EROS STX

August 2021

Company Presentation:
Retail Bond Amendment Proposal

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Overview of ErosSTX

Eros STX Global Corporation (“ErosSTX”) (NYSE: ESGC) is the result of the July 2020 stock-for-stock merger of equals between STX Entertainment and Eros International Plc. The combined business created a premier global studio for premium content with unparalleled access to the largest Asian entertainment markets.

STX Entertainment (“STX”) is a leading entertainment company that produces, markets and distributes premium film and TV content to global audiences across traditional and digital media platforms.

Eros International Plc (“Eros”) is a leading producer and distributor of Indian content globally with leading Indian box office market share. It acquires, co-produces and distributes Indian language films in various formats and owns the leading streaming platform for Indian content, Eros Now.

Merger Premise: Combination of Complementary Assets

Eros International

- ✓ Leading Indian film studio and streaming service
- ✓ One of the largest libraries of Indian films with multi-format rights to 3,000+ titles
- ✓ Risk mitigated approach to film production with global, multi-channel monetization
- ✓ Eros Now is the world's leading Indian streaming platform, distributed in 150+ countries, with 224.0 mn registered users and 39.9 mn paid subscribers, of which 19.0 mn are premium paid subscribers [(1)]
- ✓ Eros Now offers the largest Indian streaming content library in the world, with digital rights to 12,000+ films, as well as thousands of music tracks and short-form titles.

STX Entertainment

- ✓ Leading independent Hollywood studio – fastest to ever surpass $1 bn in cumulative US box office
- ✓ IP with global appeal, featuring stars in signature roles (46 films released to date with $1.5bn+ global box office)
- ✓ Global distribution network, with world-class strategic partners, covering 150+ countries
- ✓ Existing content distribution deals with Netflix, Showtime, Hulu, Amazon, among others
- ✓ Asset-light, capital efficient model with ~20% ROIC on benchmark model film profile
- ✓ Built for the evolving distribution landscape
- ✓ Unparalleled access to China film market and partnerships to create Sino-Indian films

Premium Hollywood and Bollywood Content with Global Appeal

Unique Global Distribution Network

Global Streaming Opportunity

(1) As of March 31, 2021

Overview of Proposed Bond Amendments

Bond Overview:	
Issuer:	Eros STX Global Corporation (formerly, Eros International Plc)
Bond Description:	£50,000,000 6.50% Bonds due 15 October 2021
Common Code / ISIN	111283460 / XS1112834608

Proposed Amendments:	
Maturity:	Extend from 15 October 2021 to **15 April 2023**
Annual Coupon:	Increase from fixed rate of 6.5% to **8.5%** (effective 15 October 2021)
Financial Reporting Covenants:	FY21: Extend from 31 July 2021 to **30 November 2021** the requirement to provide the annual report for fiscal 2021 (ended 31 March 2021). FY22 Interim: Extend from 30 November 2021 to **31 January 2022** the requirement to provide interim financials for six months ending 30 September 2021.
Leverage Ratio & Fixed Charge Cover Ratio Covenants:	Waiver until the release of financial statements for the fiscal 2023 interim period (six months ending 30 September 2022)
Early Voting Fee:	50 bps

Consent Solicitation Timeline:	
Commencement:	10 August 2021
Early Deadline:	24 August 2021
Final Deadline:	1 September 2021
Meeting Date:	3 September 2021
Adjourned Meeting Date (if necessary):	17 September 2021

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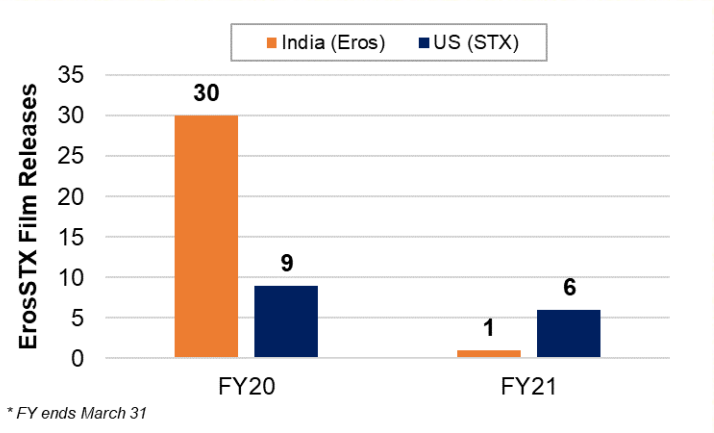
Rationale for Proposed Amendments

