

## Eros Now Outlines Detailed Operating Metrics for Fiscal Year 2021 and Updates Forward Guidance

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MUMBAI, India--(BUSINESS WIRE)--Eros Now, a leading over-the-top (OTT) South Asian entertainment platform owned by Eros STX Global Corporation (NYSE: ESGC) ("ErosSTX" or "the Company"), a global entertainment company, today released an update on forward guidance as well as detailed operating metrics for the fiscal year ended March 31, 2021.

As of March 31, 2021, Eros Now had 39.9 million total paid subscribers (including both Premium Paid subscribers and Base Paid subscribers, as defined below) and 224.0 million registered users worldwide. This represents 10.6 million net new paid subscriber additions since March 31, 2020, an annual growth rate of 36.2%. Going forward, the Company will concentrate its reporting and guidance on Premium Paid subscribers as Eros Now believes it is a more meaningful indicator of the platform's performance and economic vitality.

A recent research report from Omdia, a UK-based research firm, about the Indian online media market<sup>1</sup> indicates that Eros Now is currently the second largest streaming platform in India in terms of subscribers, with an estimated market share of 24% behind market leader Disney+ Hotstar.

As previously communicated, Eros Now has developed and grown through symbiotic partnerships with mobile telecom operators and other third-party distribution partners around the world. The Company believes these partnerships have been fundamental to the business in its early stages of development because they allowed Eros Now to rapidly increase scale and cast a wide net to reach as many consumers as possible in a capital efficient manner. While these partnerships will continue to play an important role going forward, Eros Now expects to pivot its distribution model to focus primarily on direct-to-consumer relationships while continuing to strengthen and expand selected key distribution partnerships.

The COVID-19 pandemic continues to be a challenging crisis globally with significant business impact. Eros Now has seen growth in subscribers and consumption amidst the pandemic lockdowns, although there was a correction in the final months of calendar 2020 following the early lockdown surge. Overall engagement statistics on the Eros Now platform have increased in 2021 to date. For some indices, such as watch hours, engagement levels are at approximately twice the level as compared to "pre-lockdown".

Below are several key updates and metrics for the Eros Now business announced today:

**1. Subscribers:** Going forward, Eros Now will concentrate on reporting the number of Premium Paid subscribers. A Premium Paid subscriber is defined as a consumer who subscribes to the Eros Now product for at least one month (30 days), either directly or indirectly through a bundled package with a distribution partner. As of March 31, 2021, Eros Now had 19.0 million Premium Paid subscribers. The other 20.9 million paid subscribers, who purchase content a la carte or with sachet pricing (including single downloads or subscriptions lasting a day or a week), are defined as Base Paid subscribers.

**2. Average Revenue per User (ARPU):** Eros Now uses a "geo-sensitive" pricing model for its product in each market. Pricing is guided by the expectation that Eros Now is meant to be a high-quality and affordable mass-market entertainment service that allows people to consume content how and when they choose. Many users start their journey on Eros Now with short-form content or a la carte transactions for specific content, and then move on to more traditional subscription plans. The depth and availability of mass-market content is a tool to introduce consumers to the Eros Now product. As consumer engagement and consumption increases, Eros Now expects to focus on migrating these subscribers into higher ARPU plans of longer duration. Consistent with Eros Now's strategy to concentrate on direct-to-consumer relationships, the ARPU metric for Premium Paid subscribers will be an important indicator of the company's progress. In fiscal 2021, the annual ARPU (net to Eros Now after deducting commissions, partnership fees, etc.) of Premium Paid subscribers was as follows:

All Premium Paid Subscribers - Global: \$0.52

- Premium Paid Subscribers - India: \$0.30
- Premium Paid Subscribers - International: \$10.01

**3. Watch Hours:** A primary metric for video streaming businesses is watch hours, which represents the total viewing time spent by all consumers on an aggregate basis. Total watch hours for Eros Now in fiscal 2021 was 28.1 million hours. Watch hours relating to the top 25 titles on Eros Now was 10.3 million hours. This means that 63% of total watch hours was generated by catalogue or non-tentpole films, including regional language movie titles, which is a testament to the salience and affinity of catalogue content with Eros Now subscribers.

Original content and series remain a very important driver and differentiator for subscriber growth. The Eros Now original series *Flesh*, which premiered on Eros Now in August 2020, was the biggest Eros Now original series as measured by paid subscriber increases, unique streams and watch hours. The total watch hours related to original Eros Now series during fiscal 2021 was 2.6 million hours, which represents 9% of the total Eros Now watch hours.

**4. Consumer Profiles:** Eros Now believes that analyzing consumption patterns from its subscribers and viewers around the world is an important factor in understanding the growth trends of the business. Below are selected datapoints of the global Eros Now consumer profile in fiscal 2021. Note that the datapoints are representative averages and there may be variances based on content launches, addition of new geographies and new subscriber additions to the platform.

- Gender: 75% male / 25% female
- Geography: 2/3<sup>rd</sup>s of Eros Now viewers are from India and the rest are from outside of India (United States is the 2<sup>nd</sup> largest market with 10% contribution)
- Age: 18-34 constitutes 80% of the viewer base. The 25-34 age group demonstrated the largest growth during fiscal 2021.
- Tier 2 and Tier 3 cities in India (medium-to-small sized cities) now represent 50% of overall Indian viewers.

**5. Evolution of the Indian OTT Consumer:** Indian OTT viewers have proliferated in number during the COVID pandemic, accelerating changes in habits and highlighting regional differences in consumption patterns. Eros Now believes that a large proportion of the new online video subscriptions will be maintained as a result of a more permanent change in consumer behavior and cord-cutting. Other factors driving online video growth include affordable subscription packages, such as mobile-only, annual, and bundled plans offered by service providers.

