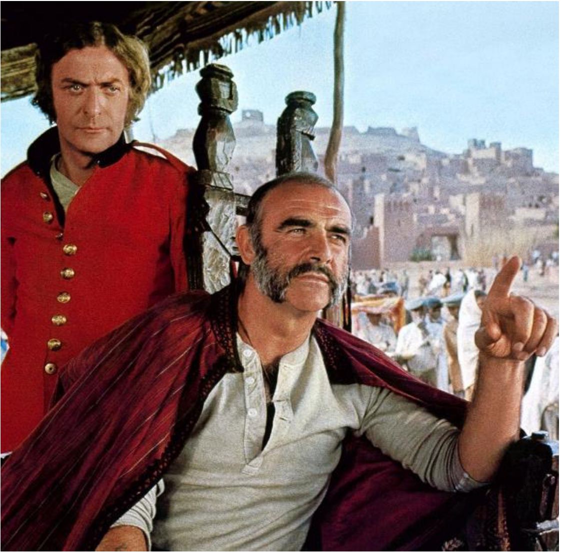
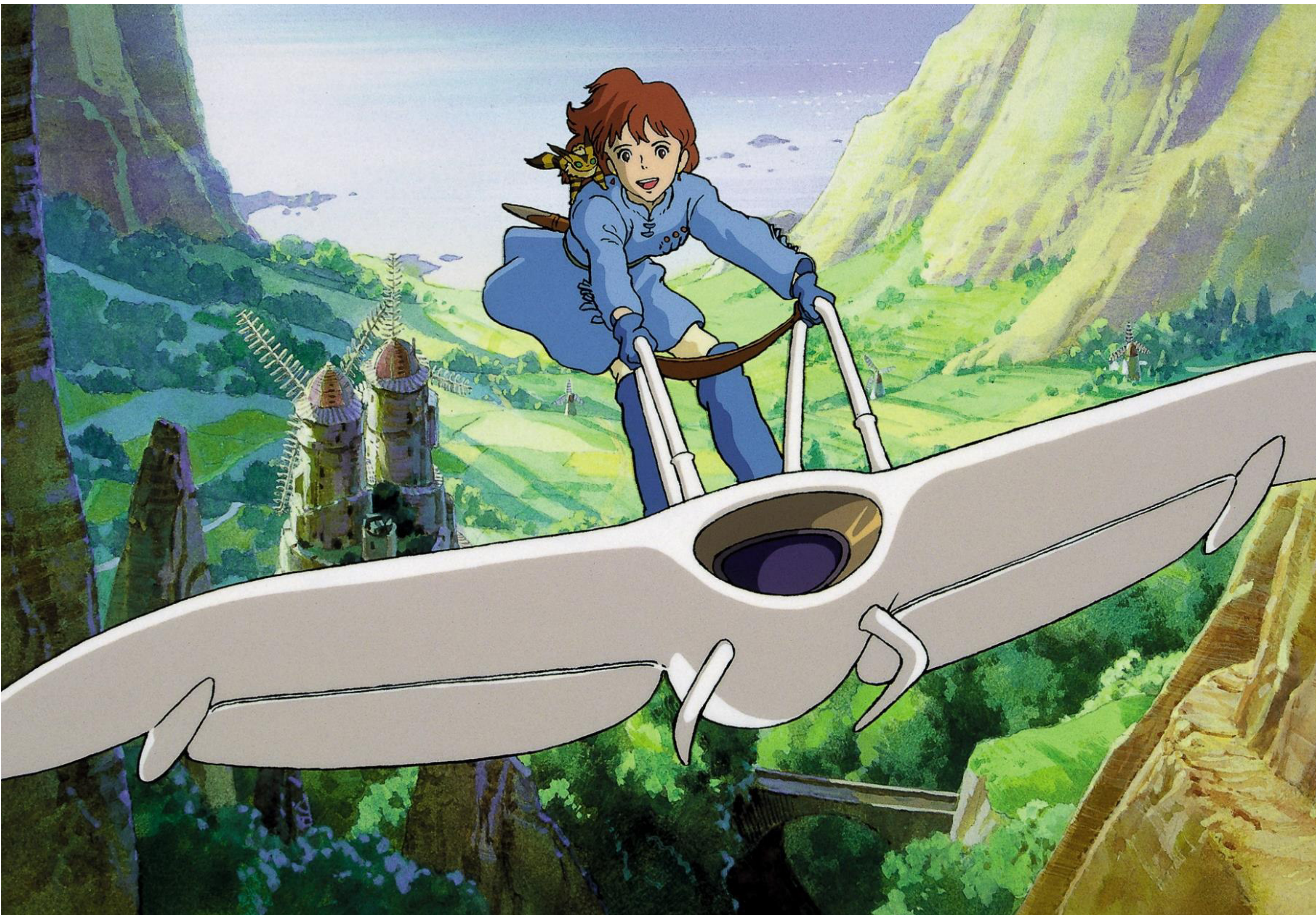


