	—	**1.7**
Total	**38.0**	**280.6**	**—**	**318.5**

The future payments relating to borrowings, deferred payments and interest swap before the effects of discounting are as follows:

Year ended 31 December 2015 (in € million)	Within 1 year	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	41.8	268.4	—	**310.2**
Deferred payments—Put Options	0.5	0.1	—	**0.6**
Deferred payments—Earn-Outs	—	0.1	—	**0.1**
Other financial liabilities	—	0.2	—	**0.2**
Total	**42.3**	**268.8**	**—**	**311.1**

NOTE 22—FINANCIAL LIABILITIES (Continued)

Year ended 31 December 2014 (in € millions)	Within 1 year	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	35.2	279.7	—	**314.8**
Deferred payments—Put Options	1.3	—	—	**1.3**
Deferred payments—Earn-Outs	—	0.6	—	**0.6**
Interest rate swap—Non hedging	—	0.3	—	**0.3**
Other financial liabilities	1.6	0.1	—	**1.7**
Total	**38.1**	**280.6**	**—**	**318.6**

Funding liquidity risk

The funding liquidity risk, which is defined as the risk of not having sufficient liquid funds at any given moment to fulfil its commitments, is managed by the Group by ensuring sufficient amount of undrawn facilities, by managing its cash efficiently and by establishing monthly cash forecasts.

The funding liquidity risk is secured by De Agostini SpA, which has confirmed they would provide the necessary resources, to the extend needed and as long they are majority shareholder, to enable the company to continue its normal course of operations during the financial year and till June 2016 on a going concern basis. As mentioned in Note 3 above, the company's control has changed on February 23, 2016, date at which, further to merger with Banijay, the company has been refinanced.

22.4 Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

At December 31, 2014, the Group had five interest rate swap agreements in place since January 2012 until March 2015 for a total notional amount of €93.3 million to hedge the euro term loan of €140 million, whereby it pays an average fixed rate of 1,18% and receives a variable rate equal to Euribor 3 months. These swaps do not qualify for hedge accounting. The fair value of these swaps (amounting to a loss of €0.3 million as of December 31, 2014) has been determined using a valuation technique based on available observable market data.

At December 31, 2015, there is no fair value in accounts since rate swap agreements have expired in 2015.

22.5 Interest rate risk and currency risk

Interest rate risk

Given that all its loans are based on variable rates, the Group could be exposed to interest rate risk, which is defined as the risk that financial costs are negatively affected by fluctuations in interest rate levels.

For the remaining part of its indebtedness, the Group's management does consider that the interest rate risk is very low given the current financial market.

In addition, this risk is cautiously followed and monitored by Group Treasury who can decide to hedge or not depending on the interest rate's expectations.

Foreign exchange risk

As a consequence of its business activities, the Group is exposed to foreign exchange risks. This exposure derives from sales and purchases, capital expenditures, tax and financial transactions in foreign currencies other than the Group's functional currency (transaction exposure), and from holdings of foreign assets and debt in currencies other than the reporting currency (translation exposure).

Transaction exposure arises from future cash flows in currencies different from the company's functional currency. The Group policy is to hedge such exposure whenever possible. When a subsidiary signs a production or a distribution contract which implies significant future cash flows in or out in a foreign currency, it shall report this exposure to Group or Divisional Treasury (where applicable) which then has to buy a forward contract for the amounts and terms forecasted, or implement an equivalent hedging solution.

NOTE 22—FINANCIAL LIABILITIES (Continued)

The main objective for hedging the transaction exposure is to safeguard the business margin and reduce Profit and Loss volatility.

Translation Exposure, also known as Accounting Exposure, is the risk that the Group's equity, assets, liabilities or income will change in value as a result of exchange rate variations. It results from the fact that a portion of its equities, assets, liabilities or income is denominated in foreign currencies. In order to reduce such exposure, the group's financing policy will favour the location of the debt next to related assets and operating results. These variations however have no cash effect and the Group judges it inappropriate to hedge non-cash flow translational exposure with cash flow instruments. Speculative trading on the financial markets is not permitted under any circumstances.

NOTE 23—PROVISIONS

€million	Risks & future charges	Retirement & severance indemnity	Tax risks	Total
At 1 January 2015	**5.4**	**2.1**	**0.2**	**7.7**
Acquisition of a subsidiary	0.0	0.0	0.0	0.0
Arising during the year	3.3	0.3	0.0	3.6
Utilised	(0.5)	(0.5)	0.0	(1.1)
Unused amounts reversed	(1.9)	(0.2)	0.0	(2.1)
Other Flows	0.2	0.0	(0.2)	0.0
At 31 December 2015	**6.5**	**1.8**	**0.0**	**8.2**
Current 2015	4.9	0.0	0.0	4.9
Non current 2015	1.6	1.8	0.0	3.4
Total At 31 December 2015	**6.5**	**1.8**	**0.0**	**8.2**
Current 2014	3.9	0.0	0.2	4.1
Non current 2014	1.5	2.1	0.0	3.6
Total at 31 December 2014	**5.4**	**2.1**	**0.2**	**7.7**

Provisions include:

Risks & future charges: a provision is recognized for risks and charges, when it relates to social litigation or commercial litigation.

Retirement & severance indemnity:

The provision for retirement is calculated based on employee benefits (interest costs, current service cost, benefits paid, actuarial gains or losses on obligation, exchange difference on foreign plans). The method used to estimate the provision is the "Projected Credit Unit" method. The provision takes into account a discount rate, the future salary increase for executives and non-executive employees.

The only defined benefits plan existing in the Group relate to the lump sum payments due in France and Italy to employees when they leave the company.

NOTE 23—PROVISIONS (Continued)

The main characteristics of the provision for retirement are as follows:

Discount rate:	2.1%
Future salary increase:	3.5%

in € million	2015	2014
Actuarial benefit obligation at beginning	**1.8**	**2.6**
Service cost	0.3	0.4
Unrecognised past service cost	0.0	0.0
Interest expense on benefit obligation	(0.0)	0.0
Actuarial gains and losses	(0.1)	0.0
Benefits paid	(0.2)	(0.7)
Acquisitions and disposals	0.0	(0.5)
Actuarial benefit obligation at closing	**1.8**	**1.8**
Other employee-related reserves, including severance indemnity	0.0	0.3
Total retirement and severance indemnity	**1.8**	**2.1**

NOTE 24—TRADE AND OTHER PAYABLES

€million	2015	2014
Trade payables	157.9	214.0
Other payables and deferred income	35.8	35.9
Trade payables	**193.8**	**249.9**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
- Other payables are non-interest bearing and have an average term of six months.

NOTE 25—RELATED PARTIES DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Sales and purchases from/to related party		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		€million	€million	€million	€million
De Agostini Spa	**2015**		0.0		
	2014		(0.1)	0.0	
De Agostini Communication Spa	**2015**	0.9		0.0	0.0
	2014	1.6	0.0	0.7	0.0
De Agostini Editore Spa	**2015**	0.5		0.3	0.0
	2014	0.8		0.4	0.0

Loans from/to related party		Interests received	Interests paid	Amounts owed by related parties	Amounts owed to related parties
		€million	€million	€million	€million
Nova Deuxième	**2015**		(17.6)		135.1
	2014	0.0	(13.9)	0.0	119.4
De Agostini Communication SPA	**2015**				8.2
	2014	0.0	(0.1)	0.0	20.1

NOTE 25—RELATED PARTIES DISCLOSURES (Continued)

This section does not cover the earn-out contracts that have been agreed with current key managers at the time they were not related parties.

€ million	2015	2014
Short-term employee benefits	1.5	1.3
Post-employment pension and medical benefits	0.0	0.0
Termination benefits	0.0	0.8
Share-based payments	0.0	0.0
Total compensation paid to key management personnel	**1.5**	**2.2**

NOTE 26—COMMITMENTS AND CONTINGENCIES

Guarantees given	2015	2014
	€million	€million
Within one year	0.9	7.6
After one year but not more than five years	118.6	312.7
More than five years	0.3	0.1
	119.8	**320.4**

Purchase commitments	2015	2014
	€million	€million
Within one year	6.8	7.5
After one year but not more than five years	12.3	17.5
More than five years	3.5	6.3
	22.5	**31.4**

Guarantees given mainly correspond to pledge shares given by the Company in guarantee of the senior facility agreement signed in December 2011 and closed in January 2012. Further to the refinancing that occurred on February 23rd, 2016, these guarantees have been released by the former pool of banks and new guarantees (mainly pledges of shares and of intercompany loans) have been granted to the new pool of banks.

Operating leases mostly relate to rental office space and are generally concluded at rates and duration consistent with market practices. The annual charge of all property leases represents a cost of less than €15 million.

Sales and Leaseback transactions

Prior to 31 January 2007, the Group entered into certain sale and leaseback transactions of television programme rights. Funds received from these transactions are held in deposit accounts and comprise monies to provide for the full discharge of future leasing liabilities. The banks with which these sums are deposited have given guarantees to the lessors in respect of the lease liabilities. Further:

(a) the Group is not able to control the deposit account in pursuit of its own objectives and any payments under the lease are due out of this restricted account. The Group has neither control over the bank balance nor over any interest earned thereon;

(b) the risk of reimbursing the amount of fee receivable by the Group in respect of tax losses transferred and the risk of paying an amount due under the guarantee in case of collapse of the bank holding the deposit are remote; and

(c) other than the initial cash flows at inception of the arrangement, the only cash flows expected under this arrangement are the lease payments satisfied solely from funds withdrawn from the separate account established for this arrangement.

NOTE 26—COMMITMENTS AND CONTINGENCIES (Continued)

Given the above, the asset and the liability in respect of the sale and leaseback transactions do not represent an asset and a liability of the Group according to SIC 27, and have not been recognised in these financial statements. The amounts involved are as follows:

	2015	2014
	€million	€million
Within one year	1.6	2.2
After one year but not more than five years	1.0	2.5
More than five years	—	—
	2.6	**4.8**

NOTE 27—SCOPE OF CONSOLIDATION

Name	Country of Incorporation	Consolidation method	December 2015	December 2014
Zodiak Media SA	France	FC	Parent	Parent
Zodiak Kids Central SAS (formely Zodiak Active France)	France	FC	100.00%	100.00%
Pico Script Lab Inc.	USA	FC	100.00%	100.00%
Zodiak Rights Ltd	UK	FC	100.00%	100.00%
Dangerous Films Ltd	UK	FC	70.00%	70.00%
Zodiak Media France SAS	France	FC	100.00%	100.00%
Adventure Line Productions SA	France	FC	100.00%	100.00%
Zodiak Fiction & Docs SASU (formely Marathon SASU)	France	FC	100.00%	100.00%
Gétévé Productions SASU (formely Marathon Images SASU)	France	FC	100.00%	100.00%
Télé Images Production SASU	France	FC	100.00%	100.00%
Télé Images Editions SARL	France	FC	100.00%	100.00%
Gétévé SA(***)	France	FC	0.00%	100.00%
Marathon Media SASU	France	FC	100.00%	100.00%
Zodiak Media Central France SAS(***)	France	FC	0.00%	100.00%
ALP Music SARL	France	FC	100.00%	100.00%
Tunsay khmer co,Ltd	Cambodia	FC	100.00%	100.00%
Les 3 prods(***)	France	FC	0.00%	100.00%
KM SAS	France	FC	100.00%	100.00%
KM Prestations SNC	France	FC	100.00%	100.00%
KM PRESSE SNC	France	FC	100.00%	100.00%
Mona Lisa Production SAS(*)	France	FC	0.00%	50.01%
Mast Media Ltd(**)	UK	FC	0.00%	100.00%
Mast Media Big Call Ltd	UK	FC	100.00%	100.00%
Magnolia SpA	Italy	FC	100.00%	100.00%
Milanoroma SRL	Italy	FC	100.00%	100.00%
Magnolia Spain	Spain	FC	100.00%	100.00%
Zodiak Active Srl	Italy	FC	100.00%	100.00%
Zodiak Active Ltd	UK	FC	100.00%	100.00%
Branded Talent Srl(**)	Italy	FC	0.00%	40.00%
Zodiak Media AB	Sweden	FC	100.00%	100.00%
Jarowskij Enterprises AB	Sweden	FC	100.00%	100.00%
Jarowskij Sverige AB	Sweden	FC	100.00%	100.00%
Jarowskij Danmark A/S	Denmark	FC	100.00%	100.00%
Sociala Spelet Produktion HB	Sweden	FC	50.00%	50.00%
Solsidan Produktion HB	Sweden	FC	50.00%	50.00%
Look Entertainment Aps	Denmark	FC	100.00%	100.00%
5th Element AB	Sweden	FC	100.00%	100.00%
5to Elemento AB	Sweden	FC	80.00%	80.00%
Zodiak Latino LLC(*)	USA	FC	0.00%	100.00%
RM5to Elemento Mexico S DE	Mexico	FC	99.90%	99.90%
Zodiak Latino SAS	Colombie	FC	100.00%	100.00%
Zodiak Productions BV	Netherlands	FC	100.00%	100.00%
Kanakna Productions NV	Belgium	FC	100.00%	100.00%
Mastiff Media Holding AB	Sweden	FC	100.00%	100.00%
Guidebeast AB	Sweden	FC	100.00%	100.00%
Zodiak Vostok LLC	Russia	FC	100.00%	100.00%
TeleAlliance Media Group	Russia	FC	51.00%	51.00%
Teleformat LLC(*)	Russia	FC	0.00%	51.00%
New Teleformat LLC(*)	Russia	FC	0.00%	51.00%
Galileo Media LLC	Russia	FC	51.00%	51.00%
Mastiff LLC	Russia	FC	75.50%	75.50%

