

Ergo Media Ventures invests in Film Clinic

Ergo Media Ventures (“Ergo”) and Film Clinic (or the “Company”) announced that they have entered into a definitive agreement for an investment in Film Clinic by Ergo that would result in Ergo owning a 49% stake in the Company. This transaction marks Ergo’s first investment since its establishment.

Ergo’s investment will be used to transform the Company into a professional, institutionalized, end-to-end visual media production and distribution entity.

The investment will be a combination of equity that will be used to restructure and build the Company, and debt to finance its projects.

Ergo Media Ventures was established in 2018 by Ayady for Investment and Development (“Ayady”) as the first Egyptian Investment vehicle to invest in the media industry with the aim to re-establish the Egyptian media and entertainment industry as a sustainable economic, social and cultural power by focusing on investing in companies working in digital and traditional content creation and distribution.

Ergo’s investment in Film Clinic aims to institutionalize film production and support local visionaries to become regional champions and help develop their footprint in the region; especially in times of increasing demand for quality content - locally and regionally - with new markets opening up, changing media consumption habits, digitization and recovering economic conditions.

It also seeks to create an entity that can cooperate with global players to produce and export quality Egyptian content to the rest of the Arab region and the world and to lead the ongoing efforts to transform the media industry into a major GDP contributor and a generator of employment.

Commenting on the deal, Dr. Hala El Said, Minister of Planning and Economic Development said: “The establishment of Ergo Media Ventures, as well as this investment reflect the government’s strong commitment to helping today’s media visionaries capitalise on Egypt’s competitive advantage and transform their ideas into impactful and exciting business opportunities that re-write culture and drive sustainable, long-term growth.”

Osama Saleh, Chairman of Ayady, said “Ayady’s establishment of Ergo reflects Ayady’s commitment to investing in a diversified portfolio of opportunities, not just in traditional high impact sectors, but also in sectors which investors are not familiar with, which paves the way for more investments to come into this vital sector that has not had its fair share of organized investments in the past.”

Mohamed Metwally, CEO and MD of NI Capital which manages the investments of Ayady and Ergo, also added: “We expect that Ergo’s financial and strategic support to Film Clinic will enable it to capitalize on the paradigm shift in the movie distribution channels from the traditional box office to the digital platforms to reach out to Arabic content viewers wherever they are all around the world, thus optimizing the financial returns while managing and containing the risks that were traditionally associated with niche movie productions.”

Gamal Guemeih, Investment Manager of Ergo, said “This transaction is the first of hopefully many out of Ergo’s current pipeline which includes several opportunities in different media sectors. We have been working tirelessly over the past two years to identify and evaluate investment opportunities in a sector

that has not been quite familiar to private equity investors in the region. However, we do believe that this sector can deliver superior returns especially with digitization and the rise of new media channels in light of the coronavirus pandemic. These changes present a golden opportunity for the industry to recalibrate and to position Egypt as *the* regional media production hub resting on its existing leadership position, strong infrastructure, and talent pool.”

On the other hand, Mohamed Hefzy, the founder of Film Clinic, said “Since its inception in 2005, Film Clinic's growth has been marked by several significant milestones. This investment and partnership with Ergo mark the initiation of a new phase for the company that we are very excited about, and I believe of its necessity and importance as a step forward, not only for the evolution of Film Clinic, but for the entire media and entertainment industry in Egypt and the Arab World.”

PwC is acting as financial advisor while Rizkana & Partners and Al Jallaf are acting as legal counsels to Ergo. Jurisera is acting as legal counsel to Film Clinic.

About Ergo Media Ventures:

Ergo, Media Ventures is a dynamic investment firm committed to transforming the media landscape in Egypt and beyond. With a primary focus on digital and traditional content creation and distribution, Ergo, aims to re-establish the Egyptian media and entertainment industry as a sustainable economic, social and cultural power. Since its establishment, Ergo has supported multiple promising Arab and Egyptian film projects through the Cairo and Gouna film festivals. Many of these projects have gone on to win several awards from prestigious film festivals around the world.

Ergo was established in January 2018 by Ayady for Investment and Development and is managed by NI Capital; a subsidiary of the National Investment Bank

About Film Clinic:

Film Clinic constitutes a group of companies established by Mohamed Hefzy since 2005. Hefzy is an award-winning screenwriter and producer who has written and produced over 30 feature films in Egypt and abroad. Film Clinic is one of Egypt's most recognized companies in development, production of film and Tv Series in Egypt and abroad. Film Clinic has worked with most media platforms such as Shahid, Amazon, HBO and Viu and has also produced Netflix's first Egyptian production; the TV series “Paranormal”.