wild bunch

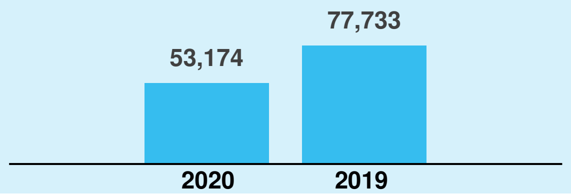
ANNUAL REPORT
2020



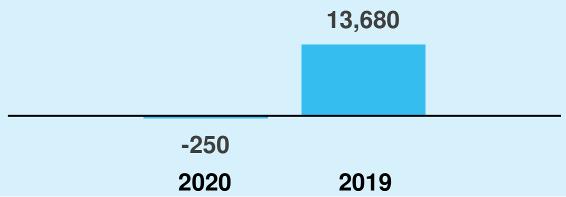



HIGHLIGHTS

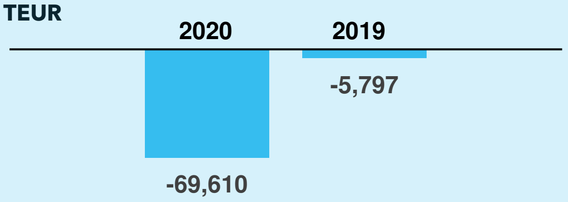
REVENUE
in TEUR



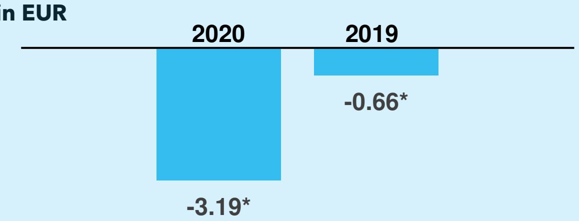
GROSS PROFIT
in TEUR



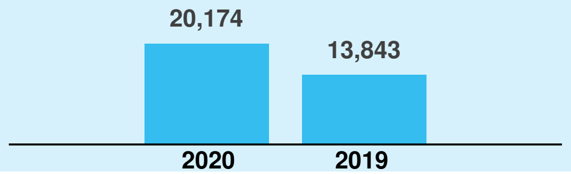
OPERATING RESULT (EBIT)
in TEUR



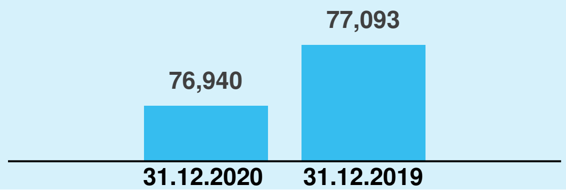
EARNINGS PER SHARE
in EUR



OPERATING CASH FLOW
in TEUR



NET DEBT
in TEUR



* based on an average of 23,942,695 shares outstanding in 2020 and 18,169,088 shares outstanding in 2019.

- Corona pandemic with massive influence on the operating business of the Wild Bunch Group
- Revenue decreased to € 53,174 thousand
- Gross profit margin negative at -0.47 % (previous year: 17.6 %)
- Operating result (EBIT) of € -69,610 thousand mainly burdened by an impairment of goodwill (€ -54,798 thousand) but also by lower cinema and home entertainment revenues in the Corona pandemic.
- Wild Bunch generates positive cash flow from operating activities of € 20,174 thousand

CONTENT

COMPANY PROFILE

Based in Paris and Berlin, Wild Bunch AG (hereinafter referred to as "Wild Bunch" or the "Group") is a leading independent film and TV series production, sales and distribution company. It is listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange.

THE BUSINESS MODEL - PLAYER IN THE FIELDS OF CONTENT ACQUISITION, FILM AND TV SERIES FINANCING, CO-PRODUCTION AS WELL AS FILM AND TV SERIES SALES AND DISTRIBUTION WITH AN INTERNATIONAL DISTRIBUTION NETWORK

The Group is an independent European film and TV series distribution and production company actively engaged in content acquisition, film and TV series financing, co-production, film and TV series distribution and world sales. The Company offers a wide range of distribution services.