NOTE 27—SCOPE OF CONSOLIDATION (Continued)

Name	Country of Incorporation	Consolidation method	December 2015	December 2014
Mastiff A/S	Denmark	FC	100.00%	100.00%
Social Club Produktion ApS	Denmark	FC	100.00%	100.00%
MTV Nyheter AS, Norway	Norway	FC	100.00%	100.00%
MTV Produktion A/S	Denmark	FC	100.00%	100.00%
Zodiak Television World A/S	Denmark	FC	100.00%	100.00%
Mastiff AS, Norway	Norway	FC	100.00%	100.00%
ZE Music Publishing AB	Sweden	FC	100.00%	100.00%
Yellowbird Holding AB	Sweden	FC	100.00%	100.00%
Yellow Bird Films Aps	Denmark	FC	100.00%	100.00%
Yellowbird Öland Production AB(***)	Sweden	FC	0.00%	100.00%
Yellowbird IH AB(***)	Sweden	FC	0.00%	100.00%
Yellowbird Entertainment AB	Sweden	FC	100.00%	100.00%
Yellow Bird LM Rights AB(***)	Sweden	FC	0.00%	100.00%
Yellow Bird Norge AS	Norway	FC	100.00%	100.00%
Yellow Bird LM Production AB(***)	Sweden	FC	0.00%	100.00%
Yellowbird Rights AB	Sweden	FC	100.00%	100.00%
Yellowbird Films AB	Sweden	FC	100.00%	100.00%
Yellowbird Production AB(***)	Sweden	FC	0.00%	100.00%
Yellowbird W-2 AB	Sweden	FC	100.00%	100.00%
Yellowbird KW AB	Sweden	FC	100.00%	100.00%
Yellow bird UK Film AB	Sweden	FC	100.00%	100.00%
YB Millennium Rights AB	Sweden	FC	100.00%	100.00%
Yellow Bird US Rights AB	Sweden	FC	100.00%	100.00%
YB Millennium Prod AB	Sweden	FC	100.00%	100.00%
Zodiak Television Finland OY	Finland	FC	100.00%	100.00%
Mastiff AB	Sweden	FC	100.00%	100.00%
Zodiak Nederland BV	Netherlands	FC	100.00%	100.00%
Palm Plus Music Publishing BV	Netherlands	FC	75.00%	75.00%
Sol Productions Priv. Ltd	India	FC	70.00%	70.00%
Zodiak Media Ltd	UK	FC	100.00%	100.00%
Zodiak Media UK Ltd	UK	FC	100.00%	100.00%
The Comedy Unit Ltd	UK	FC	100.00%	100.00%
Touchpaper Television Ltd	UK	FC	100.00%	100.00%
Zodiak Media (Central) Ltd	UK	FC	100.00%	100.00%
Zodiak Music Publishing Ltd	UK	FC	100.00%	100.00%
Zodiak Americas	USA	FC	100.00%	100.00%
Zodiak Media USA, Inc	USA	FC	100.00%	100.00%
Presentable Ltd	UK	FC	100.00%	100.00%
IWC Media Ltd	UK	FC	100.00%	100.00%
Bullseye Productions ltd(**)	UK	FC	0.00%	100.00%
Television Productions Ltd	UK	FC	100.00%	100.00%
Bwark Production Ltd	UK	FC	100.00%	100.00%
Young Bwark Ltd	UK	FC	50.00%	50.00%
Bwark Films Ltd	UK	FC	100.00%	100.00%
Chook Films Pty Ltd(****)	UK	FC	100.00%	100.00%
Lucky Day Productions Ltd(**)	UK	FC	0.00%	100.00%
Red House Ltd	UK	FC	100.00%	100.00%
Touchpaper West Ltd(**)	UK	FC	0.00%	100.00%
Ideal World Prod Ltd	UK	FC	100.00%	100.00%
Ideal World Films Ltd	UK	FC	100.00%	100.00%
Late Night Shopping Ltd	UK	FC	100.00%	100.00%
Wark Clements & Company Ltd	UK	FC	100.00%	100.00%
Blobhead Prod Ltd	UK	FC	100.00%	100.00%

NOTE 27—SCOPE OF CONSOLIDATION (Continued)

Name	Country of Incorporation	Consolidation method	December 2015	December 2014
Monogram Prod Ltd	UK	FC	100.00%	100.00%
Grace Films Ltd	UK	FC	100.00%	100.00%
The Russian Bride Ltd	UK	FC	100.00%	100.00%
Bait Films Ltd	UK	FC	100.00%	100.00%
Love or Money Ltd	UK	FC	100.00%	100.00%
RDF Television Ltd	UK	FC	100.00%	100.00%
RDF Television (West) Ltd(**)	UK	FC	0.00%	100.00%
Diverse Television Ltd(**)	UK	FC	0.00%	100.00%
The Foundation TV Productions Scotland Ltd	UK	FC	100.00%	100.00%
The Foundation TV Productions Ltd	UK	FC	100.00%	100.00%
The Foundation TV Productions (floogles) Ltd	UK	FC	100.00%	100.00%
Zodiak Media Ireland Ltd	UK	FC	100.00%	0.00%

FC: Full Consolidation
EQ: Equity Method
NC : Not consolidated

(*) disposed

(**) dissolved

(***) merged

(****)in the process of liquidation

Zodiak Media
Year ended December 31, 2014

Statutory auditors' report on the consolidated financial statements

ERNST & YOUNG et Autres

Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris - La Défense Cedex

Tél. : +33 (0) 1 46 93 60 00
www.ey.com/fr

Zodiak Media
Year ended December 31, 2014

Statutory auditors' report on the consolidated financial statements

To the Chief Executive Officer,

In our capacity as statutory auditors of Zodiak Media and in accordance with your request, we hereby report to you on the audit of the accompanying consolidated financial statements of Zodiak Media for the year ended December 31, 2014.

Management is responsible for the preparation and fair presentation of these consolidated financial statements. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, by audit sampling and other means of testing, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the assets, liabilities and financial position of the group at December 31, 2014 and the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

This report is governed by French law. The courts of France shall have exclusive jurisdiction over any claim, dispute or difference resulting from the engagement letter or the present report or any related matters. Each party irrevocably waives its right to oppose any action being brought before French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Paris-La Défense, March 27, 2015

The statutory auditors
ERNST & YOUNG et Autres

Bruno Perrin

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Société de Commissaires aux Comptes
Siège social : 1-2, place des Saisons - 92400 Courbevoie - Paris - La Défense 1

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

CONTENT

Consolidated income statement

For the year ended 31 December 2014

	Notes	2014	2013
		€million	€million
Revenue	4	**422,9**	**442,4**
Other operating expenses and income	5	(317,6)	(328,5)
Gross income		**105,3**	**113,9**
Payroll costs of permanent staff and overheads	8	(81,5)	(89,4)
Operating Depreciation and Amortization	7	(18,0)	(23,6)
Depreciation and Amortization related to business combination and goodwill impairment	7	(74,3)	(27,9)
Non operating income and expenses	6	(9,9)	(8,0)
Share of results of associates		(0,1)	0,0
Earnings Before Interest and Taxes (EBIT)		**(78,6)**	**(35,0)**
Finance costs	9	(37,2)	(37,6)
Finance income	10	13,6	11,4
Profit (loss) before tax		**(102,2)**	**(61,1)**
Income tax expense	12	(3,6)	(3,1)
Profit (loss) for the year from continuing operations		**(105,8)**	**(64,1)**
Profit (loss) for the year		**(105,8)**	**(64,1)**
Attributable to:			
Equity holders of the parent		(105,7)	(64,8)
Non-controlling interests		(0,1)	0,6
		(105,8)	(64,1)

Calculation of operating profit

EBIT		**(78,6)**	**(35,0)**
Impairment charges		70,7	23,1
Depreciation and Amortization related to business combination		3,6	4,8
Non operating income and expenses		9,9	8,0
Effects of LTIP and other compensation-related deferred payments		0,4	0,7
Operating profit		**6,1**	**1,6**

Please refer to Note 1.3 for definition of Operating Profit

Consolidated statement of financial position

As at 31 December 2014 and 2013

	Notes	2014 €million	2013 €million
Assets			
Non-current assets			
Goodwill	13	373,0	437,4
Films, audiovisual rights and TV productions	14	21,8	23,2
Other intangible assets	14	1,5	3,7
Tangible assets	15	8,9	10,4
Investment in associates		0,0	—
Other non-current assets	16	5,3	6,9
Deferred tax asset	12.3	1,7	2,0
		412,0	**483,7**
Current assets			
Production in Progress	17	100,6	71,4
Trade receivables	18	125,1	103,4
Current tax assets		18,7	17,0
Other current assets	19	29,3	19,4
Cash and cash equivalents	20	30,1	51,9
		303,9	**263,2**
Total assets		**715,9**	**746,9**
Equity and liabilities			
Equity attributable to equity holders of the parent			
Issued capital	21	351,1	351,1
Share premium	21	197,6	196,9
Retained earnings and other reserves		(317,8)	(256,2)
Net profit (loss) for the period		(105,8)	(64,1)
		125,1	227,7
Non-controlling interests		(1,3)	1,4
Total equity		**123,8**	**229,1**
Non-current liabilities			
Interest-bearing loans and borrowings	22.1	279,7	260,6
Other non-current financial liabilities	22.2	0,8	2,0
Provisions	23	3,6	4,9
Other non- current liabilities		0,0	0,1
Deferred tax liability	12.3	4,2	3,9
		288,3	**271,5**
Current liabilities			
Interest-bearing loans and borrowings	22.1	35,2	17,9
Other current financial liabilities	22.2	2,8	4,2
Provisions	23	4,1	3,1
Trade and other payables, and deferred income	24	249,9	209,4
Current tax payable		11,8	11,6
		303,8	**246,2**
Total liabilities		**592,1**	**517,7**
Total equity and liabilities		**715,9**	**746,9**

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2014

in €million	Note	Attributable to equity holders of the parent				Non-controlling interests	Total equity
		Issued capital (Note 21)	Share premium (Note 21)	Retained earnings—Other reserves—Net result	Total		
At 31 December 2013		**351,1**	**196,9**	**(320,3)**	**227,7**	**1,4**	**229,1**
Issue of share capital			0,7		0,7	—	0,7
Share-based payment					—	—	—
Dividends					—	(2,6)	(2,6)
Deferred payments				(0,2)	(0,2)	—	(0,2)
Acquisition of subsidiary					—	—	—
Acquisition of non-controlling interests				—	—	—	—
Other				0,4	0,4	(0,1)	0,2
Total		**—**	**0,7**	**0,2**	**0,9**	**(2,7)**	**(1,8)**
Net income and expense for the period recognised directly in equity		—	—	2,2	2,2	0,1	2,2
Profit for the period		—	—	(105,7)	(105,7)	(0,1)	(105,8)
Total income and expense for the year		**—**	**—**	**(103,5)**	**(103,5)**	**(0,1)**	**(103,6)**
At 31 December 2014		**351,1**	**197,6**	**(423,6)**	**125,1**	**(1,3)**	**123,8**

for the year ended 31 December 2013

in €million	Note	Attributable to equity holders of the parent				Non-controlling interests	Total equity
		Issued capital (Note 21)	Share premium (Note 21)	Retained earnings—Other reserves—Net result	Total		
At 31 December 2012		**351,1**	**196,9**	**(253,1)**	**294,9**	**2,4**	**297,3**
Issue of share capital					—	—	—
Share-based payment					—	—	—
Dividends						(2.9)	(2,9)
Deferred payments				0,7	0,7	—	0,7
Acquisition of subsidiary						—	—
Acquisition of non-controlling interests				5,0	5.0	—	5.0
Other				(1,1)	(1.1)	1,7	0,6
Total		**—**	**—**	**4,5**	**4,5**	**(1,2)**	**3,3**
Net income and expense for the period recognised directly in equity		—	—	(6,9)	(6,9)	(0,4)	(7,3)
Profit for the period		—	—	(64,8)	(64,8)	0,6	(64,1)
Total income and expense for the year		**—**	**—**	**(71,7)**	**(71,7)**	**0,3**	**(71,4)**
At 31 December 2013		**351,1**	**196,9**	**(320,3)**	**227,7**	**1,4**	**229,1**