- **Extend Bond maturity and wavier for certain financial covenants and financial reporting requirements:**
  - **Enable the Company to access additional liquidity that is required to fund its operations and allow it to continue trading as a going concern while its film business, particularly in India, recovers from COVID-19.**
  - **COVID-19 negatively affected the distribution and production of new film content due to the closure of cinemas and film productions globally, and particularly in the US and India.**

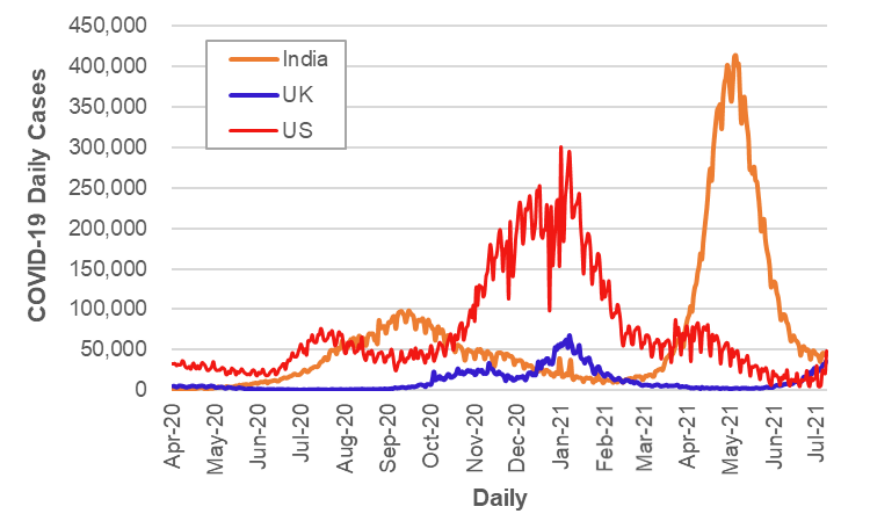


  - **Company is conducting a formal internal review of certain accounting practices and internal controls related to its Eros subsidiaries.**
    - Significant revenue from these subsidiaries may not have been appropriately recognized in FY20 and a significant portion of the A/R associated with such revenue was valued at zero in the interim financial statements (Form 6-K dated 31 March 2021), as part of the preliminary purchase price allocation for the Merger.
    - Company expects acquired intangible assets and goodwill are likely to be impaired in the FY21 financial statements and expects to report one or more material weaknesses in controls over financial reporting.
    - The Audit Committee has not yet completed the internal review and the Company cannot determine at this time when it will complete the work necessary to complete the preparation of the financial statements and the assessment of its internal controls.

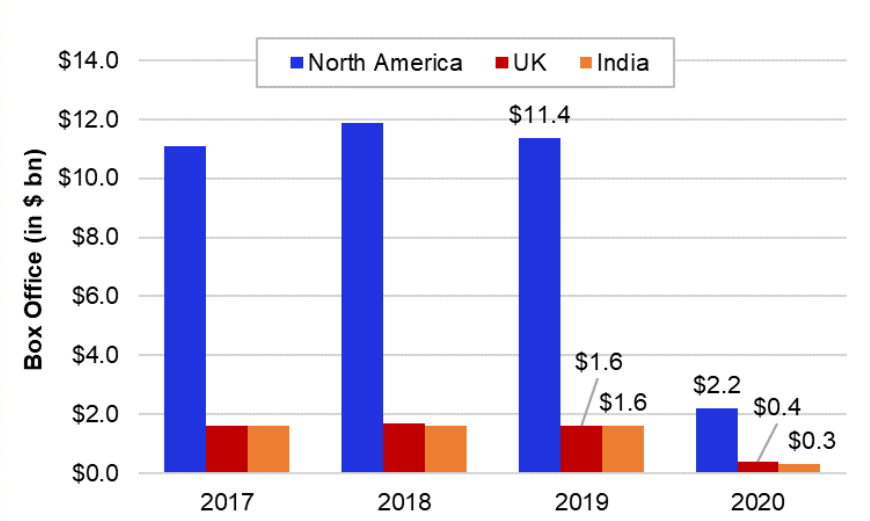
Effect of COVID-19

- COVID-19 negatively affected **(1)** the distribution of new film content due to the closure of cinemas globally, and particularly in the US and India, and **(2)** the production of new film and TV content due to the shutdown of productions.

