

Eros STX Global Corporation CEO Robert Simonds Comments on Recent Merger, Ongoing Strategic Plan

Douglas, ISLE OF MAN and Burbank, CALIFORNIA – August 18th, 2020 – Eros STX Global Corporation (NYSE:EROS) Co-Chairman and CEO, Robert Simonds, commented on the recently completed merger between Eros and STX. Mr. Simonds stated, “Now that we have begun the integration process, we wanted to take a moment to reach out to all of you as a group to express our tremendous excitement about what this transaction means for us and the incredible opportunities in front of us.

From the moment we first began discussing this combination, it was clear to both companies that this transaction could represent far more than a sum of the parts. Each of the companies and respective teams brought compelling insights and experiences to the table, but frankly neither company, on its own, could really move the needle in the global media and entertainment landscape. We believe we are now positioned to create a truly global digital entertainment enterprise. Due to its rapid growth and increasing broadband and internet availability in the market, India has become one of the most important entertainment battlegrounds in the world. You need look no further than Jio’s recent nearly \$20 billion capital raise, backed by some of the largest US-based technology and venture capital investors, and largely centered on the rollout of 5G throughout the country. Media and entertainment looks to play a critical role in that massive regional growth.

Eros Now has one of the largest libraries of local and regional language content in the Indian marketplace. It would take a significant investment of capital for a competitor to even try to replicate it. In fact, the independent, third-party valuation that was done in February, 2020 (accordingly, not giving effect to any benefit or detriment in value attributable to COVID) by one of the market leaders providing global valuation services resulted in a valuation of approximately \$1 billion for the Eros library. Eros Now also has a large and growing number of both paid subscribers and registered users. As of June 30, 2020, Eros Now reached 33.8 million paid monthly subscribers and 205.8 million registered users, increases of 60% and 24%, respectively,

over the same period last year. While the total revenues generated from Eros Now, and the individual average revenue per user, still have room to grow, we are in a unique and enviable position as, and have the ability to remain, one of the top players in the digital OTT streaming space in what has quickly become one of the fastest growing markets in the world.

When you add STX content to the content running through the Eros Now Prime platform, as well as the ultra-premium co-production content we are producing with some of the largest global players like Amazon and Netflix, we have laid the groundwork for a truly massive opportunity.

STX has consistently been leading the innovation in Hollywood to a cost-effective model for both the production and distribution of feature film content. What initially began as an effort to produce feature films at a significantly lower price point, and then to utilize an innovative financing structure to cover approximately 50-70% of the cost of our feature films through a combination of international minimum guarantees and production and tax incentives, has recently expanded to a point where STX has been able to spend dramatically *less* than its competition in marketing theatrical releases for comparable films. That has meant substantially less risk in each film produced, significantly greater profit potential on each film in success with a far higher return on invested capital for successful films relative to our competitors producing similar movies.

Our cost structure and low overhead have allowed us to be opportunistic in a sometimes uncertain and radically evolving environment. One of the most important early lessons for STX was not just about reducing production or marketing expenses or using data-driven marketing strategies to identify and hyper-target our audiences, but rather the ability to be extremely nimble and creative in identifying and capitalizing on opportunities. As a result of this corporate ethos, which interestingly is also something Eros has infused into its corporate culture, we were able to not only weather the theatrical shutdowns caused by the pandemic but to pivot in our production and distribution strategies.

As stay-at-home orders and the closure of cinemas have resulted in delays for the release of feature films and the halting of new production, we have been able to decide, even up to the last moment, how best to monetize our content, whether that is theatrically, through OTT platforms or even in a Premium Video on Demand launch. One recent example of this was one of our features called

My Spy which was originally intended to release theatrically in April, 2020. We sold it to Amazon in what has been a true win-win for both STX and Amazon as it has apparently become one of the most successful Amazon ‘Original’ films ever.