Consolidated statement of comprehensive income

For the year ended 31 December 2014 and 2013

	2014	2013
	€million	€million
Foreign currency translation differences	2,3	(7,2)
Changes in Fair Value of cash flow hedges	—	—
Changes in Fair Value of available for sale financial assets	—	—
Defined benefit plan actuarial gains	(0,1)	(0,1)
Income tax on income and expense recognised directly in equity	—	—
Net income and expense for the year recognised directly in equity	2,2	(7,3)
Profit (loss) for the period	(105,8)	(64,1)
Total income and expense for the year	**(103,6)**	**(71,4)**
Attributable to :		
Equity holders of the parent	(103,5)	(71,7)
Non-controlling interests	(0,1)	0,3

Consolidated cash flow statement

For the year ended 31 December 2014 and 2013

	2014	2013
	€million	€million
Operating activities		
Earnings Before Interests and Taxes	(78,6)	(35,0)
Non-cash adjustments:		
Depreciation, amortization and impairment charges	92,4	51,5
Effect of compensation-related deferred payments	—	0,2
Share of net profit of associate	0,1	(0,0)
Movements in provisions, pensions and government grants	(0,3)	1,7
Working capital adjustments	(21,9)	27,1
Income tax expense	(2,9)	(4,7)
Net cash flows from operating activities	**(11,3)**	**40,8**
Investing activities		
Purchase and creation of intangible assets and tangible assets	(19,3)	(18,5)
Acquisitions of subsidiaries, net of cash acquired	(3,1)	0,0
Acquisition / disposal of non-controlling interests	2,4	(16,7)
Net cash flows used in investing activities	**(20,0)**	**(35,1)**
Financing activities		
Proceeds from share issue	0,7	—
Proceeds from borrowings	38,8	27,1
Repayment of borrowings	(17,8)	(27,4)
Interest paid	(9,0)	(8,9)
Refinancing expenses paid	(0,5)	(0,9)
Dividends paid to equity holders of the parent	—	—
Dividends paid to non-controlling interests	(2,6)	(2,9)
Net cash flows used in financing activities	**9,6**	**(13,0)**
Net increase in cash and cash equivalents	(21,6)	(7,4)
Net foreign exchange difference	(0,2)	(1,2)
Cash and cash equivalents at 1 January	51,9	60,4
Cash and cash equivalents at 31 December	30,1	51,9

GENERAL INFORMATION

Zodiak Media S.A. ('the Company) is a limited liability company incorporated and domiciled in France, majority owned by the Italian company De Agostini SpA. The registered office is located at Immeuble Le France—115-123 Avenue Charles-De-Gaulle—92200 Neuilly-Sur-Seine (France).

The company is a leading creator, producer and distributor of content for TV, cinema, internet and mobile. This content includes programming as diverse as Drama, Comedy, Animation, Documentary, Lifestyle, Factual, Entertainment, Gameshow, Reality, Kids and Talkshow.

Zodiak Media has more than 45 production companies in 17 territories and operates an international distributional network based in London and Paris.

These consolidated financial statements present the financial situation of the Company and its subsidiaries ("the Group"). They are denominated in Euro since this is the currency used for the majority of the Group's transactions.

The consolidated financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on March 27th 2015.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable on December 31, 2014 and the relevant interpretation standards (SIC/IFRIC) registered by the European Commission and in force at such date, which, for those relevant to the Company, do not present any difference with the accounting standards as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Euro and all values are rounded to the nearest million (€million) except when otherwise indicated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2014, the list of which is disclosed in Note 27.

1.2 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

Standards and interpretations compulsory at January 1, 2014

Either these standards and interpretations are not applicable to the Group or their application has no effect on the reported periods

- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after January 1, 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after January 1, 2014)
- IFRS 12 Disclosure of Interest in Other Entities (applicable for annual periods beginning on or after January 1, 2014)
- Amendment IAS 27—Separate Financial Statements ventures (applicable for annual periods beginning on or after January 1, 2014)
- Amendment IAS 28—Investments in associates and joint ventures (applicable for annual periods beginning on or after January 1, 2014)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards and interpretations compulsory after December 31, 2014 with no early application decided by the Group

Among those standards and interpretations, those which could affect the Group's future consolidated financial statements are:

- IFRS 15, Revenue from Contracts with Customers;
- Amendment to IAS 19, Employee Benefits: employee contributions to defined benefit plans, aimed at simplifying the accounting for contributions that are independent of the number of years of employee service;
- Amendments to IAS 16 and IAS 38, aimed at clarifying acceptable methods of depreciation and amortization;
- Amendment to IFRS 11, Joint Arrangements, providing guidance on how to account for the acquisition of an interest in a joint arrangement;
- Amendments resulting from the IFRS annual improvement process (2010-2012, 2011-2013 and 2012-2014 cycles);
- Amendment to IFRS 10 and IAS 28 providing guidance on how to account for asset sales or contributions to an associate or joint venture;
- IFRIC 21, Levies, which provides guidance on when to recognize a liability for a levy imposed by a government.

Subject to their definitive adoption by the European Union, these standards and standard amendments are of mandatory application for fiscal years beginning on or after January 1, 2015 or later.

1.3 Presentation of the consolidated financial statements

The Group management considers the operating profit (non gaap measure) as one of the most relevant indicator of the Group's operational performance. The operating profit reconciles to earnings before interest and taxes by adding impairment charge, depreciation and amortization related to business combination, the effect of long term incentive plans and other compensation-related deferred payments and the share of result of associates.

1.4 Summary of significant accounting policies

Use of estimate

In the preparation of the consolidated financial statements, the management is required to make estimates and valuations which impact on the amounts posted under assets, liabilities, expense and revenue, as well as on the reporting of contingent assets and liabilities. The management regularly updates the estimates and valuations based on historical data and on other factors which may be deemed reasonable in the given circumstances. The actual results may differ, sometimes significantly, from these estimates due to possible changes in the factors considered in the determination of such estimates.

Estimates and judgements are extremely important in the determination of the following balance sheet and income statement items:

- business combination and goodwill determination: valuation methods adopted for the identification of intangible assets acquired via business combination;
- goodwill valuation: assumptions updated annually for the impairment test performed on the group's cash-generating unit (CGU) determined by future cash flows and discount rates (please refer to Note 13);
- deferred taxes: estimates concerning the recognition of deferred tax assets, updated annually for factors such as the expected tax rate and the future tax results of the group (please refer to Note 12);

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation methods

Subsidiaries

The Group exercises control when it owns a majority of the voting rights or it has the direct or indirect power to determine a company's financial and operating policies, including through contractual agreements, with the aim of obtaining benefits from its operations.

The financial statements of subsidiaries are included in the consolidated financial statements starting from the date on which the Group assumes control and until such control ceases.

The portions of net equity and net income attributable to non-controlling shareholders are separately listed in the consolidated balance sheet and income statement. If losses attributable to non-controlling shareholders in a consolidated subsidiary are greater than the non-controlling interests in a subsidiary, the excess and any further loss attributable to the non-controlling interests are attributable to the Group's net equity, unless the non-controlling shareholders are subject to a binding obligation and they are capable of making further investment to cover the losses. If the subsidiary later records net income, it is attributable to the Group until the proportion of the non-controlling shareholders' losses previously covered by the Group is recovered.

All subsidiaries are included in the consolidated financial statements according to the line-by-line method. The original value of the equity investment is eliminated against a corresponding portion of net equity of each subsidiary, including any adjustments to fair value at the acquisition date; the resulting difference is recognised as goodwill under intangible assets, pursuant to IFRS 3 (Revised)—Business Combinations.

The financial statements of companies used for consolidation purposes are drafted at the same closing date if this date is different from the parent company closing date, and the same accounting standards are adopted.

Mergers between entities making up the Group (business combinations involving entities under common control), that are outside the scope of IFRS 3 (Revised), are recognised at their original value, and income or loss generated by the transfer is reversed in full.

Associates

Associates are the Companies in which the Group owns at least 20% of voting rights or exercises significant influence, but not control or joint control, over financial and operating policies. The consolidated financial statements include the Group portion of affiliates' results, recognised according to the net equity method, starting from the date that significant influence begins and until it ceases.

If the Group's portion of an affiliate's losses exceeds the original value of the equity investment recognised in the financial statements, the equity investment's original value is written down to zero and the portion of further losses is not recognised, except if and to the extent to which the Group has an obligation to cover them.

Transactions eliminated on consolidation

In the drafting of the consolidated financial statements, all balances and transactions among Group companies, as well as unrealised gains and losses on infra-Group transactions, are eliminated. Unrealised gains and losses on transactions with affiliates or joint ventures are eliminated in relation to the portion of the Group's equity investment in such companies. Losses are immediately recognised if the loss generates a reduction in the net realisable value of current assets or an impairment.

Consolidation of foreign entities

The parent company converts the assets and liabilities of foreign companies denominated in currencies other than the Euro that fall within the scope of consolidation into the presentation currency for the financial statements, using the prevailing exchange rates on the closing date of the financial statements (current rate method). Any goodwill from the acquisition of foreign operations and adjustment to fair value generated by the attribution of the acquisition cost for a foreign company are recognised in the corresponding currency and converted at the year-end exchange rate. Costs and revenues are converted at the average exchange rate for the year. Conversion rate differences generated by the application of this method are classified as a net equity item until the equity investment is transferred, on which date accumulated exchange rate differences are recognised in the income statement. When drafting the consolidated cash flow statement, average exchange rates are used to convert the cash flow of foreign subsidiaries.

For foreign subsidiaries operating in hyperinflation economies, non-monetary assets and liabilities are converted at original exchange rates and income statement items are converted at current exchange rates. Conversion differences generated are recognised in the income statement.

Conversion of items denomination in foreign currency

The Group's consolidated financial statements are presented in Euros, which is the Zodiak Media's functional currency. That is the currency of the primary economic environment in which Zodiak Media operates.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are originally translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are originally translated using the exchange rates at the date when the fair value is determined.

The assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the balance sheet date and their income statements are translated at the average exchange rates (unless the average rate is not a reasonable approximation of the accumulated effect of the rates that apply on the transaction date, in which case earnings and expenses are converted at the exchange rate prevailing at the transaction date).

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenues shall be measured at the fair value of the consideration received or receivable, net of commissions, pay-backs, grants, subsidies and co-producers contribution.

Production revenues (from producing television programs)

Production revenues are recognised when the program / rights are delivered to the client. Usual criteria to establish revenue recognition are:

- In most cases: client's acceptance's document (example: delivery notice signed / approved by the client)
- broadcasting of a certain number of episodes
- expiry of the period stated in the contract to reject or return the product

In case of partial deliveries of the same program over several periods of time (series...), revenue, costs and margin are recognized according to deliveries.

Production revenues are booked net of grants, subsidies and co-production financing.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Distribution revenues (from the sale of finished programs)

Distribution revenues are recognized when the rights are transferred to the client:

- on the basis of a signed contract or a deal memo,
- and, when the related rights are opened,
- and, for the full revenue (revenues are not spread over the licensing period).

Distribution revenues are only recognized when delivered productions are completed and delivered.

Distribution revenues are presented net of paybacks to co-producers and other rights owners (authors, directors, etc).

Revenues from other rights and services

Other rights and services include merchandising, music rights, other ancillary revenues and digital services.

Merchandising revenues are recognized when the rights are transferred to the client:

- on the basis of a signed contract or a deal memo,
- and, when the licensing period begins,
- and, for the full revenue (revenues are not spread over the licensing period).

Advanced payments are recognized as revenue when the above criteria are met and further payments are recognized when granted.

Music rights are recognized in revenues when granted.

Revenues and costs related to the rendering of services are recognized on completion of the service rendered as long as it can be estimated reliably.

A service can be considered delivered when the milestone specified in the contract has been reached. However, if the contract specifies and schedules several completion milestones, then revenues and costs can be recognized partially according to the defined completion milestones. For practical reasons, when services are performed by an indeterminate series of acts over a specified period of time, revenue is recognized on a straight line basis over the specified period, unless there is some evidence that some other method better represents the stage of completion (as described above).