India's second COVID-19 wave peaked in May 2021, forcing another shutdown of cinemas and film productions.



2020 box office declined by 75%+ due to supply and demand disruptions caused by COVID-19.



Source: ourworldindata.org, Motion Picture Association

ErosSTX Response to COVID-19

- Profitably pivoted the FY21 and FY22 US film slates from theatrical distribution to direct-to-platform.

April 2020

November 2020

December 2020

February 2021

July 2021

September 2021

- Our US film distribution model is modified to be bespoke for each film and to profit optimize across all distribution channels: Cinemas, premium video-on-demand (PVOD), digital and physical home entertainment, streaming and linear TV networks.
  - Expect ~10 US films per year in FY22 and beyond, of which 2-5 theatrical and 5-8 direct-to-platform.
  - STX currently has 15 films in some stage of production, which we expect to be released in FY22 and FY23.
- Our India content budget shifting from theatrical films to original episodic series for exclusive distribution on Eros Now streaming platform to help improve subscriber monetization.

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Announced Monetization of STX Library Films

- **Expect to monetize 46 films from the STX library:**
  - Entered into an exclusive negotiation period with a third-party.
  - Financial terms agreed to, but subject to confirmatory diligence and definitive documentation.
  - Expect to continue administering and distributing the 46 films going forward for a fee.
  - Expect to retain derivative rights to all 46 films (i.e., sequels, remakes, prequels).

- **Proceeds from sale, if consummated, to fully settle all legacy STX debt and add cash to balance sheet**:
  - $150 mn JP Morgan Asset-backed Credit Facility (Oct-21 maturity).
  - $23 mn Mezzanine Facility (Jul-22 maturity).
  - Pro-forma gross debt of $161 mn.
  - Retail Bonds will be the most senior in ESGC debt stack, assuming the completion of the sale transaction and debt pay-off.

Capital Structure [1]

		Amount Outstanding		
Debt	**Denomination**	**7/31/21**	**Pro Forma [1]**	**Comments**
Legacy STX JPM ABL	USD	$150 mn	$ –	• Expect to pay-off with library sale proceeds if consummated
Legacy STX Mezzanine Facility	USD	$23 mn	$ –	• Expect to pay-off with library sale proceeds if consummated
Legacy Eros Retail Bond	GBP	$70 mn	$70 mn	• Proposing maturity extension to Apr. 2023 and covenant waivers • Most senior debt held at top-co assuming STX debt pay-off
Legacy Eros Debt Facility	GBP	$18 mn	$18 mn	• Matures December 2021 • Either extend or settle with cash on hand • Guaranteed by ESGC
Legacy Eros Indian Bank Debt	INR	$63 mn	$63 mn	• $10 mn matures in 2H fiscal 2022 and remainder matures in 2023 and 2024 • Guaranteed by ESGC
Legacy Eros Indian Non-Bank Debt	INR	$10 mn	$10 mn	• Various tenors • Not guaranteed by ESGC
Gross Debt		**$334 mn**	**$161 mn**	

- **Conservative capital structure post STX library sale.**
- **Retail Bonds to be most senior in ESGC debt stack, assuming library transaction closes.**

(1) Pro forma for proposed STX film library sale transaction, if consummated.

