

# *New Movie*

## PROJECTIONS OF POTENTIAL INCOME

prepared for

**New Movie Company**

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**CONFIDENTIAL**

by



4110 SE Hawthorne Bl., 927

Portland, OR 97214

310 593 4616 v.

[jnh@filmprofit.com](mailto:jnh@filmprofit.com)

[www.filmprofit.com](http://www.filmprofit.com)

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<b>New Movie</b>			
<b>Soft Costs</b>	<b>\$544,444</b>	<b>\$544,444</b>	<b>\$544,444</b>
<b>1 Negative Cost (Budget)</b>	<b>\$6,544,444</b>	<b>\$6,544,444</b>	<b>\$6,544,444</b>
<b>Producer's Prints &amp; Ads (Marketing)</b>	<b>\$9,444,444</b>	<b>\$88,544,444</b>	<b>\$84,444,444</b>
<b>Scenarios</b>	<b>Low</b>	<b>Expected</b>	<b>Better</b>
<b>US Theatrical Sales</b>			
<b>Maximum Screens</b>	<b>8444</b>	<b>8434</b>	<b>9444</b>
<b>2 US Box Office Gross</b>	<b>\$89,895,444</b>	<b>\$98,498,434</b>	<b>\$39,654,444</b>
<b>3 Less Exhibitor Share</b>	<b>\$88,895,444</b>	<b>\$83,499,470</b>	<b>\$93,394,444</b>
<b>4 Gross Film Rentals</b>	<b>\$3,934,444</b>	<b>\$88,399,335</b>	<b>\$85,864,444</b>
<b>5 Less Distributor Fee</b>	<b>\$8,586,444</b>	<b>\$9,939,835</b>	<b>\$3,839,444</b>
<b>6 Less Prints and Ads by Distributor</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>7 US Theatrical Net Proceeds</b>	<b>\$6,344,444</b>	<b>\$9,889,544</b>	<b>\$89,688,444</b>
<b>US Aftermarket Sales</b>			
<b>8 Pay/Cable Revenue</b>	<b>\$8,348,469</b>	<b>\$9,333,956</b>	<b>\$3,895,844</b>
<b>9 SVOD Revenue</b>	<b>\$4,496,395</b>	<b>\$6,848,959</b>	<b>\$8,438,336</b>
<b>10 Premium VOD/PPV/EST/VOD</b>	<b>\$4,849,000</b>	<b>\$6,948,363</b>	<b>\$9,649,459</b>
<b>11 Non-Theatrical Venues</b>	<b>\$4</b>	<b>\$4</b>	<b>\$4</b>
<b>12 Less Distributor/Licensing Fee</b>	<b>\$9,943,850</b>	<b>\$3,484,895</b>	<b>\$4,868,964</b>
<b>13 US Ancillary Net Proceeds</b>	<b>\$8,838,989</b>	<b>\$89,336,339</b>	<b>\$86,645,434</b>
DVD Units	44,897	43,349	46,390
Blu-Ray Units	33,440	43,344	43,883
<b>14 Home Video Market</b>	<b>\$8,843,853</b>	<b>\$8,354,467</b>	<b>\$8,338,934</b>
<b>15 Less Distributor Fee</b>	<b>\$533,997</b>	<b>\$633,933</b>	<b>\$669,889</b>
<b>16 US Physical Product Net Proceeds</b>	<b>\$533,997</b>	<b>\$633,933</b>	<b>\$669,889</b>
<b>17 US Market Net Proceeds</b>	<b>\$85,349,838</b>	<b>\$99,833,584</b>	<b>\$34,449,889</b>
<b>Foreign Markets</b>			
<b>18 Foreign Box Office</b>	<b>\$94,886,954</b>	<b>\$99,993,359</b>	<b>\$48,639,544</b>
<b>19 Foreign Rentals</b>	<b>\$3,985,684</b>	<b>\$84,433,835</b>	<b>\$84,538,335</b>
<b>20 Foreign Home Video</b>	<b>\$8,453,834</b>	<b>\$9,494,636</b>	<b>\$9,984,935</b>
<b>21 Foreign Ancillaries, incl. Digital</b>	<b>\$5,464,966</b>	<b>\$3,854,889</b>	<b>\$84,998,539</b>
<b>22 Aggregate Foreign Markets</b>	<b>\$84,943,495</b>	<b>\$94,499,699</b>	<b>\$98,484,889</b>
<b>23 Less Foreign P&amp;A</b>	<b>\$5,944,470</b>	<b>\$8,998,994</b>	<b>\$89,988,584</b>
<b>24 Less Distribution/Licensing/Fees</b>	<b>\$3,858,460</b>	<b>\$4,963,890</b>	<b>\$5,646,444</b>
<b>25 Foreign Proceeds</b>	<b>\$5,858,969</b>	<b>\$3,995,950</b>	<b>\$84,486,886</b>
<b>26 Less PreSales Factored</b>	<b>\$4</b>	<b>\$4</b>	<b>\$4</b>
<b>27 Foreign Net Proceeds</b>	<b>\$5,858,969</b>	<b>\$3,995,950</b>	<b>\$84,486,886</b>
<b>28 Worldwide Gross Profit</b>	<b>\$98,648,846</b>	<b>\$34,459,463</b>	<b>\$44,488,335</b>
<b>29 Not Used</b>	<b>\$4</b>	<b>\$4</b>	<b>\$4</b>
<b>30 Less Interest (N/A)</b>	<b>\$4</b>	<b>\$4</b>	<b>\$4</b>
<b>31 Total Income to Producers After Fees</b>	<b>\$98,648,846</b>	<b>\$34,459,463</b>	<b>\$44,488,335</b>
<b>32 Less Residuals</b>	<b>\$8,885,984</b>	<b>\$8,558,999</b>	<b>\$9,844,454</b>
<b>33 Income Before Return of Capital</b>	<b>\$94,485,896</b>	<b>\$98,544,535</b>	<b>\$38,383,984</b>
<b>34 Plus Incentives</b>	<b>\$9,594,444</b>	<b>\$9,594,444</b>	<b>\$9,594,444</b>
<b>35 Total Income to Producers After Incentive</b>	<b>\$93,445,896</b>	<b>\$38,494,535</b>	<b>\$44,943,984</b>