When the outcome of the transaction cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized.

Revenues from grants and subsidies

Grants and subsidies are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants and subsidies which are strictly related to the financing of a given program are deducted from production costs. When they relate to an asset, grants and subsidies are directly deducted from the carrying amount of the asset, and released to the amortization and depreciation calculated on the net amount, over the useful life of the asset.

All other grants and subsidies (such as government grants, like income tax credit called CICA in France) are recognized as "Other operating income" when granted.

Interest income

Interest income is recognised as interest accrues (using the effective interest method) and included in finance income in the consolidated income statement.

Dividends

Dividends are recognised in finance income when the Group's right to receive the payment is established.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Development costs

Development costs are expensed as incurred until the project is green lighted for production. They are included in "Other operating expenses and income".

Production costs

Production costs are net of co-producers contribution, grants and subsidies. They mainly include the costs of scripts, actors, directors, temporary staff, rental of equipment...

Until programs are delivered, related production costs are capitalized in work in progress.

On delivery, the production costs of unscripted programs are expensed in the income statement.

The production costs of scripted programs are depreciated through production costs in the income statement using the ultimate revenue method. The cumulated depreciation is calculated at the end of a given year as follows: *Production costs* $\times$ *(actual cumulated revenue / total estimated revenue of program).*

The total estimated revenue of a program is the sum of actual cumulated revenue of the program and the program's future revenue forecast. Depreciation of current year is calculated by difference with cumulated depreciation of previous years, if any. An impairment is booked if the net value of the program is higher than the future revenue forecast.

Finished and delivered programs having secondary sales potentials (generally scripted programs) are considered as audiovisual rights. Therefore, the residual value of related costs, not generated by production revenues, is recognized in intangible assets.

Work in progress

Production costs are recognized:

- in work in progress until programs are delivered
- in the income statement (in production costs) as soon as programs are delivered and related production revenues are recognized.

Intangible assets

Intangible assets include:

- format rights are those acquired externally or through business combinations. They can be commercially exploited either through internal use to produce television programs, or through external use, i.e. the sale or licensing to third parties,
- audiovisual rights, or catalogues, referring to the Group's library of finished programs, whether acquired or internally produced, for which the Group has legal right to distribute,
- production contracts, or client contracts, acquired through business combinations, referring to contracts for producing television programs, TV movies, or cinematic movies.
- other intangible assets: film rights for the adaptation of books, software, etc.

Initial recognition

Intangible assets are measured on initial recognition at cost, except for those acquired in a business combination, which are measured at fair value.

Depreciation & amortization

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Program rights are considered to have a definite useful life. They are depreciated over the period the company expects to benefit from the use of the intangible asset, on an individual right basis, to the extent to which the revenue generated in each period contributes to the expected total revenue, with a maximum of ten years.

By exception to the above, own productions rights with a gross asset value lower than € 0,5m, are depreciated in respect of the production-driven amortization (on delivery), then the balance is amortized on a straight line basis over three years.

Similarly, third party rights with a gross asset value lower than € 0,5m, are depreciated on a straight line basis over three years.

Intangible assets acquired in a business combination are depreciated:

- program rights: using the ultimate revenue method over a maximum of ten years
- format rights: on a straight line basis or according to the DCF projections, over the estimated useful life of the asset, with a maximum of ten years
- client contracts: on a straight line basis or according to the DCF projections as per PPA report, over the contract duration, with a maximum of three years.

Software assets are depreciated over their estimated useful life (between 1 and 5 years).

The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The depreciation of intangible assets is recognized in the income statement in Operating Depreciation & Amortization or in Depreciation and Amortization related to business combination. The Group has no intangible assets with indefinite useful lives.

Business combinations and goodwill

- Business combinations from January 1st, 2010 :

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interests.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group’s share in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Transactions costs directly attributable to the acquisition are expensed and included in non-operating expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Business combinations prior to January 1st, 2010 :

In comparison to the above-mentioned requirements, the difference following applied.

Transactions costs directly attributable to the acquisition formed part of the acquisition costs.

If the identifiable fair value of the assets and liabilities, contingent liabilities, and the cost of acquisition could only be valued provisionally at the date of acquisition, all adjustments to those amounts were recognized within twelve months following the date of acquisition.

Tangible assets

Tangible assets include property used in production, production equipment and other various equipment.

Tangible assets are valued at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

- Buildings : 20 years
- Plant and equipment : 5 to 10 years

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial assets

Initial recognition

Financial assets within the scope of lAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

As of December 31, 2014, the Group does not use held-to-maturity investments and available-for-sale assets.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Changes in fair value are recognised in the consolidated income statement in finance costs and income.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value. The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Amortized cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Changes in fair value are recognised in the consolidated income statement in finance costs and income.

Other Financial liabilities

Other financial liabilities include deferred payments (earn-outs and put options) granted by the Group at the acquisition of the related subsidiary.

Put options on non-controlling interests

In case of a business combination where the acquirer has granted a put option over some or all of the outstanding shares, not giving the acquirer present access to the benefits associated with the ownership interest, the non-controlling interest continues to be recognized, with changes in the carrying amount arising from the allocation of its share of profits and losses (and other changes in equity reserves) for the year. At each reporting date, the non-controlling interest is derecognized as it if was acquired at that date. The liability is recognized at each reporting date at its fair value (the present value of the exercise price of the option).

Any difference between the amount of non-controlling interest derecognized and the liability is recognized against Group Net Equity, in accordance with the accounting policy for acquisition of non-controlling interests. There is no separate accounting for the unwinding of the discount due to the passage of time. Any dividends paid to the non-controlling shareholders are recognized against Group Net Equity. Where the put option is exercised, the accounting is updated as discussed above, and the liability existing at that date is extinguished by the payment of the exercise price. Where the put option expires unexercised, the adjustments made to equity at each reporting period are effectively unwound, such that the non-controlling interest is recognized at the amount it would have been, had no put option been accounted for.

Earn out

Whether arrangements for contingent payments to employees or selling shareholders are contingent consideration in the business combination or are separate transactions depends on the nature of the arrangements and criteria such as continuing employment, level of remuneration, number of shares owned, and formula for determining consideration.

Potential additional purchase price consideration in the business consideration is recognised in other financial liabilities when its payment is probable and can be measured reliably. Subsequent changes in the earn-out fair value were recognized as an adjustment to goodwill for business combination prior to January 1st 2010, and will be recognised through profit or loss for business combinations from January 1st, 2010.

In case of continuing employment, contingent payments considered as separate transaction are recognised as compensation for services rendered, taking into account the market value of the relevant compensation.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, in accordance with IAS 12 principles.

Deferred income tax assets are recognised in accordance with IAS 12 principles, for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions and other post-employment benefits

In accordance with IAS 19, defined-benefit plans in favour of employees calling for pay-outs after termination of the employment relationship and other long-term benefits are actuarially measured according to the projected unit credit method applied separately to each plan.

According to this method, the liability is measured by taking into account a series of variables (mortality, future changes in compensation, forecast inflation, etc.).

The liability recognized in the financial statements represents the estimated current value of the obligation less any social security costs on past employment services not yet recognized, less the fair value of the assets in service of the plan that will be used to directly extinguish the obligation; future cash flows are discounted using a market interest rate. The actuarial assumptions at the basis of the calculation are periodically reviewed to confirm their validity.

During 2012, by anticipation to the standards and interpretations compulsory after December 31, 2012, the Group voluntarily changed its accounting policy to recognize actuarial gains and losses in the period in which they occur in total in other comprehensive income, in accordance with IAS 19 Revised. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit and loss in subsequent periods. The other impacts about pension plans remain the same.

The group has defined contribution pension plans. A defined contribution pension plan is a pension plan for which the group pays fixed fees to a separate legal unit. For fee-determined pension plans, the group pays fees to publicly or privately administrated pension insurance plans on a mandatory, contracted or voluntary basis. Once fees are paid, the group has no further payment obligations. The fees are posted as employment costs when they are due for payment. Prepaid fees are posted as an asset in the scope that cash repayment or a reduction in future payments may be to the Group's credit.

Share-based payment

Equity settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognised in personnel costs.

Cash settled transactions

The Group recognises stock option plans on shares of subsidiaries in favour of some directors and executives. The put and call options grant the beneficiaries the right to sell to the Group, and the Group the right to buy from the beneficiaries, all or some of the shares they own after exercise of the buy option. According to IFRS 2—Share-based payment, given that such plans are similar to cash settled plans, the cost of such transactions is initially measured at fair value on the grant date. Fair value is recognised in the period until vesting with recognition of a corresponding liability. The liability is recalculated at each financial statement closing date up to and including the settlement date, with all changes in fair value recognised in the income statement under personnel costs.

NOTE 2—MAIN TRANSACTIONS AND CHANGES IN THE CONSOLIDATION AREA

2.1 Main transactions occurred in 2014

Disposal of 2bcom S.r.l.

On February 27th, 2014, Magnolia S.p.A., owner of 80% of 2Bcom S.r.l shares, has sold its subsidiary to Gaming World S.r.l and to Duduc S.r.l. for a total price of €1 thousand.

NOTE 2—MAIN TRANSACTIONS AND CHANGES IN THE CONSOLIDATION AREA (Continued)

Disposal of Zodiak Media Brazil Ltda

On May 26th, 2014, Zodiak Media SA, owner of 100% of Zodiak Media Brazil Ltda shares, has sold its subsidiary to Mrs Carla Alfonso and Mr Patrick Siaretta for a total price of €1 thousand.

Creation and disposal of Zodiak Active Plus Srl

A reorganization of Zodiak Active has been implemented with the view to refocus its activities on TV Production and Online video businesses which are consistent with the Group's core business.

In this respect, on April 22nd, 2014, Zodiak Active SRL contributed in kind to a newly-created wholly owned subsidiary, named Zodiak Active Plus, the business branch named "Advertising and Brands" comprising the business units "automated advertising", "digital agency/brands" and "Premium SMS", for a value of €2,5 million based on Financial statements at December 31, 2013, verified by an appraisal. The contribution in kind was effective on May 1st, 2014.

On May 29th, 2014, Zodiak Active Srl sold all its shares in Zodiak Active Plus Srl to DeA Communications SA for a price of €2.75 million with an earn out payable in the event DeA Communications sell Zodiak Active Plus Srl to a third party within three years and corresponding to a percentage (50% if the transfer occur within the first year, 25% if it occurs during the second year and 10% if it occurs the third year) of the gain realized by DeA Communication on such transfer adjusted with the investments made in or distribution received from Zodiak Active Plus Srl.

2.2 Main transactions occurred in 2013

Acquisition of non-controlling interests in KM SAS

At December 31st, 2012, the Group had a 50,001% ownership of KM SAS. As a result of the existence of a put option on the remaining 49,999% which had been granted as part of the original business combination a corresponding financial liability had been recognized.

Following the exercise of the option on July 1st, 2013, the Group has acquired, through the acquisition of Les 3 Prods, the remaining 49,999% of KM SAS for €21.6 million.

The Net cash acquired with the subsidiary amounted to €5 million.

Disposal of Magnolia Fiction Srl

On March 28th, 2013, Magnolia SpA, owner of 80% of Magnolia Fiction shares, has sold its subsidiary to Beta Film Gmbh, for a total price of 0.050 million.

NOTE 3—MAIN EVENTS

3.1 Main events in 2014

Renegotiation of refinancing agreement

In February 2014, the Group has initiated discussions with its bank syndicate in view of the amendment of its senior facility agreement in order to request the deletion of financial covenants from the December 31 2013 testing date. Subject to the approval of the above 2014 Amendments Request, the Group's main shareholder, De Agostini S.p.A., agreed to provide to each Lender a first demand guarantee covering all the obligations and with the final objective to hold the Lenders harmless of any loss occurred in relation to the Facilities Agreement.

On April 14th, 2014 all the Lenders have consented to the waiver request subject to satisfactory documentation through the amendment agreement. The main contractual changes are:

- the deletion of all contractual clauses in the facilities agreement regarding financial covenants: definitions, calculation, testing, and event of default relating to the compliance with financial covenants
- a first demand guarantee from the Group's main shareholder, De Agostini S.p.A, to the beneficiaries under the facilities Agreement

NOTE 3—MAIN EVENTS (Continued)

3.2 Main events after the reporting period

There is no subsequent event that may have a significant impact on consolidated group financial accounts.