The geographical focus of its business activities is on France, Germany/Austria, Italy and Spain. Wild Bunch is thus the only independent group that is simultaneously present with its companies and brands in film & TV series production and distribution in these countries and thus has a Europe-wide network. In addition, the Group also serves the entertainment market worldwide with its international distribution labels and direct sales.

The country and brand strategy includes:

- France with Wild Bunch S. A., Wild Bunch International Sales SAS, Elle Driver SAS, Versatile SAS and brands such as Wild Bunch Distribution, Wild Side, Wild Bunch TV,
- Italy with BIM Distribuzione s.r.l. and BIM Produzione s.r.l.,
- Germany with Wild Bunch Germany GmbH and Central Film Verleih GmbH and the brand Senator Film Produktion
- Austria with Wild Bunch Austria and
- Spain with Vértigo Films S.L.

Already in 2008, Wild Bunch positioned and successfully established itself in the market of direct electronic content distribution with its VOD/SVOD film service FilmoTV in France. In addition, Wild Bunch is active in the area of film production, which primarily aims to be a constant source of cinematic content for the Group's distribution platform. Thus Wild Bunch produced or co-produced films, TV series and TV shows such as BLUE IS THE WARMEST COLOR, LE LIVRE D'IMAGES, VICTORIA, WOLF TOTEM, ÜBERFLIEGER - KLEINE VÖGEL GROSSES GEKLAPPER, OLAF MACHT MUT...

Wild Bunch thus continuously delivers high-quality content to the entertainment sector - through its expertise in identifying attractive projects, its global network of filmmakers or its proven know-how in international film financing.

The growing TV division Wild Bunch TV builds on all the advantages of the Group with the aim of becoming a unique co-producer of TV content for several countries and a worldwide distributor of such content. Wild Bunch TV has already distributed several TV series such as THE EXCHANGE PRINCIPLE, FOUR SEASONS IN HAVANNA, MEDICI MASTERS OF FLORENCE, THE NAME OF THE ROSE or TEAM CHOCOLATE.

Wild Bunch currently has a total library of around 2,500 film titles and TV series and usually co-finances or distributes up to 50 new independent films a year worldwide. With its long-standing reputation in the film business worldwide as well as its large and artistically diverse selection of international art house films, the Group considers itself well positioned and has already ensured the successful world distribution and reputation of numerous films. International and local successes have been achieved with renowned films such as THE ARTIST, LES MISÉRABLES, CARPHARNAÜM, DHEEPAN, DRIVE, FAHRENHEIT 9 / 11, THE GRANDMASTER, INTOUCHABLES, KIKI, THE KING'S SPEECH, LE PETIT NICOLAS, MARCH OF THE PENGUINS, MARY AND MIKE, PAN'S LABYRINTH, SHOPLIFTERS, SIN CITY, SPIRITED AWAY, TWO LOVERS, VICKY CRISTINA BARCELONA, VICTORIA.

The Company strives to offer the best in international cinema to film distributors and broadcasters worldwide.

THE MANAGEMENT - EXPERIENCE AND INTERNATIONAL NETWORK COMBINED

The business activities of Wild Bunch AG are controlled by an experienced management team. As an Executive Board member of Wild Bunch, Vincent Grimond brings his many years of experience in management positions in the film industry to the Group. He has a worldwide network in the media and entertainment sector and was previously CEO of StudioCanal and Senior Executive Vice President of Universal Studios.

He is supported by an experienced and international management team. Marc Gabizon, Chief Operations Officer (COO) of Wild Bunch Group and Managing Director of Wild Bunch Germany is based in Germany; Gregory Strouk, Head of Wild Bunch TV & Wild Bunch Digital and Jérôme Rougier, Head of French Theatrical Distribution and Acquisition are based in Paris; Antonio Medici, CEO of BIM Distribuzione is based in Rome; Andres Martin from Madrid is Founder and Head of Vértigo Films; Adeline Fontan Tessaur from Paris is Managing Director of the international distribution company Elle Driver; Markus Aldenhoven, Legal & Business Affairs of Wild Bunch Germany is based in Munich; Bruno Delecour, CEO of FilmoTV, and Louise de Monjour Head of Communications are based in Paris; and Amandine Houpe, Chief Financial Officer of Wild Bunch S.A. From this position, she also manages the finances of the Wild Bunch Group from Paris.