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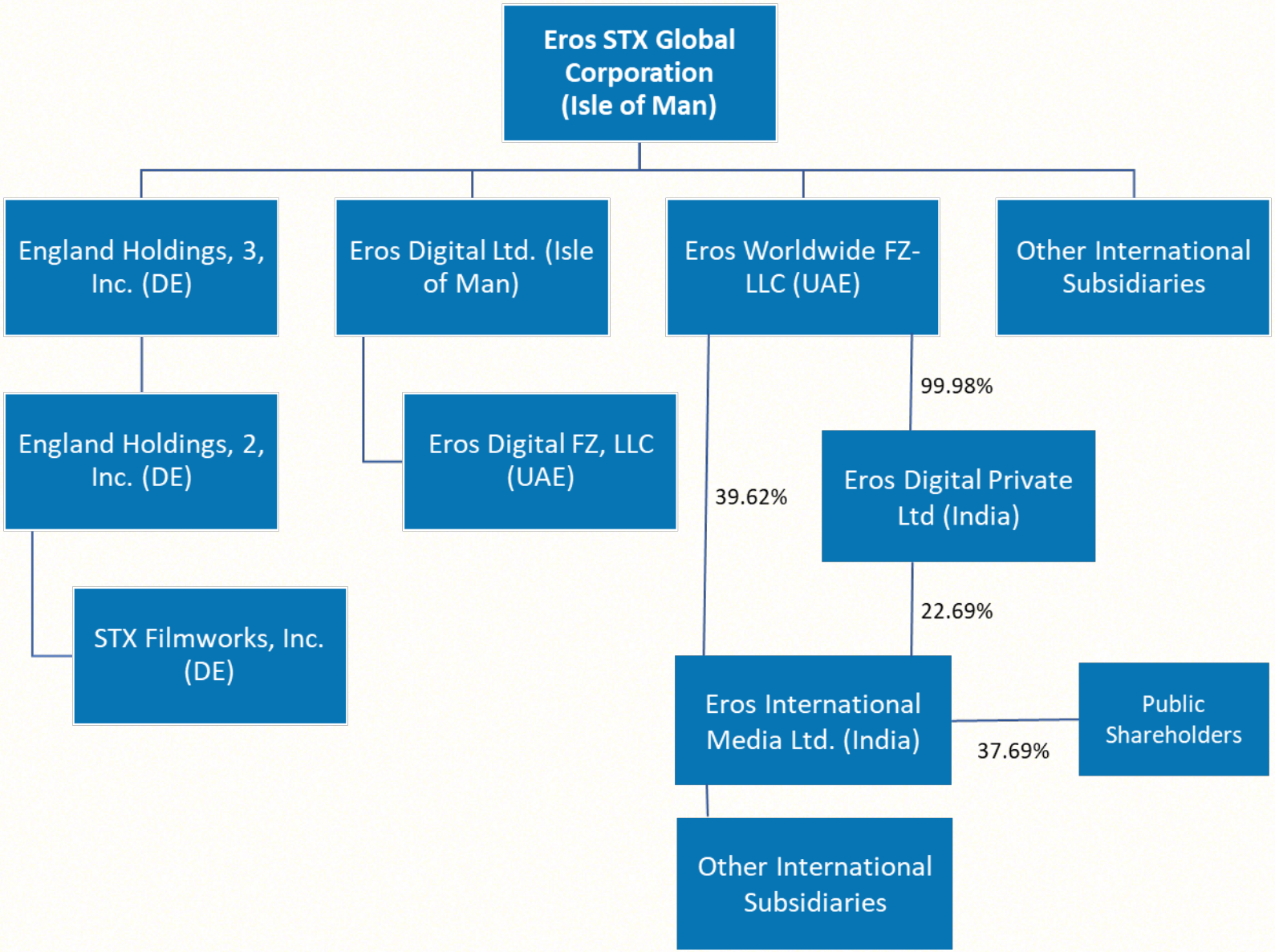
Organizational Structure



Reported Financials – First Nine Months of Fiscal 2021

- Published in press release dated February 25, 2021. The FY21 period is for the nine months ended December 31, 2020.
- These results are unaudited, comply with US GAAP, are harmonized to legacy STX accounting principles, and are in accordance with SEC reporting guidelines for an interim reporting period merger.
- FY21 results include legacy Eros results from July 31, 2020 (since Merger close) and legacy STX for the entire nine-month period, since STX was deemed the Accounting Acquirer in the Merger.
- The comparable year-ago period results for FY20 reflect only legacy STX, consistent with the reporting convention for the Accounting Acquirer.

(9 months ended Dec. 31, 2020/19)	FY21	FY20	Comments
Revenue	$219	$315	Reduction in global film releases due to COVID-19, partially offset by growth from STX film library.
Operating Expense	$212	$414	
Adjusted Operating Expense	**$197**	**$414**	Excluding merger related costs
Operating Income	$7	($99)	Significantly lower film release marketing and distribution costs due to COVID-19.
Adjusted Operating Income	**$22**	**($99)**	Excluding merger related costs
Operating Cash Flow	$25	n/a	
Adjusted Operating Cash Flow	**$40**	**n/a**	Excluding merger related cash costs
Gross Debt	$346	n/a	
Cash	$62	n/a	
Net Debt	$284	n/a	

USE OF NON-GAAP FINANCIAL MEASURES

In addition to the results prepared in accordance with generally accepted accounting principles ("GAAP"), the Company has presented other financial measures that are not defined by GAAP. The Company uses non-GAAP financial measures, among other measures, to evaluate the operating performance of our business. These non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These measures should not be considered in isolation and may not be comparable to similarly titled measures employed by other companies.