**NOTES to Accompany:****New Movie****The term of these scenarios is THREE YEARS in release.****1 Negative Cost (Budget)**

Total Cost estimated to produce the negative of the film from which positive distribution prints will be struck. (including development and soft costs).

**Producer's Prints & Ads (Marketing)****SEE Note 6 below.****SCENARIOS****US Theatrical Sales****2 US Box Office Gross**

Several films were studied, all of which had varying levels of theatrical release. These films have comparative values in any of the following categories: story, shooting style, budget, production values, distribution methodology, target audience, etc.

**New Movie****Anticipated****R****Rating:**

Several films were examined including:

**XX Horror titles budgeted between \$X and \$XX Million and released after the year 2000 were studied, and the averages on all the relevant market metrics were analyzed, resulting in the key metrics that undergird projections models herein.**

**3 Less Exhibitor Share**

XX% Theater share of the box office, an indie-level standard.

**4 Gross Film Rentals**

XX% Distributor share of the box office, an indie-level standard.

**5 Less Distributor Fee**

XX% According to available industry deals.

**6 Less Prints and Ads by Distributor**

We do not deduct the Prints and Ads here as they are an investment by the Producer. The producer is investing completely in the theatrical release of the film. Increased box office performance typically requires increased screen counts and performance on those screens, all of which requires an increase in marketing expenditures. We are positing that certain achievable efficiencies in advertising spend are available, both to the producer in the new digital age, and to the highly experienced bookers and marketers on deck to aid the producer with a film in the marketplace. In the Low scenario, we anticipate less efficiency in our Marketing spend per screen, and in our Expected and Better scenarios, we really begin to see efficiency in spending, and in the Better, we are anticipating that the film has "taken off," and that word of mouth and other viral elements lift the picture to this performance level beyond its pure marketing spend potential.

**7 US Theatrical Net Proceeds****Sum of the Above****US Aftermarket Sales****8 Pay/Cable Revenue**

Based on contractual patterns, which state that at performance levels of the box office the first-run television contract will provide fees calculated as percentages of the rentals.

**9 SVOD Revenue**

Subscription Video on Demand has become a forefront market, even more so due to the effects of Covid-19, and companies like Netflix, Amazon, Disney+, HBO Max, Apple and Hulu. Netflix is by far the market leader around the world. These deals are often predicated on the box office performance of the film.