We do continue to believe in the value of the theatrical experience. This unique shared viewing experience is still of the utmost importance to the biggest storytellers and stars on the planet and our ability to deliver theatrical films efficiently gives us a significant competitive advantage. While the current pandemic has significantly delayed the release of our Gerard Butler film *Greenland* in most territories, the performance over the past two weekends in certain international territories has been remarkable, with the film performing at or exceeding most of Gerard’s other action films in those territories despite the fact that theaters there are only permitting 50% capacity and limiting the total number of showings each day.

While this pandemic continues to impact where consumers are able to see the film and while consumers continue to evaluate how they want to view feature content in the future, we will continue to be able to deliver premium content where, when and how consumers want to enjoy it without fundamentally challenging our business model. Despite the business challenges arising from the pandemic, Eros STX has seen a substantial increase in both new subscriptions and consumer engagement on the Eros Now platform driven by increased time spent at home as well as fewer out-of-home entertainment options available. Eros Now has a strong slate of films and original series scheduled for release over the coming quarters, and the Company expects this to help drive continued growth in the paying subscriber base in India and around the world. Consumers are watching more content on the platform than ever before, an acceleration of growth that will provide strong tailwinds to the combined business for the coming quarters.

For today, there are several key takeaways we want to take the opportunity to emphasize:

Guidance: For calendar 2022, we forecast 50 million Eros Now monthly paying subscribers and approximately \$1 billion in revenue (assuming a normalization of the global economy and media landscape by the end of 2020), \$50 million in annual run-rate operating synergies and long-term EBITDA margins of approximately 20% - 25%.

Communication: We will prioritize open and transparent communication with our shareholders, keeping you updated on our goals and strategic objectives. We will proudly announce when we achieve them and humbly acknowledge when we don't, but we won't keep you guessing about it. As we stated previously, we will be announcing our investor day where we will make a full presentation about our company and financial goals. We will announce further details on this once our new combined management team has finalized a go-forward financial plan to take our company into the future.

Governance: Our board and new combined management team are focused on implementing a robust corporate governance framework from which we can operate going forward.

Near Term Execution Priorities: We will be diving more deeply into both corporate strategy and financials on our upcoming investor day, and in the meantime we would like to share the following key objectives that we have identified as immediate priorities:

- Capital Structure -- seek to simplify and consolidate our capital structure that extends maturities, reduces cost and expands capital availability.
- Cash -- given the current COVID-19 pandemic and global market uncertainties, develop cash management actions that minimize spending in slower growth areas and prioritize investing in high growth, strategically differentiating areas.
- Organization -- strive to build a high functioning, growth centric and investor-focused management team, including several key near-term hires.
- Strategic Partnerships -- seek to establish new and deepen existing commercial relationships with global leaders in disruptive consumer viewing platforms with strong long-term growth prospects.
- Synergies -- work to realize the estimated US\$50 million in anticipated merger-related synergies, primarily relating to global content production and monetization, overhead streamlining and global tax benefits.

With all of that said, there is a tremendous amount of work ahead of us at Eros STX to keep delivering premium content while building the capital structure, synergized organization and strategic partnerships that our company has the potential to deliver. My Co-Chairman, Kishore Lulla, and I, together with our combined management team, will work hard to accomplish significant steps in these areas, and we are committed to getting this done effectively. We fully recognize the importance of keeping our investors informed, and we hope to build trust in our newly combined leadership.”

About Eros STX Global Corporation

Eros STX Global Corporation, (“Eros STX” or “The Company”) (NYSE:EROS) is a global entertainment company that acquires, co-produces and distributes films, digital content & music across multiple formats such as theatrical, television and OTT digital media streaming to consumers around the world. The company was formed in July 2020 through the merger of two international media and entertainment groups, Eros International Plc and STX Entertainment. Merging the largest Indian OTT player and premiere studio with one of Hollywood’s fastest-growing independent media companies has created an entertainment powerhouse with a presence in over 150 countries. Eros STX delivers star-driven premium feature film and episodic content across a multitude of platforms at the intersection of the world's most dynamic and fastest growing global markets, including US, India, Middle-East Asia and China. The Company also owns the rapidly growing OTT platform Eros Now which has rights to over 12,000 films across Hindi and regional languages, and had 205.8 million registered users and 33.8 million paying subscribers as of June 30th, 2020. For further information, please visit Erosplc.com or STXentertainment.com until the company launches its new ErosSTX.com site and logo in September