THE STRATEGY - TAILOR-MADE PRODUCTS FOR PROFITABLE GROWTH

Despite the negative impact of the Covid-19 pandemic (also known as the "Corona pandemic") on business development, Wild Bunch is sticking to its goal of expanding its position as an independent, European film distribution and production company. The strong international network and synergies within the Group will be used to drive the activities - especially in the core markets - and to provide top-class films or TV series to film distributors and distribution platforms for audio-visual content worldwide, from cinema to digital video services. In addition to further penetrating existing markets, the development of new market segments is an essential part of the long-term growth strategy. In view of digitalisation and the accompanying and accelerated shift from linear TV consumption to on-demand TV, the Company sees itself as a pioneer in the development of innovative digital solutions in production, sales and distribution. The Company is actively shaping this radical paradigm shift and is continuously working to push the marketing of content via digital channels.

Tailor-made, attractive content and services for the entertainment sector - this is, in summary, the way Wild Bunch aims to return to profitable growth in the coming years.

REPORT OF THE SUPERVISORY BOARD

In the following, the Supervisory Board reports on its activities in the 2020 financial year, in particular on the type and scope of the audit of the management of the Company as well as on consultations in the Supervisory Board, on compliance with the requirements of the German Corporate Governance Code (GCGC), on the audit of the annual financial statements of Wild Bunch AG and the Group as well as on personnel changes in the Company's executive bodies. In accordance with the recommendation of the GCGC, the Supervisory Board has a sufficient number of independent members.

COOPERATION BETWEEN THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

In 2020, the Supervisory Board performed the duties and obligations incumbent upon it under the law and the Articles of Association. It continuously monitored the management of the Executive Board and regularly advised it on the management and strategic orientation of the Company.

The Supervisory Board was kept regularly, promptly and comprehensively informed by written and oral reports from the Executive Board. The reports contained all relevant information on the business development and the situation of the Group, including the risk situation and risk management. Deviations in the course of business from the approved plans were presented, justified and discussed. The Executive Board coordinated the strategic orientation of the Group with the Supervisory Board and discussed with it all business transactions of significance for the Company, the further strategic orientation and the future financing of the Group. The Supervisory Board was involved in all decisions that were of fundamental importance for the Company.

The Executive Board continued to inform the Supervisory Board about the most important financial key figures and submitted business transactions that required the approval of the Supervisory Board or were of particular importance to the Supervisory Board for resolution in a timely manner. The Supervisory Board was also informed in detail by the Executive Board between meetings about special intentions and projects that were urgent for the Company and - if necessary - it gave its written vote. The Chairman of the Supervisory Board was also regularly informed outside of the Supervisory Board meetings about the current business situation and significant business transactions as well as existing risks in the Company.

The Supervisory Board fulfilled its auditing duties, among other things and insofar as not described separately in this report, by receiving and discussing reports from the Executive Board, the employees and the auditors commissioned to audit the annual and consolidated financial statements.

MEETINGS OF THE SUPERVISORY BOARD

In 2020, five Supervisory Board meetings were held, two in the first half of 2020 and three more in the second half of 2020. The Supervisory Board meetings were either held as a conference call or took place in partial attendance of participants with simultaneous telephone calls.

The participation rate of the members in the meetings of the Supervisory Board was 95 %.

COMMITTEES

In order to ensure the efficient performance of its duties, the Supervisory Board has the following two committees: The Audit Committee and the Investment Committee. The Audit Committee consisted of the following members during the financial year: Mr Pierre Tattevin and Mr Tarek Malak. Mr Pierre Tattevin also serves as the Independent Financial Expert (IFC) of the Supervisory Board. The Investment Committee was composed of the following members: Mr Tarek Malak, Mr Kai Diekmann and, until his retirement, Dr Georg Kofler. In 2020, one meeting of the Audit Committee and one meeting of the Investment Committee took place.

DELIBERATIONS IN THE SUPERVISORY BOARD

The subject of regular reporting by the Executive Board and consultations in the meetings of the Supervisory Board and its committees were the development of revenue and earnings of the group companies and the Group, the financial and liquidity situation, the status of work on the annual financial statements, the Group's situation and measures in the Covid-19 pandemic that has been developing since February 2020, the further development of the business model and the strategic orientation of the Group.

In the first half of the year, the meetings focused on the refinancing of the existing Bank Leumi credit line with a credit line from Commerzbank, the potential conclusion of shareholder loans, the liquidity situation of the Group and the strategic orientation of the Group. In the further course of the year, the focus was on the resolutions of the 2020 Annual General Meeting, the progress of a fine proceeding by BaFin (Federal Financial Supervisory Authority) and a sample on the 2019 consolidated financial statements by the FREP (German Financial Reporting Enforcement Panel) as well as the use of relief measures to mitigate the economic consequences of the Covid-19 pandemic were discussed.