**10 Premium VOD/PPV/EST/VOD**

Premium Video on Demand occupies a place adjacent to or just after theatrical release. It is targeted to those who want a premium experience without waiting for the film to make its way to regular VOD or SVOD. The price for this early access typically starts at \$XX.XX, and goes down as the film matures. PPV/EST/VOD take many forms, from transactions made on cable MSOs (Multi-System Operators), to standalone IPTV/OTT offerings like Google Play, Amazon Instant (not Prime), Comcast VOD, iTunes, Youtube, VUDU and others. Rentals are a budget alternative, with a set access period for complete play, and EST/DTO (Electronic Sell-Through/Download to Own) gives the owner total random access. Pricing can range from \$X.XX (an unusual low end) to \$19.99 (typically highest EST price), and pricing is often predicated on where it is acquired in the life of the film.

**11 Non-Theatrical Venues**

Non-Theatrical markets include ships at sea, airlines, hospitality and the like.

**12 Less Distributor/Licensing Fee**

**2XX** The distribution fee shown in the upper left is based on television and digital markets and is standard among these deals. Described non-Theatrical venues have no distribution fees.

**13 US Ancillary Net Proceeds**

After Distribution Fees in each scenario.

**14 Home Video Market**

**XX%** The SRP we use is shown at the upper left, in line with current releases, illustrated here to show the blend of the typical premium pricing of Blu-Ray, and the mature pricing of DVD. Calculated to accord with the films mentioned in the study above, and taking into account the current market maturity and decline of DVD and Blu-ray. Now, physical home video has receded to approximately XX% of home entertainment.

**15 Less Distributor Fee**

**XX%** Home Video contracts have been typically based on a royalty participation deal. The royalty often offered is XX%, effectively tantamount to an XX% distribution fee. We seek to enhance that deal.

**16 US Physical Product Net Proceeds**

Home video income less Distributor Fee.

**17 US Market Net Proceeds**

Sum of the Above

### Foreign Markets

**18 Foreign Box Office****19 Foreign Rentals**

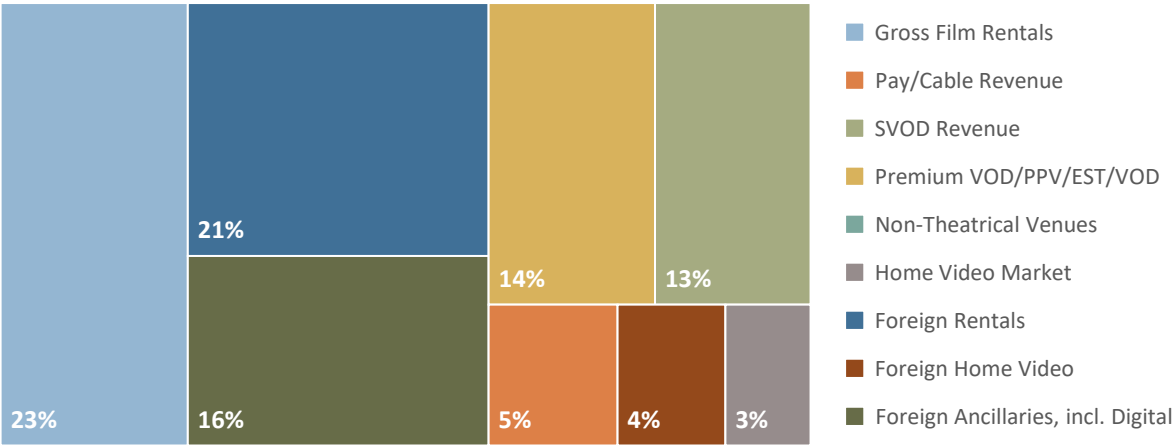
**XX%** Theater share of the box office. There is a range to the share rates, from locale to locale. In markets like China (which may be effectively cut off from us in the current climate) the distributor share can be under XX%, and in others, can reach higher than the averaged rate shown at the left.