The Indian OTT viewer has evolved throughout the pandemic period. Most of the OTT viewership growth in India is coming from Tier 2 and Tier 3 cities. In line with this, the majority of Eros Now viewers are in the younger demographic, less fluent in English and prefer to consume entertainment in Hindi or their native languages. Eros Now original series consumption is meaningful in India. The country accounted for 80% of watch hours for original series, of which 50% came from consumers in Tier 2 and Tier 3 cities.

**6. Screen Engagement:** India has historically been a 'mobile-first' market given high mobile penetration and relatively modest pay TV penetration compared to Western media markets. The recent lockdowns and the surge of OTT viewing has increased television penetration levels. According to the most recent EY FICCI Report, sales of smart TVs in India have doubled over the past few years and are now expected to reach 40 million by 2025. Eros Now has multiple television distribution partnerships, including Amazon Fire TV, Tata Sky Binge, Jio Giga-Fiber and Apple TV – among others. A significant amount of Eros Now consumption is through smart TVs. For example, 50% of watch hours for *Metro Park* season 2, which debuted in January 2021, were on smart TVs versus a single digit percentage of watch hours at the close of fiscal 2020.

Eros Now is focused on delivering premium digital entertainment to consumers across the world. Eros Now expects to see a modest reduction in Premium Paid subscribers in the short term due to the pivot in strategy towards direct-to-consumer. To maximize reach, Eros Now currently has global collaborations and partnerships with market-leading telecommunications operators, OEMs and digital distribution entities such as Amazon, Apple, Virgin Media and Roku, which allow Eros Now to be available to global audiences. Eros Now currently has over 120 distribution partners and growing, with a meaningful number of partners signed up during the past twelve months alone. In addition, Eros Now has a unique and strategic relationship with Microsoft to further develop and create backend video technology on Azure. This collaboration will help Eros Now develop a new intuitive online video platform to ensure seamless delivery of content across varied consumer cohorts.

By December 31, 2022, Eros Now is targeting an annual Premium Paid subscriber ARPU globally in the range of \$1.20 to \$1.30. The company expects the ARPU growth will be driven by the pivot in strategy to focus more on direct-to-consumer relationships and by leveraging the bundling opportunities with distribution partners. Eros Now believes these factors will help grow ARPU and reduce churn. Importantly, the ARPU figures reported above do not include other Eros Now revenue streams from the current incumbent deals on transactional video on demand (TVOD), advertising, YouTube and other forms of monetization of Eros Now.

The Eros Now content strategy will focus on new original Hindi language series, as well as augmenting the portfolio of regional language series to maintain and grow its leadership position in Tier 2 and Tier 3 regions of India. As previously announced in December 2020, Eros Now is planning to release a total of 46 original series and movies premieres across 8 Indian languages during fiscal 2021. To date Eros Now has released 25 titles with the rest to follow during fiscal 2021. In addition, Eros Now plans to introduce more genres of content to reinforce its leadership position in the Indian OTT market.

### **About Eros STX Global Corporation:**

Eros STX Global Corporation, ("ErosSTX") (NYSE: ESGC) 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. Eros International Plc changed its name to Eros STX Global Corporation pursuant to the July 2020 merger with STX Entertainment, merging two international media and entertainment groups. The combination of one of the largest Indian OTT players and premier studio with one of Hollywood's fastest-growing independent media companies has created an entertainment powerhouse with a presence in over 150 countries. ErosSTX 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 224.0 million registered users and **39.9 million paid subscribers as of March 31, 2021**. For further information, please visit [ErosSTX.com](http://ErosSTX.com).

### **About Eros Now:**

Eros Now, a division of Eros STX Global Corporation, is the world's leading Indian OTT platform with over 224.0 million registered users and 39.9 million paid subscribers. It offers endless entertainment hosting one of the largest movie libraries (over 12,000 digital titles), as well as premium television shows, music and music videos, unmatched in quantity and quality. Eros Now also has a deep library of short-form content, totalling over 4,400 short-form videos including trailers, original short exclusive interviews, and marketing shorts. To date Eros Now has successfully premiered over 180 films in nine different languages including Hindi, English, Tamil, Bengali, Marathi, Gujarati, Malayalam, Telugu, and Punjabi. To see, watch now: [www.erosnow.com](http://www.erosnow.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", "trending" 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 and future operations. All such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we are expecting, including, without limitation: our ability to successfully and cost-effectively source film content; the Company's ability to achieve the desired growth rate of Eros Now; our ability to maintain or raise sufficient capital; delays, cost overruns, cancellation or abandonment of the completion or release of the Company's films; our ability to predict the popularity of its films, or changing consumer tastes; our ability to maintain existing rights, and to acquire new rights, to film content; our ability to successfully defend any future class action lawsuits we are 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; our 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; our dependence on our relationships with theater operators and other industry participants to exploit the Company's film content; our ability to mitigate risks relating to distribution and collection in international markets; our ability to compete with other forms of entertainment; our ability to combat piracy and to protect our intellectual property; our ability to maintain an effective system of internal control over financial reporting; contingent liabilities that may materialize, our 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; our ability to successfully respond to technological changes; our ability to satisfy debt obligations, fund working capital and pay dividends; the monetary and fiscal policies of countries around the world, inflation, deflation, unanticipated turbulence in interest rates,

foreign exchange rates, equity prices or other rates or prices; our ability to address the risks associated with acquisition opportunities; risks that the ongoing novel coronavirus pandemic and its spread, and related public health measures, may have material adverse effects on our business, financial position, results of operations and/or cash flows; challenges, disruptions and costs of 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; completion of the contemplated refinancing transactions; 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.

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<sup>1</sup> Source: Omdia's "*India: Online Video Trends and Omdia Consumer Research Highlights*" report, May 2021

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