NOTE 4—REVENUE

Distribution, production and licensing are the main sources of revenues of the group. The revenues amounted to €422.9 million in 2014 as compared to €442.4 million in 2013. The split between these activities is as follows:

	2014	2013
	€million	€million
Production	363,7	368,5
Distribution and licensing	43,4	44,3
Other rights and services	15,8	29,5
Total	**422,9**	**442,4**

NOTE 5—OTHER OPERATING EXPENSES AND INCOME

	2014	2013
	€million	€million
Audiovisual tax credits	2,8	2,3
Other operating income	1,5	2,6
Other operating expenses	(321,9)	(333,4)
Total	**(317,6)**	**(328,5)**

NOTE 6—NON OPERATING INCOME AND EXPENSES

Non-operating expenses and income essentially comprise costs related to mergers and acquisitions, restructuring costs, previous year adjustment and relocation costs. As of December 31, 2014, they amounted to € (9.9) million and are split as follows:

	2014	2013
	€million	€million
Potential acquisition	0,0	(0,0)
Restructuring costs	(8,8)	(5,5)
Previous year adjustments	(0,0)	(0,0)
Relocation costs	(0,5)	(0,4)
Other non operating expenses	(0,6)	(2,0)
Total	**(9,9)**	**(8,0)**

NOTE 7—DEPRECIATION, AMORTIZATION AND IMPAIRMENT

As of December 31, 2014 depreciation, amortization and impairment are as follows:

	2014	2013
	€million	€million
Included in other operating expenses :	**(21,5)**	**(18,1)**
Production costs—Amortization	(21,5)	(18,1)
Included in operating depreciation and amortisation :	**(18,0)**	**(23,6)**
Depreciation and amortization of tangible assets	(3,5)	(4,4)
Amortization of films, audiovisual rights, TV productions and other intangible assets	(14,6)	(19,3)
Included in depreciation and amortisation related to business combination :	**(74,4)**	**(27,8)**
Goodwill impairment	(70,7)	(23,1)
Depreciation and amortization related to business combination	(3,7)	(4,8)

NOTE 8—PAYROLL COSTS OF PERMANENT STAFF AND OVERHEADS

Payroll costs of permanent staff	2014	2013
	€million	€million
Wages and salaries	(64,9)	(83,4)
Social security costs	(14,2)	(18,2)
Pension costs and other post-employment benefits	(1,9)	(2,6)
Effect of LTIP and other compensation-related deferred payments	(0,4)	(0,7)
Profit sharing schemes	(0,1)	(0,2)
Other personal costs	(1,8)	(2,5)
Permanent staff costs allocated to costs of sales	31,1	50,9
Total	**(52,2)**	**(56,7)**
Average full-time equivalent permanent employees (net of allocation)	568	574

Overheads	2014	2013
	€million	€million
Gross overhead costs	(35,0)	(37,6)
Total allocation	5,6	4,9
Total	**(29,4)**	**(32,7)**
Total	**(81,5)**	**(89,4)**

NOTE 9—FINANCE COSTS

The financing costs break down as follows:

	2014	2013
	€million	€million
Interest on bank overdrafts	(0,0)	(0,0)
Interest on loans and borrowings	(0,8)	0,0
Interests and commitment fees—club deal	(8,4)	(9,0)
Interests on junior instrument (non cash)	(14,1)	(11,4)
Total interest expense	**(23,3)**	**(20,4)**
Revaluation and unwinding of discount of deferred payments	(0,1)	(0,6)
Net loss on financial assets and liabilities at fair value through profit and loss	(0,0)	(0,0)
Mark to market of hedging instrument (non cash)	—	0,0
Total finance costs excluding adjustments	**(23,4)**	**(21,0)**
Exchange difference	(11,7)	(14,7)
Amortization of capitalized financing costs (non cash)	(1,7)	(1,5)
Other financial expenses	(0,4)	(0,3)
Total finance costs	**(37,2)**	**(37,6)**

NOTE 10—FINANCE INCOME

The financing income breaks down as follows:

	2014	2013
	€million	€million
Interest income on loans and cash equivalent	0,2	0,0
Gains from valuation of hedging derivatives fair value through profit and loss	0,8	1,3
Exchanges differences income	9,8	10,1
Other	2,8	0,0
Total finance income	**13,6**	**11,4**

NOTE 11—SHARE-BASED PAYMENT PLANS

The impact of share-based payments plans on the 2014 and 2013 income statements is as follows:

	2014 €million	2013 €million
Expense arising from equity-settled share-based payment transactions		
Expense arising from cash-settled share-based payment transactions	(0,4)	0,0
Total expense arising from share-based payment transactions	**(0,4)**	**0,0**

The main characteristics of the share-based payment schemes are:

Issue date	Expiry date	Exercise price	Number outstanding 2014	2013	Description	Estimated liability at 31/12/14 € Mil	P&L impact in 2014 € Mil
#3 1/1/11	31/12/14	1,16 €	—	34 942 953	Long term incentive plan to 2 groups of employees on IRR achieved as at 31.12.2013 and 31.12.2014	*n.d.*	*n.d.*
#4 1/1/14	31/12/17	n.a.	n.a.	—	Long term incentive plan on 12 groups IRR achieved as at 31.12.2016 and 31.12.2017	*(0,4)*	*(0,4)*
Total		**—**	**—**	**34 942 953**		**(0,4)**	**(0,4)**

NOTE 12—INCOME TAX

12.1 Income tax expense

Income tax expense comprises current and deferred tax expenses of consolidated entities.

Consolidated income statement

	2014 €million	2013 €million
Current income tax:		
Current income tax charge	(2,8)	(3,7)
Adjustments in respect of current income tax of previous years	1,2	0,6
Deferred income tax:		
Relating to origination and reversal of temporary differences	(0,6)	2,0
Adjustments in respect of deferred income tax of previous years		(0,3)
CVAE—IRAP	(1,3)	(1,6)
Income tax expense reported in the income statement	**(3,6)**	**(3,1)**
Consolidated statement of changes in equity		
Deferred income tax related to items charged or credited directly to equity during the year		
Income tax (expense)/income reported in equity	**0,0**	**0,0**

NOTE 12—INCOME TAX (Continued)

12.2 Reconciliation of effective tax rate

	2014 €million	2013 €million
Profit before tax	(102,2)	(61,1)
Income tax rate applicable in France: 34,43% (2013: 34,43%)	34%	34%
Tax calculated at the company's statutory income tax rate	**35,2**	**21,0**
Differences / changes in local tax rates	(1,9)	(2,4)
Non deductible expenses net of taxable income	(22,8)	(9,0)
Business taxes recorded as corporate income tax	(1,3)	(1,6)
Tax losses:		
—Tax losses carry forward no longer recoverable	1,3	1,0
—Use of unrecognised ordinary losses	0,0	0,0
—Unrecognised tax losses	(14,0)	(12,7)
Adjustments in respect of income tax of previous years	(0,1)	0,6
Effective income tax	**(3,6)**	**(3,1)**
Effective tax rate	*n.s.*	*n.s.*

12.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities	2014	2013
Tax losses carried forward	0,0	0,2
Tax effect of accounting of deferred payments	(0,0)	0,3
Other deductible temporary differences	0,7	0,5
Deferred tax assets related to business combination	0,0	0,0
Other deferred tax assets	0,9	1,0
Total deferred tax assets	**1,7**	**2,0**
Deferred tax liabilities related to business combination	(1,9)	(3,0)
Other taxable temporary differences	(2,3)	(0,9)
Total deferred tax liabilities	**(4,2)**	**(3,9)**

The group has tax losses carry forward for an amount of €188 million, of which €174 million are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognized in respect of €188 million losses, as these losses may not be used to offset taxable profits in a foreseeable future.

NOTE 13—GOODWILL

13.1 Change in goodwill

The tables below show the changes during the last two periods, and the balance as at December 31, 2014 and December 31, 2013.

The exchange differences as at December 31, 2014 and December 31, 2013 are related to goodwill with a positive effect of approximately €2.3 million, almost entirely attributable to the Zodiak Television's goodwill denominated in Swedish Kronor, and to the RDF Media group's goodwill denominated in British Pounds.

NOTE 13—GOODWILL (Continued)

The goodwill adjustments for €0.2 million in 2014 derive from the revision of the goodwill relating to acquisitions made in previous years.

Detail of Goodwill in Euros millions	31/12/13	Fair value adjustment	Acquisitions & perimeter variations	Currency differencies	31/12/14
Marathon Group	162,0				162,0
KM	21,4				21,4
Mona Lisa	0,2				0,2
Magnolia	53,0				53,0
2BCom/Poker Channel	1,6		(1,6)		0,0
Zodiak TV	176,0			(10,1)	165,9
Palm Plus	13,8				13,8
Mastiff Polska	0,0				0,0
5to Elemento	0,0				0,0
Sol Productions	1,2	(0,6)		0,1	0,6
RDF Media Group	164,2			12,1	176,3
Mast Media	2,2				2,2
Dangerous	4,4				4,4
Red House	1,2	0,5		0,1	1,7
Bwark	2,1			0,1	2,2
Sub-total	**603,1**	**(0,2)**	**(1,6)**	**2,3**	**603,7**
Goodwill impairment	(165,7)	(65,0)			(230,7)
Total	**437,4**	**(65,2)**	**(1,6)**	**2,3**	**373,0**

The goodwill adjustments for €0.6 million in 2013 derive from the revision of the goodwill relating to acquisitions made in previous years.

Detail of Goodwill in Euros millions	31/12/12	Fair value adjustment	Acquisitions & perimeter variations	Currency differencies	31/12/13
Marathon Group	162,0				162,0
KM	21,4				21,4
Mona Lisa	0,2				0,2
Magnolia	53,0				53,0
2BCom/Poker Channel	1,6				1,6
Zodiak TV	181,7			(5,7)	176,0
Palm Plus	13,8				13,8
Sol Productions	0,7	0,6		(0,1)	1,2
RDF Media Group	167,8			(3,5)	164,2
Mast Media	2,2			(0,0)	2,2
Dangerous	4,5			(0,1)	4,4
Red House	1,2			(0,0)	1,2
Bwark	2,1			(0,0)	2,1
Sub-total	**612,1**	**0,6**	**0,0**	**(9,6)**	**603,1**
Goodwill impairment	(143,7)	(22,0)			(165,7)
Total	**468,4**	**(21,4)**	**0,0**	**(9,6)**	**437,4**

13.2 Goodwill impairment test

During the fourth quarter of 2014, the Group has tested the value of goodwill allocated to the cash-generating units (CGU) or groups of CGU

NOTE 13—GOODWILL (Continued)

The Group's production and distribution business is considered as one sole cash-generating unit for all its operations since:

- Since its creation mid 2008 the Group has conducted several successive reorganizations which have led to the replacement of historical acquisitions by an organization by division, some of which are geography-based, some of which are transversal (Rights / Digital);
- As a consequence, operating results are now regularly reviewed by the Group CEO, assisted by the Group COO and the Group CFO, as well as by the Group Executive Committee, to make decisions about resources to be allocated and assess the performance, on a global basis and not only on a
- geographical basis;
- The reporting structure has been reorganized to reflect the way of conducting the business;
- The distribution activity is for a significant part dedicated to the sale of internal programs to external clients. Its cash inflows are not largely independent of the cash inflows from other groups of assets.

The test consisted of the comparison of the recoverable amount of the above described CGU and of its carrying value (including goodwill).

The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (discounted cash flow method (DCF)) and the fair value (less costs to sell), determined based on recent transactions or market data (stock market prices, comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions).

The test was performed on the basis of an internal valuation of the recoverable amounts. The estimation method adopted is Discounted Cash Flows (DCF), where cash flows are based on the most recent budget/ forecasts approved by the Group's management for the 5-year period of the plan: 2015 - 2019 (with a perpetual growth rate beyond the period of the plan of 2.0%). The recoverable amount was calculated by discounting future estimated cash flows applying a post-tax discount rate of 9.00%.

On the basis of the results of the test, the management has come to the conclusion that the recoverable amount of the CGU was smaller than its carrying value (including goodwill) and that therefore a goodwill impairment provision of €65 million had to be recorded.

Sensitivity to changes in assumptions

With regard to the assessment of the recoverable value of the CGU, management have done a sensitivity test on the difference between the recoverable amount and the carrying value of which the results are the following (negative numbers being cases where impairment would be needed):

Sensitivity test—impairment

	8,60%	**8,76%**	**9,00%**	**9,26%**	**9,50%**
1,60%	(58,2)	(73,5)	(87,9)	(101,3)	(113,8)
1,76%	(45,3)	(61,6)	(76,9)	(91,0)	(104,3)
2,00%	(31,4)	(48,9)	(65,1)	(80,1)	(94,2)
2,26%	(16,4)	(35,1)	(52,4)	(68,4)	(83,4)
2,60%	(0,2)	(20,3)	(38,8)	(55,9)	(71,8)

A reduction of the Ebitda / revenue ratio by 0.5% in the business plan would have led to an additional impairment of approximately €20 million.