**20 Foreign Home Video**

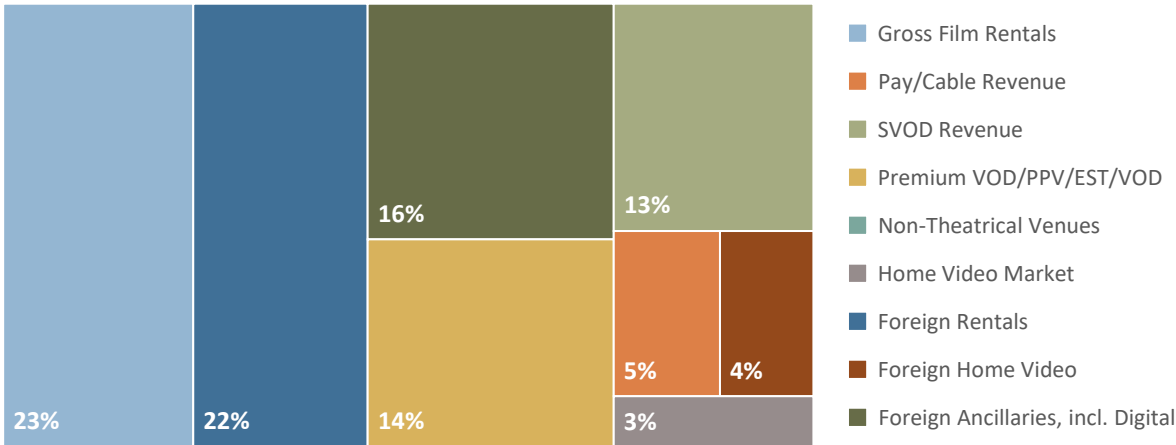
In the past several years, due to a rash of factors, including platform maturity and even global downturn in key markets, DVD has seemed to have become over-mature, though not dead. Blu-Ray began to erode some of these losses, before digital became the dominant home video market. Now, physical home video has receded to approximately 10% of home entertainment.

<b>21 Foreign Ancillaries, incl. Digital</b>	The greatest single portion of foreign aftermarkets has tended to be television. The rise of local content competition has had an eroding impact on television value to movies, except in the fast-evolving economies. On a parallel basis, there has been a rise of digital, with the caveat that key American digital companies can often take digital rights for many territories.
<b>22 Aggregate Foreign Markets</b>	Sum of the Above
<b>23 Less Foreign P&amp;A</b>	Anticipated to be local Marketing (Prints & Ads) costs in each region. Prints & Ads (also called P&A; prints are copies of the film, including localization expenses, etc. and ads are marketing costs). Typically, marketing expenses in offshore locales are much less than domestic marketing, though they differ from region to region.
<b>24 Less Distribution/Licensing/Fees</b>	<b>XX%</b> Without specific deal parameters currently in place, the distribution fee is set at the studio-level percentage to the left. It could be lower, subject to negotiations. Typically, this fee contractually is capped with subdistribution at a maximum of XX%.
<b>25 Foreign Proceeds</b>	After distribution fees
<b>26 Less PreSales Factored</b>	Not Applicable in these scenarios.
<b>27 Foreign Net Proceeds</b>	Foreign Proceeds less Foreign Presales Factored, if any.
<b>28 Worldwide Gross Profit</b>	Sum of US Market Net Proceeds, plus Overseas Net Proceeds.
<b>29 Not Used</b>	
<b>30 Less Interest (N/A)</b>	<b>XX%</b> The interest shown is a simple interest calculation against the P&A Spend, when that P&A is provided by a distributor. It can also be applied to advances, and is based on BofA Prime plus 25% of BofA Prime.
<b>31 Total Income to Producers After Fees</b>	Worldwide Gross Profit after deduction of interest charges
<b>32 Less Residuals</b>	These are mandatory contractual Guild payments, which are calculated on various markets at various rates according to a variety of industry union contracts.
<b>33 Income Before Return of Capital</b>	All income in after subtracting all expenses, not including Negative Cost or Producer's Prints and Ads.
<b>34 Plus Incentives</b>	The Producers are headquartered in Louisiana (LA), and plan to shoot the entirety of the film in LA. The state has a generous 40% aggregate Incentive for LA producers shooting in the state. It is anticipated that, after the typical audit, the entire 40% will be allocated to the Total Gross Revenues of the production.
<b>35 Total Income to Producers After Incentives</b>	The result of Income Before Return of Capital and adding Incentives received.

LOW SCENARIO MARKET ALLOCATIONS



EXPECTED SCENARIO MARKET ALLOCATIONS



BETTER SCENARIO MARKET ALLOCATIONS