In addition, the following topics of the Supervisory Board meetings should be highlighted:

1. Advising the Executive Board on the preparation and presentation of the 2019 annual financial statements (separate and consolidated financial statements) and the required documentation of the underlying audit matters.
2. Advising the Executive Board on the future strategic direction of the Group.
3. Against the background of group-wide credit line financing by Commerzbank, advising the Executive Board on internal group financing and group liquidity organisation.
4. Consultation within the Supervisory Board on the future composition of the Executive Board and extension of the Executive Board contract of Mr Vincent Grimond.
5. Advising the Executive Board on the implementation of a capital increase at the level of Wild Bunch S.A. to reduce

intercompany liabilities in the amount of € 50 million ("debt-equity swap").

RESOLUTIONS OF THE SUPERVISORY BOARD

At its meetings, the Supervisory Board passed resolutions on the budget planning submitted by the Executive Board for the 2020 and 2021 financial years, the adoption and approval of the annual and consolidated financial statements for the 2019 financial year, the adoption of the dependency report and the corporate governance documentation for the 2019 financial year. The Supervisory Board also passed resolutions on the selection of the auditor for the 2020 financial year and the extension of the D&O insurance, a capital increase at the level of Wild Bunch S.A. to reduce intercompany liabilities in the amount of € 50 million ("debt-equity swap"), and the extension of the Executive Board contract of Mr Vincent Grimond.

CORPORATE GOVERNANCE

The Supervisory Board has dealt with corporate governance issues in the Company several times in its meetings. The Executive Board and the Supervisory Board agreed on updating the declaration of compliance with the German Corporate Governance Code and issued the joint declaration of compliance in accordance with § 161 of the German Stock Corporation Act (AktG) in April 2021. It has been made permanently available to the public on Wild Bunch AG's website together with previous declarations of conformity. In it, the Executive Board and the Supervisory Board have declared that the recommendations of the German Corporate Governance Code in the version of 19 December 2019 have been and are being complied with, with the exceptions specified in the declaration of compliance. The Executive Board and the Supervisory Board explain corporate governance separately in the Corporate Governance Report.

EXPLANATIONS PURSUANT TO THE TAKEOVER DIRECTIVE IMPLEMENTATION ACT

The Supervisory Board has examined the information provided in the management report of Wild Bunch AG and the group management report in accordance with §§ 289a and 315a (4) of the German Commercial Code (HGB) and the explanations provided by the Executive Board. Reference is made to the corresponding explanations in the management report/group management report. The Supervisory Board has examined the information and explanations and adopts them. In the opinion of the Supervisory Board, they are complete.

COMPOSITION OF THE SUPERVISORY BOARD

In the 2020 financial year, the following personnel changes occurred in the composition of the Supervisory Board: Supervisory Board member Dr Georg Kofler resigned his mandate as of the end of 20 July 2020. Subsequently, the Supervisory Board consisted of the four members still in office, Mr Tarek Malak, Mr Kai Diekmann, Mr Pierre Tattevin and Mr Arjun Metre.

APPOINTMENT OF THE EXECUTIVE BOARD

In the 2020 financial year, the Executive Board of the Company consisted of Mr Vincent Grimond as sole Executive Board member (Chairman of the Executive Board).

AUDIT OF THE FINANCIAL STATEMENTS OF WILD BUNCH AG AND THE GROUP AS OF 31 DECEMBER 2020

Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, was elected as auditor of the annual financial statements and as auditor of the consolidated financial statements for the 2020 financial year and as auditor for the review, if any, of interim financial reports until the next annual general meeting by resolution of the annual general meeting of Wild Bunch AG on 30 September 2020 and was commissioned by the Supervisory Board on 26 November 2020 to perform the audit procedures. The subject of the audits were the annual financial statements of Wild Bunch AG submitted by the Executive Board and prepared in accordance with the provisions of the German Commercial Code (HGB) and the consolidated financial statements as well as the combined group management and management report for the 2020 financial year, which were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) and, in addition, in accordance with the provisions of commercial law applicable under § 315e (1) HGB. The annual financial statements of Wild Bunch AG received an unqualified audit opinion, and the consolidated financial statements received a qualified audit opinion.

The annual financial statements of Wild Bunch AG as well as the consolidated financial statements and the combined group management and management report for the 2020 financial year were presented to all members of the Supervisory Board. They were the subject of the joint meeting of the Supervisory Board and the audit and accounting committee on 30 April 2021, which was also attended by representatives of the auditor, who were available to answer questions. The Supervisory Board took note of and approved the results of the audit. Following the final results of its own examination, no objections were raised. The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Executive Board as well as the combined Group management and management report. The annual financial statements for the 2020 financial year are thus adopted.