NOTE 14—FILM, AUDIOVISUAL RIGHTS AND TV PRODUCTIONS AND OTHER INTANGIBLE ASSETS

Film, audiovisual rights and TV productions and other intangible assets' changes for 2014 and 2013 are shown in the tables below:

Changes in gross assets

Intangible assets	Book Value 31 12 13	Additions / Decrease	Other movements	Book Value 31 12 14
	€million	€million	€million	€million
From business combination (PPA)	107,2	0,0	1,3	108,5
Program rights	*76,7*	*0,0*	*0,8*	*77,5*
Formats	*11,9*	*0,0*	*0,3*	*12,1*
Client contracts	*18,6*	*0,0*	*0,3*	*18,9*
From Own Productions	201,5	27,1	1,8	230,4
From Third parties and other	36,5	(0,4)	1,7	37,9
Sub-total Audiovisual rights	**345,2**	**26,7**	**4,8**	**376,7**
Other intangible assets	**27,5**	**(4,7)**	**(2,9)**	**19,9**
Total intangible assets	**372,6**	**22,0**	**1,9**	**396,6**

Intangible assets	Book Value 31 12 12	Additions / Decrease	Other movements	Book Value 31 12 13
	€million	€million	€million	€million
From business combination (PPA)	108,2	0,0	(1,0)	107,2
Program rights	*77,5*	*0,0*	*(0,7)*	*76,7*
Formats	*12,1*	*0,0*	*(0,2)*	*11,9*
Client contracts	*18,7*	*0,0*	*(0,1)*	*18,6*
From Own Productions	181,6	20,7	(0,8)	201,5
From Third parties and other	31,5	5,1	(0,1)	36,5
Sub-total Audiovisual rights	**321,4**	**25,8**	**(2,0)**	**345,2**
Other intangible assets	**26,4**	**1,3**	**(0,2)**	**27,5**
Total intangible assets	**347,8**	**27,0**	**(2,2)**	**372,6**

Changes in accumulated depreciation and amortization

Intangible assetss	Depreciation 31 12 13	Depreciation	Other movements	Depreciation 31 12 14
	€million	€million	€million	€million
From business combination (PPA)	(97,6)	(3,6)	(1,5)	(102,6)
Program rights	*(67,4)*	*(3,6)*	*(0,9)*	*(71,9)*
Formats	*(11,8)*	*(0,0)*	*(0,3)*	*(12,1)*
Client contracts	*(18,4)*	*(0,0)*	*(0,3)*	*(18,7)*
From Own Productions	(194,1)	(24,7)	(1,6)	(220,4)
From Third parties and other	(30,2)	(0,2)	(1,5)	(31,9)
Sub-total Audiovisual rights	**(321,9)**	**(28,5)**	**(4,5)**	**(354,9)**
Other intangible assets	**(23,7)**	**3,9**	**1,5**	**(18,4)**
Total intangible assets	**(345,7)**	**(24,6)**	**(3,1)**	**(373,3)**

NOTE 14—FILM, AUDIOVISUAL RIGHTS AND TV PRODUCTIONS AND OTHER INTANGIBLE ASSETS (Continued)

Intangible assets	Depreciation 31 12 12	Depreciation	Other Mouvements	Depreciation 31 12 13
	€million	€million	€million	€million
From business combination (PPA)	(93,6)	(4,8)	0,8	(97,6)
Program rights	*(63,7)*	*(4,3)*	*0,5*	*(67,4)*
Formats	*(11,7)*	*(0,3)*	*0,2*	*(11,8)*
Client contracts	*(18,2)*	*(0,2)*	*0,1*	*(18,4)*
From Own Productions	(170,3)	(24,5)	0,7	(194,1)
From Third parties and other	(23,9)	(6,4)	(0,0)	(30,2)
Sub-total Audiovisual rights	**(287,7)**	**(35,7)**	**1,5**	**(321,9)**
Other intangible assets	**(22,2)**	**(1,7)**	**0,1**	**(23,7)**
Total intangible assets	**(309,9)**	**(37,4)**	**1,6**	**(345,7)**

Net assets

Intangible assets	NBV 31 12 13	NBV 31 12 14
	€million	€million
From business combination (PPA)	9,6	5,9
Program rights	*9,3*	*5,6*
Formats	*0,1*	*0,0*
Client contracts	*0,2*	*0,2*
From Own Productions	7,4	10,0
From Third parties and other	6,3	6,0
Sub-total Audiovisual rights	**23,2**	**21,8**
Other intangible assets	**3,7**	**1,5**
Total intangible assets	**27,0**	**23,3**

Intangible assets	NBV 31 12 12	NBV 31 12 13
	€million	€million
From business combination (PPA)	14,7	9,6
Program rights	*13,8*	*9,3*
Formats	*0,4*	*0,1*
Client contracts	*0,5*	*0,2*
From Own Productions	11,3	7,4
From Third parties and other	7,6	6,3
Sub-total Audiovisual rights	**33,6**	**23,2**
Other intangible assets	**4,2**	**3,7**
Total intangible assets	**37,9**	**27,0**

NOTE 15—TANGIBLE ASSETS

The tangible assets changes for 2014 and 2013 are shown in the tables below:

Tangible assets	Book Value 31 12 13	Additions / Decrease	Other movements	Book Value 31 12 14
	€million	€million	€million	€million
Property investments	**8,7**	**0,3**	**0,2**	**9,2**
Land	*0,3*	*0,0*	*0,0*	*0,3*
Buildings	*8,4*	*0,2*	*0,2*	*8,9*
Other tangible assets	**25,4**	**0,4**	**(0,3)**	**25,5**
Audiovisual equipment	*7,1*	*(0,0)*	*(0,0)*	*7,1*
Office and IT equipement	*17,4*	*0,3*	*(0,2)*	*17,5*
Other	*0,9*	*0,1*	*(0,0)*	*0,9*
Total tangible assets	**34,1**	**0,7**	**(0,0)**	**34,7**

Tangible assets	Book Value 31 12 12	Additions / Decrease	Other movements	Book Value 31 12 13
	€million	€million	€million	€million
Property investments	**8,0**	**0,8**	**(0,1)**	**8,7**
Land	*0,2*	*0,0*	*0,0*	*0,3*
Buildings	*7,8*	*0,8*	*(0,1)*	*8,4*
Other tangible assets	**25,6**	**0,3**	**(0,5)**	**25,4**
Audiovisual equipment	*7,6*	*(0,3)*	*(0,2)*	*7,1*
Office and IT equipement	*17,2*	*0,5*	*(0,3)*	*17,4*
Other	*0,8*	*0,1*	*(0,0)*	*0,9*
Total tangible assets	**33,6**	**1,1**	**(0,6)**	**34,1**

Changes in accumulated depreciation and amortization

Tangible assets	Depreciation 31 12 13	Depreciation	Other movements	Depreciation 31 12 14
	€million	€million	€million	€million
Property investments	**(5,1)**	**(0,6)**	**(0,2)**	**(5,9)**
Land	*(0,2)*	*(0,0)*	*(0,0)*	*(0,3)*
Buildings	*(4,9)*	*(0,6)*	*(0,1)*	*(5,7)*
Other tangible assets	**(18,6)**	**(1,5)**	**0,1**	**(19,9)**
Audiovisual equipment	*(5,0)*	*(0,4)*	*(0,0)*	*(5,4)*
Office and IT equipement	*(13,2)*	*(1,0)*	*0,1*	*(14,1)*
Other	*(0,4)*	*(0,1)*	*0,0*	*(0,4)*
Total tangible assets	**(23,7)**	**(2,1)**	**(0,0)**	**(25,8)**

Tangible assets	Depreciation 31 12 12	Depreciation	Other movements	Depreciation 31 12 13
	€million	€million	€million	€million
Property investments	**(4,5)**	**(0,7)**	**0,1**	**(5,1)**
Land	*(0,2)*	*(0,0)*	*0.0*	*(0,2)*
Buildings	*(4,3)*	*(0,6)*	*0,1*	*(4,9)*
Other tangible assets	**(17,0)**	**(1,9)**	**0,4**	**(18,6)**
Audiovisual equipment	*(4.7)*	*(0,4)*	*0,1*	*(5,0)*
Office and IT equipement	*(12,0)*	*(1,4)*	*0,2*	*(13,2)*
Other	*(0,4)*	*(0,1)*	*0,0*	*(0,4)*
Total tangible assets	**(21,6)**	**(2,6)**	**0,4**	**(23,7)**

NOTE 15—TANGIBLE ASSETS (Continued)

Net assets

Tangible assets	NBV 31 12 13	NBV 31 12 14
	€million	€million
Property investments	**3,5**	**3,2**
Land	*0,0*	*0,0*
Buildings	*3,5*	*3,2*
Other tangible assets	**6,8**	**5,6**
Audiovisual equipment	*2,2*	*1,7*
Office and IT equipement	*4,2*	*3,4*
Other	*0,5*	*0,5*
Total tangible assets	**10,4**	**8,9**

Tangible assets	NBV 31 12 12	NBV 31 12 13
	€million	€million
Property investments	**3,5**	**3,5**
Land	*0,1*	*0,0*
Buildings	*3,4*	*3,5*
Other tangible assets	**8,6**	**6,8**
Audiovisual equipment	*2,9*	*2,2*
Office and IT equipement	*5,2*	*4,2*
Other	*0,5*	*0,5*
Total tangible assets	**12,1**	**10,4**

NOTE 16—OTHER NON-CURRENT ASSETS

	2014	2013
	€million	€million
Financial non current assets	0,1	0,2
Deposits	1,8	2,0
Other non-current assets	3,5	4,8
Total other non-current assets	**5,3**	**6,9**

Other non-current assets include net capitalized refinancing costs for €3.5 million.

NOTE 17—PRODUCTION IN PROGRESS

The production in progress relates to the production costs of programs which have not been delivered at December 31, 2014.

NOTE 18—TRADE RECEIVABLES

	2014	2013
	€million	€million
Trade receivables	100,5	81,0
Invoices to be issued / accrued trade receivables	25,7	22,7
Provisions for doubtful accounts	(2,2)	(2,7)
Receivables from affiliated companies	1,1	2,5
Trade receivables	**125,1**	**103,4**

Trade receivables are non-interest bearing and are generally on 30-60 day terms.

NOTE 18—TRADE RECEIVABLES (Continued)

Credit risk relative to customers is deemed low for the Group given that its production customers are large broadcasters and that its distribution customers are well-known from the sales team who requests a payment before delivery in case of risk. In addition, as the Group's policy is to optimize its working capital, the process for issuing invoices and collecting payments is a priority.

			Past due but not impaired			
	Total	Neither past due not impaired	< 90 days	90 – 180 days	180 – 360 days	> 360 days
	€million	€million	€million	€million	€million	€million
31/12/2014	125,1	91,4	25,7	1,5	1,7	4,8
31/12/2013	103,4	77,5	19,1	1,7	3,0	2,1

NOTE 19—OTHER CURRENT ASSETS

	2014	2013
	€million	€million
Advances to suppliers and credit notes to be received	7,2	6,3
Grants to be received	2,5	1,9
Other miscellaneous receivables	19,7	11,2
Total other current assets	**29,3**	**19,4**

NOTE 20—CASH AND CASH EQUIVALENTS

Cash and cash equivalent include short-term deposits. They are made for varying periods between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Credit risk relative to cash and cash equivalent is mitigated by selecting counterparties with high credit ratings and which are always the banks providing also to the Group financing and cash management services.

NOTE 21—ISSUED CAPITAL AND SHARE PREMIUM

	2014	2013
	Thousands	Thousands
Number of ordinary shares	408 248	408 248
Value for 1 ordinary share	0,86 €	0,86 €

Ordinary shares issued and fully paid	Thousands	€million
At 31 December 2012	**408 248**	**351,1**
At 31 December 2013	**408 248**	**351,1**
At 31 December 2014	**408 248**	**351,1**

Share premium	€million
At 31 December 2012	**196,9**
At 31 December 2013	**196,9**
Issued on July 8th, 2014	0,7
At 31 December 2014	**197,6**

The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

Equity is monitored in a way that the Group's financial indebtedness remains within acceptable present financial market conditions.

No dividends were paid in 2013 and 2014.