Contact Information

Mark Carbeck

Chief Corporate and Strategy Officer

Eros STX Global Corporation

mark.carbeck@erosintl.com

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Information provided in this communication includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are subject to the safe harbors created thereby. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “approximately,” “anticipate,” “believe,” “estimate,” “continue,” “could,” “expect,” “future,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will” and similar expressions. Those statements include, among other things, the discussions of the Company’s business strategy and expectations concerning its and the Company’s market position, future operations, margins, profitability, liquidity and capital resources, tax assessment orders and future capital expenditures. All such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that the Company is expecting, including, without limitation: the Company’s ability to successfully and cost-effectively source film content; the Company’s ability to achieve the desired growth rate of Eros Now, its digital over-the-top (“OTT”) entertainment service; the Company’s ability to maintain or raise sufficient capital; delays, cost overruns, cancellation or abandonment of the completion or release of the Company’s films; the Company’s ability to predict the popularity of its films, or changing consumer tastes; the Company’s ability to maintain existing rights, and to acquire new rights, to film content; the Company’s ability to successfully defend any future class action lawsuits it is a party to in the U.S.; anonymous letters to regulators or business associates or anonymous allegations on social media regarding the Company’s business practices, accounting practices and/or officers and directors; the Company’s dependence on the Indian box office success of its Hindi and high budget Tamil and Telugu films; the Company’s ability to recoup the full amount of box office revenues to which it is entitled due to underreporting of box office receipts by theater operators; the Company’s dependence on its relationships with theater operators and other industry participants to exploit the Company’s film content; the Company’s ability to mitigate risks relating to distribution and collection in international markets; fluctuation in the value of the Indian rupee against foreign currencies; the Company’s ability to compete in the Indian film industry; the Company’s ability to compete with other forms of entertainment; the Company’s ability to combat piracy and to protect its intellectual property; the Company’s ability to maintain an effective system of internal control over financial reporting; contingent liabilities that may materialize, the Company’s exposure to liabilities on account of unfavorable judgments/decisions in relation to legal proceedings involving the Company or its subsidiaries and certain of its directors and officers; the Company’s ability to successfully respond to technological changes; regulatory changes in the Indian film industry and the Company’s ability to respond to them; the Company’s ability to satisfy debt obligations, fund working capital and pay dividends; the monetary and fiscal policies of India and other countries around the world, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices; the Company’s ability to address the risks associated with acquisition opportunities; risks that the ongoing novel coronavirus pandemic and spread of COVID-19, and related public health measures in India and elsewhere, may have material adverse effects on the Company’s business, financial position, results of operations and/or cash flows; challenges, disruptions and costs of closing the Merger and related transactions, integrating the Eros and STX businesses and achieving anticipated synergies, and the risk that such synergies will take longer to realize than expected or may not be realized in whole or in part; the amount of any costs, fees, expenses, impairments and charges related to the Merger and related transactions; uncertainty as to the effects of the consummation of the Merger and related transactions on the market price of the Company’s A ordinary shares and/or the Company’s financial performance; and uncertainty as to the long-term value of the Company’s ordinary shares.

The forward-looking statements contained in this communication are based on historical performance and management’s current plans, estimates and expectations in light of information currently available and are subject to uncertainty and changes in circumstances. There can be no assurance that future developments affecting the Company



will be those that it has anticipated. Actual results may differ materially from these expectations due to changes in global, regional or local political, economic, business, competitive, market, regulatory and other factors, many of which are beyond the Company's control. Should one or more of these risks or uncertainties materialize or should any of the Company's assumptions prove to be incorrect, the Company's actual results may vary in material respects from what the Company may have expressed or implied by these forward-looking statements. The Company cautions that you should not place undue reliance on any of its forward-looking statements. Any forward-looking statement made by the Company in this communication speaks only as of the date on which the Company makes it. Factors or events that could cause the Company's actual results to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable securities laws.