REVIEW OF THE REPORT OF THE EXECUTIVE BOARD ON RELATIONSHIPS WITH AFFILIATED COMPANIES

Due to the existing shareholdings in the Company in the reporting year, Wild Bunch AG is to be classified as a company dependent on a single shareholder in the reporting year. A control and/or profit transfer agreement with the controlling company does not exist.

The Executive Board of Wild Bunch AG has therefore prepared a report on the relationship with affiliated companies for the 2020 financial year for the period of dependency (dependency report) in accordance with § 312 of the German Stock Corporation Act (AktG). The Executive Board submitted the dependency report to the Supervisory Board in due time.

The Company's auditor has audited the dependency report and issued the following audit opinion:

"Following our statutory audit and assessment, we confirm that

1. the actual information in the report are correct,
2. in the legal transactions listed in the report, the payment of Wild Bunch AG was not unreasonably high."

The auditor submitted its audit report to the Supervisory Board and also reported on its audit and the main results of its audit in a separate meeting of the Audit Committee. The members of the Supervisory Board discussed the audit report in detail with the Executive Board at their meeting on 30 April 2021. The members of the Supervisory Board came to the conclusion that the audit report complies with the legal requirements. In the course of its own examination, the Supervisory Board did not find any indications of incorrectness or incompleteness or other objections. The Supervisory Board concurs with the Executive Board's proposal for the appropriation of profits.

The Supervisory Board would like to thank the Executive Board, management and employees for their great commitment and personal dedication.

The Supervisory Board

Berlin, 30 April 2021
Tarek Malak
Chairman

THE SHARE

SHARE PRICE DEVELOPMENT

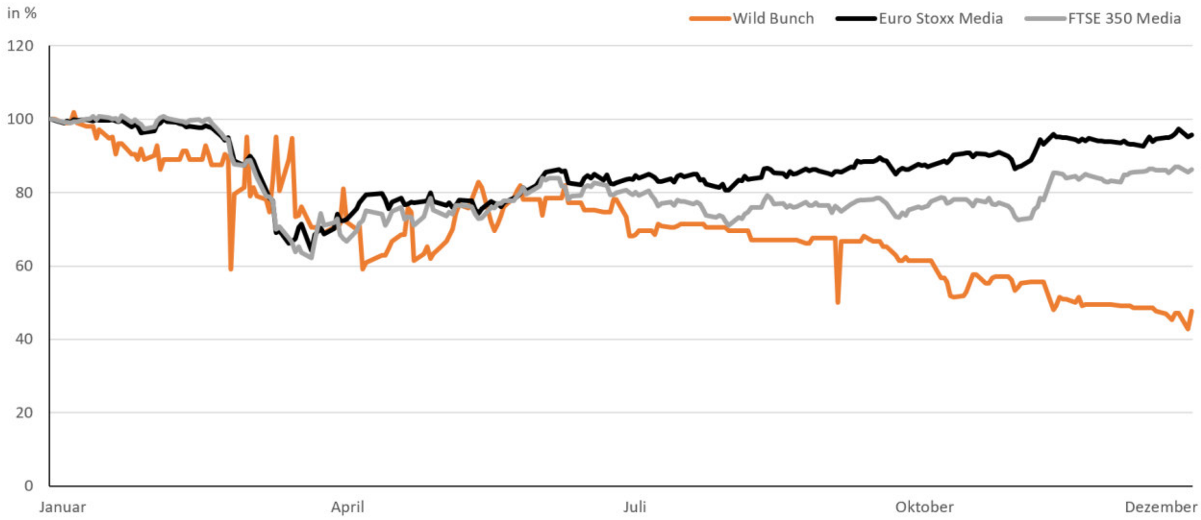
The Wild Bunch AG share, which is listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange (initial listing 25 February 2008), developed contrary to the German market barometer DAX® (German Share Index) in 2020. While the Wild Bunch share came through the massive price drops in the DAX® of up to 40 % at the beginning of the Corona pandemic in March 2020 relatively unscathed, it continued to decline from the middle of the year. After the sharp decline at the end of 2020, the DAX® was able to completely recover its price losses and closed the year with a performance of plus 2.5 %. In contrast, the Wild Bunch share lost around 54 % of its value in the same period.

The share price development was characterised by high volatility, especially in March, and then by a steady downward movement. The share opened the trading year at € 2.10 on 2 January 2020. Shortly afterwards, it reached its high for the year of € 2.14 on 9 January 2019. It reached its low for the year of € 0.90 on 21 December 2020. The Wild Bunch share closed the 2020 trading year at a share price of € 0.97 on 30 December 2020. At that time, this corresponded to a market capitalisation of Wild Bunch AG of € 23.2 million.