NOTE 22—FINANCIAL LIABILITIES

22.1 Interest-bearing loans

Non-current Interest-bearing loans and borrowings	Maturity	Dec 2014	Dec 2013
		€million	€million
Loans from related parties(*)	30/01/2017	139,6	105,6
Bank loans		140,0	155,0
Loan 1 in Euro	11/12/2016	140,0	155,0
Total		**279,6**	**260,6**

Current Interest-bearing loans and borrowings	Maturity	Dec 2014	Dec 2013
		€million	€million
Loans from related parties		0,0	0,1
Bank overdrafts(**)		0,1	0,2
Bank loans		35,2	17,6
Loan 2 in Euro	11/12/2016	24,0	16,1
Other loans denominated in Euro	Less than one year	4,1	0,4
Other loans denominated in British Pound	Less than one year	7,0	1,1
Total		**35,2**	**17,9**

(*) Loan from related parties concern Junior Bonds and other subordinated shareholder's loans

(**) or negative bank accounts balances because of bank reconciliations

22.2 Other financial liabilities

	2014	2013
	€million	€million
Deferred payments—Put Options	**1,3**	**1,0**
Within one year	1,3	0,8
After one year but not more than five years	—	0,2
More than five years	—	—
Deferred payments—Earn-Outs	0,5	3,6
Within one year	0,0	3,0
After one year but not more than five years	0,5	0,6
More than five years	—	—
Interest rate swap—Non hedging	**0,3**	**1,1**
Other current and non-current financial liabilities	**1,7**	**0,6**
Total other financial liabilities	**3,7**	**6,3**
Of which other non current financial liabilities	0,8	2,0
Of which other current financial liabilities	2,8	4,2

NOTE 22—FINANCIAL LIABILITIES (Continued)

Deferred payments relate to earn out and put options granted to non-controlling shareholders at the acquisition of the subsidiary by the Group and vary as follows:

	Put Options	Earn-out
	€million	€million
At 31 December 2012	**22,9**	**2,7**
Fair value adjustments	(0,7)	0,6
Variations of perimeter	—	—
Payments	(21,6)	—
Revaluation and unwinding of discount through profit and loss	0,5	0,2
Other compensation-related deferred payments	—	0,2
Impact of exchange rate differences and other	(0,1)	(0,1)
At 31 December 2013	**1,0**	**3,6**
Fair value adjustments	0,4	(0,2)
Variations of perimeter	—	—
Payments	(0,3)	(3,1)
Revaluation and unwinding of discount through profit and loss	—	—
Other compensation-related deferred payments	—	—
Impact of exchange rate differences and other	0,1	0,1
At 31 december 2014	**1,3**	**0,5**

22.3 Total financial liabilities by maturity and liquidity risk

The analysis by date of maturity of borrowings, deferred payments and interest swap is as follows:

Year ended 31 December 2014	Within 1 year	1 to 5 years	More than 5 years	Total
	€million	€million	€million	€million
Interest-bearing loans and borrowings	35,2	279,7	—	**314,8**
Deferred payments—Put Options	1,3	—	—	**1,3**
Deferred payments—Earn-Outs	0,0	0,5	—	**0,5**
Interest rate swap—Non hedging	—	0,3	—	**0,3**
Other financial liabilities	1,6	0,1	—	**1,7**
Total	**38,0**	**280,5**	**—**	**318,5**

Year ended 31 December 2013	Within 1 year	1 to 5 years	More than 5 years	Total
	€million	€million	€million	€million
Interest-bearing loans and borrowings	17,9	260,6	—	**278,5**
Deferred payments—Put Options	0,8	0,2	—	**1,0**
Deferred payments—Earn-Outs	3,0	0,6	—	**3,6**
Interest rate swap—Non hedging	—	1,1	—	**1,1**
Other financial liabilities	0,1	0,1	—	**0,2**
Total	**21,7**	**262,6**	**—**	**284,3**

NOTE 22—FINANCIAL LIABILITIES (Continued)

The future payments relating to borrowings, deferred payments and interest swap before the effects of discounting are as follows:

Year ended 31 December 2014	Within 1 year	1 to 5 years	More than 5 years	Total
	€million	€million	€million	€million
Interest-bearing loans and borrowings	35,2	279,7	—	**314,8**
Deferred payments—Put Options	1,3	—	—	**1,3**
Deferred payments—Earn-Outs	—	0,6	—	**0,6**
Interest rate swap—Non hedging	—	0,3	—	**0,3**
Other financial liabilities	1,6	0,1	—	**1,7**
Total	**38,1**	**280,6**	**—**	**318,6**

Year ended 31 December 2013	Within 1 year	1 to 5 years	More than 5 years	Total
	€million	€million	€million	€million
Interest-bearing loans and borrowings	17,9	260,6	—	**278,5**
Deferred payments—Put Options	0,8	0,2	—	**1,0**
Deferred payments—Earn-Outs	3,0	0,8	—	**3,8**
Interest rate swap—Non hedging	—	1,1	—	**1,1**
Other financial liabilities	0,1	0,1	—	**0,2**
Total	**21,7**	**262,9**	**—**	**284,6**

Funding liquidity risk

The funding liquidity risk, which is defined as the risk of not having sufficient liquid funds at any given moment to fulfil its commitments, is managed by the Group by ensuring sufficient amount of undrawn facilities, by managing its cash efficiently and by establishing monthly cash forecasts.

The funding liquidity risk is secured by De Agostini SpA, which has confirmed they would provide the necessary resources, to the extend needed, to enable the company to continue its normal course of operations during the financial year and till June 2016 on a going concern basis.

22.4 Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	2014	2013	2014	2013
	€million	€million	€million	€million
Financial assets				
Cash and short-term deposits	29,1	50,9	29,1	50,9
Loan and other receivables	1,0	1,0	1,0	1,0
Financial assets at fair value through profit or loss	—	0,0	—	0,0
Financial liabilities				
Bank overdraft	0,0	0,2	0,0	0,2
Interest-bearing loans and borrowings:	314,8	278,3	314,8	278,3
Obligations under finance leases and hire purchase contracts	—	—	—	—
Financial derivatives not under hedge accounting	0,3	1,1	0,3	1,1
Other current and non-current financial liabilities	1,7	0,2	1,7	0,2

At December 31, 2014, the Group had five interest rate swap agreements in place since January 2012 until March 2015 for a total notional amount of €93.3 million to hedge the euro term loan of €140 million, whereby it pays an average fixed rate of 1,18% and receives a variable rate equal to Euribor 3 months. These swaps do not qualify for hedge accounting. The fair value of these swaps (amounting to a loss of

€0.3 million as of December 31, 2014) has been determined using a valuation technique based on available observable market data.

22.5 Interest rate risk and currency risk

Interest rate risk

Given that all its loans are based on variable rates, the Group could be exposed to interest rate risk, which is defined as the risk that financial costs are negatively affected by fluctuations in interest rate levels.

However, in order to comply with the facilities agreement signed on December 22, 2011, Zodiak Media SA put in place interest rate swaps to hedge at least 66.67% of the aggregate outstanding amount of its term loan facility from time to time, for a period of 3 years.

For the remaining part of its indebtedness, the Group's management does consider that the interest rate risk is very low given the current financial market.

In addition, this risk is cautiously followed and monitored by Group Treasury who can decide to hedge or not depending on the interest rate's expectations.

Foreign exchange risk

As a consequence of its business activities, the Group is exposed to foreign exchange risks. This exposure derives from sales and purchases, capital expenditures, tax and financial transactions in foreign currencies other than the Group's functional currency (transaction exposure), and from holdings of foreign assets and debt in currencies other than the reporting currency (translation exposure).

Transaction exposure arises from future cash flows in currencies different from the company's functional currency. The Group policy is to hedge such exposure whenever possible. When a subsidiary signs a production or a distribution contract which implies significant future cash flows in or out in a foreign currency, it shall report this exposure to Group or Divisional Treasury (where applicable) which then has to buy a forward contract for the amounts and terms forecasted, or implement an equivalent hedging solution.

The main objective for hedging the transaction exposure is to safeguard the business margin and reduce Profit and Loss volatility.

Translation Exposure, also known as Accounting Exposure, is the risk that the Group's equity, assets, liabilities or income will change in value as a result of exchange rate variations. It results from the fact that a portion of its equities, assets, liabilities or income is denominated in foreign currencies. In order to reduce such exposure, the group's financing policy will favour the location of the debt next to related assets and operating results. These variations however have no cash effect and the Group judges it inappropriate to hedge non-cash flow translational exposure with cash flow instruments. Speculative trading on the financial markets is not permitted under any circumstances.

NOTE 23—PROVISIONS

	Risks & future charges	Retirement & severance indemnity	Tax risks	Total
	€million	€million	€million	€million
At 1 January 2014	**4,6**	**3,2**	**0,2**	**8,0**
Arising during the year	3,6	0,4	0,0	4,1
Utilised	(2,3)	(0,9)	0,0	(3,7)
Unused amounts reversed	(0,5)	(0,0)	0,0	(0,5)
Other Flows	(0,0)	(0,7)	0,0	(0,2)
At 31 December 2014	**5,4**	**2,1**	**0,2**	**7,7**
Current 2014	3,9	0,0	0,2	4,1
Non current 2014	1,5	2,1	0,0	3,6
Total At 31 December 2014	**5,4**	**2,1**	**0,2**	**7,7**
Current 2013	3,0	0,0	0,2	3,1
Non current 2013	1,6	3,2	0,0	4,9
Total at 31 December 2013	**4,6**	**3,2**	**0,2**	**8,0**

Provisions include:

- Risks & future charges: a provision is recognized for risks and charges, when it relates to social litigation or commercial litigation.
- Retirement & severance indemnity:
  - The provision for retirement is calculated based on employee benefits (interest costs, current service cost, benefits paid, actuarial gains or losses on obligation, exchange difference on foreign plans). The method used to estimate the provision is the "Projected Credit Unit" method. The provision takes into account a discount rate, the future salary increase for executives and non-executive employees.
  - The only defined benefits plan existing in the Group relate to the lump sum payments due in France and Italy to employees when they leave the company.
  - The main characteristics of the provision for retirement are as follows:

—Discount rate:	1.7%
—Future salary increase:	3.5%

	2014	2013
	€million	€million
Actuarial benefit obligation at beginning	**2,6**	**2,2**
Service cost	0,4	0,6
Unrecognised past service cost	—	—
Interest expense on benefit obligation	—	0,0
Actuarial gains and losses	0,0	(0,1)
Benefits paid	(0,7)	(0,3)
Acquisitions and disposals	(0,5)	0,1
Actuarial benefit obligation at closing	**1,8**	**2,6**
Other employee-related reserves, including severance indemnity	0,3	0,7
Total retirement and severance indemnity	**2,1**	**3,3**

NOTE 24—TRADE AND OTHER PAYABLES

	2014	2013
	€million	€million
Trade payables	214,0	176,2
Other payables and deferred income	35,9	33,2
Trade payables	**249,9**	**209,4**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

Other payables are non-interest bearing and have an average term of six months.

NOTE 25—RELATED PARTIES DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Sales and purchases from/to related party		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		€million	€million	€million	€million
De Agostini Spa	**2014**		(0,1)	—	
	2013	0,0	(0,2)	0,0	0,1
De Agostini Communication Spa	**2014**	1,6	—	0,7	0,0
	2013	—		—	—
De Agostini Editore Spa	**2014**	0,8		0,4	0,0
	2013	2,0		1,0	0,0
Lottomatica Group Spa	**2014**		—		
	2013	3,8	—	1,6	0,0
Mikado Spa	**2014**	—	—	—	
	2013	—	—		
Key management personnel	**2014**	—		—	—
	2013	—		—	—

Loans from/to related party		interests received	interests paid	Amounts owed by related parties	Amounts owed to related parties
		€million	€million	€million	€million
Nova Deuxieme	**2014**	—	(13,9)	—	119,4
	2013	—	(11,4)	—	105,6
De Agostini Communication SPA	**2014**	—	(0,1)	—	20,1
	2013	—		—	—
Key management personnel	**2014**	—	—	—	
	2013	—	—	—	—

This section does not cover the earn-out contracts that have been agreed with current key managers at the time they were not related parties.

	2014	2013
	€million	€million
Short-term employee benefits	1,3	1,4
Post-employment pension and medical benefits	0,0	0,0
Termination benefits	0,8	0,2
Share-based payments	—	—
Total compensation paid to key management personnel	2,2	1,6

NOTE 26—COMMITMENTS AND CONTINGENCIES

Guarantees given	2014	2013
	€million	€million
Within one year	7,6	0,3
After one year but not more than five years	312,7	307,6
More than five years	0,1	0,1
	320,4	**308,1**

Purchase commitments	2014	2013
	€million	€million
Within one year	7,5	8,1
After one year but not more than five years	17,5	17,9
More than five years	6,3	5,2
	31,4	**31,2**

Guarantees given mainly correspond to pledge shares given by the Company in guarantee of the senior facility agreement signed in December 2011 and closed in January 2012.