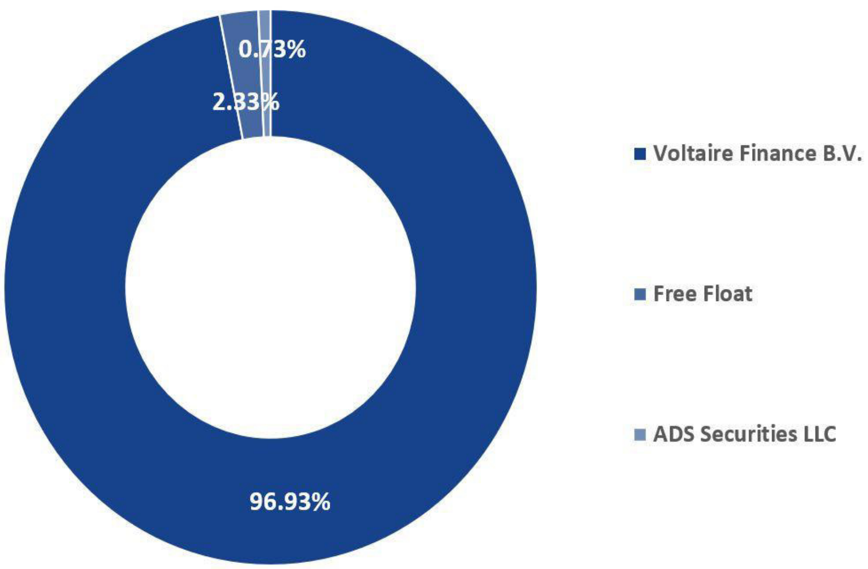
IMPORTANT KEY DATA OF THE SHARE

Securities identification number	A2TSU2
ISIN	DE000A2TSU21
Stock exchange symbol	WBAH
Trading segment Transparency level	Regulated Market General Standard
Share class	Ordinary or no-par value bearer shares
Initial listing	25 February 2008
Share capital (31 December 2020)	€ 23,942,755.00
Market capitalisation (30 December 2020)	€ 23.22 m

SHARE CHART (2 JANUARY - 30 DECEMBER 2020)



SHAREHOLDER STRUCTURE (AS OF 31.12.2020)



Voltaire Finance B.V., with a holding of 96.93 % of the shares, continues to be the largest investor in the Company and a stable and long-term oriented anchor investor. ADS Securities LLC is another long-term anchor investor with a share of 0.73 %. The remaining shares of the Wild Bunch founders are now added to the free float.

The free float amounts to approximately 2.33 % of the shares.

INVESTOR RELATIONS

Communication with the capital market was limited to the legally required scope due to restricted capacities.

ANNUAL GENERAL MEETING

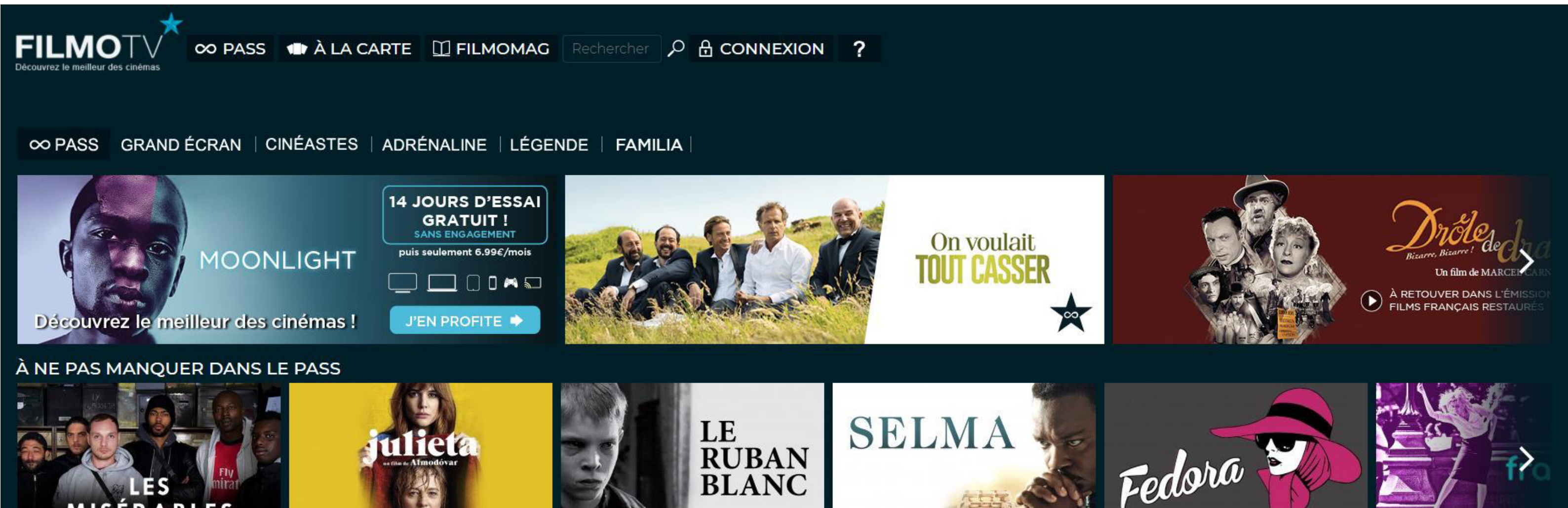
Due to the Corona pandemic, the Annual General Meeting of Wild Bunch AG took place on Wednesday, 30 September 2020 in Berlin as a virtual Annual General Meeting without the physical presence of the shareholders.