Operating leases mostly relate to rental office space and are generally concluded at rates and duration consistent with market practices. The annual charge of all property leases represents a cost of less than €15 million.

Sales and Leaseback transactions

Prior to 31 January 2007, the Group entered into certain sale and leaseback transactions of television programme rights. Funds received from these transactions are held in deposit accounts and comprise monies to provide for the full discharge of future leasing liabilities. The banks with which these sums are deposited have given guarantees to the lessors in respect of the lease liabilities. Further:

(a) the Group is not able to control the deposit account in pursuit of its own objectives and any payments under the lease are due out of this restricted account. The Group has neither control over the bank balance nor over any interest earned thereon;

(b) the risk of reimbursing the amount of fee receivable by the Group in respect of tax losses transferred and the risk of paying an amount due under the guarantee in case of collapse of the bank holding the deposit are remote; and

(c) other than the initial cash flows at inception of the arrangement, the only cash flows expected under this arrangement are the lease payments satisfied solely from funds withdrawn from the separate account established for this arrangement.

Given the above, the asset and the liability in respect of the sale and leaseback transactions do not represent an asset and a liability of the Group according to SIC 27, and have not been recognised in these financial statements. The amounts involved are as follows:

	2014	2013
	€million	€million
Within one year	2,2	2,6
After one year but not more than five years	2,5	4,2
More than five years	—	—
	4,8	**6,8**

NOTE 27—SCOPE OF CONSOLIDATION

Name	Country of Incorporation	Consolidation method	2014	2013
Zodiak Media SA	France	FC	Parent	Parent
Zodiak Kids Central SAS (formely Zodiak Active France)	France	FC	100,00%	100,00%
Pico Script Lab Inc.	USA	FC	100,00%	100,00%
Zodiak Media Brasil Ltda(*)	Brasil	FC	100,00%	100,00%
Zodiak Rights Ltd	UK	FC	100,00%	100,00%
Zodiak Rights France SAS(***)	UK	FC	100,00%	100,00%
Dangerous Films Ltd	UK	FC	70,00%	70,00%
Zodiak Media France SAS	France	FC	100,00%	100,00%
Adventure Line Productions SA	France	FC	100,00%	100,00%
Zodiak Fiction & Doos SASU (formely Marathon SASU)	France	FC	100,00%	100,00%
Gétévé Productions SASU (formely Marathon Images SASU)	France	FC	100,00%	100,00%
Télé Images Production SASU	France	FC	100,00%	100,00%
Télé Images Editions SARL	France	FC	100,00%	100,00%
Gétévé SA(***)	France	FC	100,00%	100,00%
Marathon Media SASU	France	FC	100,00%	100,00%
Zodiak Media Central France SAS(***)	France	FC	100,00%	100,00%
ALP Music SARL	France	FC	100,00%	100,00%
Tunsay khmer co,Ltd	Cambodia	FC	100,00%	100,00%
Les 3 prods(***)	France	FC	100,00%	100,00%
KM SAS	France	FC	100,00%	100,00%
KM Prestations SNC	France	FC	100,00%	100,00%
KM PRESSE SNC	France	FC	100,00%	100,00%
Mona Lisa Production SAS	France	FC	50,01%	50,01%
Mast Media Ltd	UK	FC	100,00%	100,00%
Mast Media Big Call Ltd	UK	FC	100,00%	100,00%
Magnolia SpA	Italy	FC	100,00%	100,00%
Mlanoroma SRL	Italy	FC	100,00%	100,00%
Magnolia Spain	Spain	FC	100,00%	100,00%
Zodiak Active Srl	Italy	FC	100,00%	100,00%
Zodiak active USA(*)	USA	FC	95,15%	95,15%
Zodiak Active Brasil(*)	Brasil	FC	99,95%	99,95%
2BCOM(*)	Italy	FC	80,00%	80,00%
All in Adv(*)	Italy	FC	100,00%	100,00%
Zodiak Active Ltd	UK	FC	100,00%	100,00%
Branded Talent Srl(****)	Italy	FC	40,00%	40,00%
Zodiak Media AB	Sweden	FC	100,00%	100,00%
Jarowskij Enterprises AB	Sweden	FC	100,00%	100,00%
Jarowskij Sverige AB	Sweden	FC	100,00%	100,00%
Jarowskij Norgo AS(***)	Norway	FC	100,00%	100,00%
Jarowskij Danmark A/S	Denmark	FC	100,00%	100,00%
Soclala Spelet Produktion HB	Sweden	FC	50,00%	50,00%
Solsidan Produktion HB	Sweden	FC	50,00%	50,00%
Look Entertainment Aps	Denmark	FC	100,00%	100,00%
5th Element AB	Sweden	FC	100,00%	100,00%
5to Elemento AB	Sweden	FC	80,00%	80,00%
Zodiak Latino LLC	USA	FC	100,00%	100,00%
RM5to Elemento Mexico S DE	Mexico	FC	99,90%	100,00%
Zodiak Latino SAS	Colombio	FC	100,00%	100,00%
Zodiak Productions BV	Netherlands	FC	100,00%	100,00%
Kanakna Productions NV	Belgium	FC	100,00%	100,00%
Mastiff Media Holding AB	Sweden	FC	100,00%	100,00%
Guidobeast AB	Sweden	FC	100,00%	100,00%
Zodiak Vostok LLC	Russia	FC	100,00%	100,00%
TeleAlliance Media Group	Russia	FC	51,00%	51,00%
Teleformat LLC	Russia	FC	100,00%	100,00%
New Teleformat LLC	Russia	FC	100,00%	100,00%

NOTE 27—SCOPE OF CONSOLIDATION (Continued)

Name	Country of Incorporation	Consolidation method	2014	2013
Galileo Media LLC	Russia	FC	100,00%	100,00%
Dixi Media LCC(*)	Russia	FC	51,00%	51,00%
Dixi TV LLC(*)	Russia	FC	100,00%	100,00%
Ritm TV LLC(*)	Russia	FC	100,00%	100,00%
Mastiff LLC	Russia	FC	75,50%	75,50%
Mastiff Media AS	Norway	FC	100,00%	100,00%
Mastiff A/S	Denmark	FC	100,00%	100,00%
Social Club Produktion ApS	Denmark	FC	100,00%	100,00%
MTV Nyheter AS, Norway	Norway	FC	100,00%	100,00%
MTV Produktion A/S	Denmark	FC	100,00%	100,00%
Zodiak Television World A/S	Denmark	FC	100,00%	100,00%
Mastiff AS, Norway	Norway	FC	100,00%	100,00%
ZE Music Publishing AB	Sweden	FC	100,00%	100,00%
Yellowbird Holding AB	Sweden	FC	100,00%	100,00%
Yellow Bird Films Aps	Denmark	FC	100,00%	100,00%
Yellowbird Oland Production AB	Sweden	FC	100,00%	100,00%
Yellowbird IH AB	Sweden	FC	100,00%	100,00%
Yellowbird Entertainment AB	Sweden	FC	100,00%	100,00%
Yellow Bird LM Rights AB	Sweden	FC	100,00%	100,00%
Yellow Bird Norge AS	Norway	FC	100,00%	100,00%
Yellow Bird LM Production AB	Sweden	FC	100,00%	100,00%
Yellowbird Rights AB	Sweden	FC	100,00%	100,00%
Yellowbird Films AB	Sweden	FC	100,00%	100,00%
Yellowbird Production AB	Sweden	FC	100,00%	100,00%
Yellowbird W-2 AB	Sweden	FC	100,00%	100,00%
Yellowbird KW AB	Sweden	FC	100,00%	100,00%
Yellow bird UK Film AB	Sweden	FC	100,00%	100,00%
YB Millennium Rights AB	Sweden	FC	100,00%	100,00%
Yellow Bird US Rights AB	Sweden	FC	100,00%	100,00%
YB Millennium Prod AB	Sweden	FC	100,00%	100,00%
Zodiak Television Finland OY	Finland	FC	100,00%	100,00%
Mastiff AB	Sweden	FC	100,00%	100,00%
Zodiak Nederland RV	Netherlands	FC	100,00%	100,00%
Palm Plus Music Publishing BV	Netherlands	FC	75,00%	75,00%
Sol Productions Priv. Ltd	India	FC	70,00%	70,00%
Zodiak Media Ltd	UK	FC	100,00%	100,00%
Zodiak Media UK Ltd	UK	FC	100,00%	100,00%
The Comedy Unit Ltd	UK	FC	100,00%	100,00%
Touchpaper Television Ltd	UK	FC	100,00%	100,00%
Ny-Lon production Ltd(**)	UK	FC	0,00%	50,00%
Zodiak Media (Central) Ltd	UK	FC	100,00%	100,00%
Zodiak Music Publishing Ltd	UK	FC	100,00%	100,00%
Zodiak Americas	USA	FC	100,00%	100,00%
Zodiak Media USA, Inc	USA	FC	100,00%	100,00%
Presentable Ltd	UK	FC	100,00%	100,00%
IWC Media Ltd	UK	FC	100,00%	100,00%
Bullseye Productions ltd	UK	FC	100,00%	100,00%
Television Productions Ltd	UK	FC	100,00%	100,00%
Bwark Production Ltd	UK	FC	100,00%	100,00%
Young Bwark Ltd	UK	FC	50,00%	50,00%
Bwark Films Ltd	UK	FC	100,00%	100,00%
Chook Films Pty Ltd(****)	UK	FC	100,00%	100,00%
LuckyDay Productions Ltd	UK	FC	100,00%	100,00%
Red House Ltd	UK	FC	100,00%	51,00%
Touchpaper West Ltd	UK	FC	100,00%	100,00%
Ideal World Prod Ltd	UK	FC	100,00%	100,00%
Ideal World Films Ltd	UK	FC	100,00%	100,00%
Late Night Shopping Ltd	UK	FC	100,00%	100,00%

NOTE 27—SCOPE OF CONSOLIDATION (Continued)

Name	Country of Incorporation	Consolidation method	2014	2013
Wark Clements & Company Ltd	UK	FC	100,00%	100,00%
Blobhead Prod Ltd	UK	FC	100,00%	100,00%
Monogram Prod Ltd	UK	FC	100,00%	100,00%
Grace Films Ltd	UK	FC	100,00%	100,00%
The Russian Bride Ltd	UK	FC	100,00%	100,00%
Bait Films Ltd	UK	FC	100,00%	100,00%
Love or Money Ltd	UK	FC	100,00%	100,00%
RDF Television Ltd	UK	FC	100,00%	100,00%
RDF Television (West) Ltd	UK	FC	100,00%	100,00%
Diverse Television Ltd	UK	FC	100,00%	100,00%
The Foundation TV Productions Scotland Ltd	UK	FC	100,00%	100,00%
The Foundation TV Productions Ltd	UK	FC	100,00%	100,00%
The Foundation TV Productions (floogles) Ltd	UK	FC	100,00%	100,00%

FC: Full Consolidation
EQ: Equity Method
NC : Not consolidated

(*) disposed

(**) dissolved

(***) merged

(****)in the process of liquidation

REGISTERED OFFICE OF THE ISSUER

Banijay Group S.A.S.
5, rue Francois 1er
75008 Paris
France

LEGAL ADVISORS TO THE ISSUER

as to United States, New York, and English law:
Kirkland & Ellis International LLP
30 St Mary Axe
London EC3A 8AF
United Kingdom

as to French law:
AyacheSalama SCP
47, Avenue Hoche
75008 Paris
France

LEGAL ADVISORS TO THE INITIAL PURCHASERS

as to United States and New York law:
Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

SECURITY AGENT
Elavon Financial Services DAC, UK Branch
Fifth Floor
125 Old Broad Street
London EC2N 1AR
United Kingdom

TRUSTEE
U.S. Bank Trustees Limited
Fifth Floor
125 Old Broad Street
London EC2N 1AR
United Kingdom

PAYING AGENT AND TRANSFER AGENT
Elavon Financial Services DAC, UK Branch
Fifth Floor
125 Old Broad Street
London EC2N 1AR
United Kingdom

REGISTRAR
Elavon Financial Services DAC
Block E, 1st Floor
Cherrywood Business Park
Loughlinstown, Dublin 18
Ireland

LEGAL ADVISOR TO THE TRUSTEE
White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

LISTING SPONSOR
Carey Olsen Corporate Finance Limited
47 Esplanade
St Helier
Jersey JE1 0BD

STATUTORY AUDITOR OF THE ISSUER
Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris—La Défense Cedex
France

OFFERING MEMORANDUM

Banijay Group S.A.S.

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