The approved annual financial statements of Wild Bunch AG as of 31 December 2019 and the approved consolidated financial statements as of 31 December 2019 were presented to the Annual General Meeting. The Annual General Meeting approved the actions of the Executive Board and Supervisory Board for the 2019 financial year. Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, was elected as auditor of the annual financial statements and auditor of the consolidated financial statements for the 2020 financial year and as auditor for any review of interim reports or other financial information during the year.

Furthermore, it was decided to reduce the Supervisory Board to five members. The Executive Board and the Supervisory Board are of the opinion that a Supervisory Board consisting of five members is sufficient for the size of the Company to fulfil its supervisory and advisory tasks and can act more efficiently.

The share capital of the Company is conditionally increased by up to EUR 11,971,377.00 by issuing up to 11,971,377 new no-par value bearer shares of the Company with a notional interest in the share capital of EUR 1.00 per share (Conditional Capital 2020). The conditional capital increase serves to grant shares upon the exercise of conversion or option rights or upon the fulfilment of conversion or option obligations or upon tender to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) issued on the basis of the authorisation resolution of the Annual General Meeting of 30 September 2020.

The Conditional Capital 2015/I was cancelled.


FILMOTV
Découvrez le meilleur des cinémas
PASS
À LA CARTE
FILMOMAG
Rechercher
CONNEXION
?
PASS
GRAND ÉCRAN
CINÉASTES
ADRÉNALINE
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14 JOURS D'ESSAI GRATUIT !
SANS ENGAGEMENT
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Découvrez le meilleur des cinémas !
J'EN PROFITE
On voulait TOUT CASSER
Drôle de drame
Bizarre, Bizarre !
À RETROUVER DANS L'ÉMISSION FILMS FRANÇAIS RESTAURÉS
À NE PAS MANQUER DANS LE PASS
LES MISÉRABLES
julieta
LE RUBAN BLANC
SELMA
Fedora

GENERAL INFORMATION ABOUT THE GROUP

INTRODUCTION

This combined group management and management report of Wild Bunch AG was prepared in accordance with § 315 HGB. Unless explicit reference is made to Wild Bunch AG or the Wild Bunch Group (hereinafter referred to as "Wild Bunch" or the "Group"), the statements refer equally to Wild Bunch AG and the Group. The statements on the course of business and the results of operations, net assets and financial position of the Group are based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Totals and percentages have been calculated on the basis of non-rounded euro amounts and may differ from a calculation based on the reported thousand or million euro amounts.

1. GENERAL INFORMATION ABOUT THE GROUP

1.1. GROUP STRUCTURE AND BUSINESS MODEL

The Wild Bunch Group is a leading independent European media company active in international sales and distribution as well as in the production and co-production of films and TV series with its subsidiaries and brands.

Production is essentially characterised by the fact that an exploitation right is acquired before the film is completed. It is a "delivery method" for film content that is becoming increasingly significant for the Group. Compared to co-production or the acquisition of a finished film, production is characterised by a greater involvement in the creation of projects and their development, and thus in the artistic and financial control that the Group can exercise. Wild Bunch does not have its own film studios. This makes the Company's production concept fundamentally different from that of American studios.

After its own production or co-production or the purchase of exploitation rights, Wild Bunch serves its partners of the most diverse reception channels, from cinema operators to TV broadcasters to providers of digital video content, with this content via its own classic or digital direct distribution. The target markets in focus are cinema, TV and VOD/SVOD providers (also called OTT video providers) as well as, of decreasing importance, exploitation via DVD/Blu-Ray.

With its French VOD/SVOD platform FilmoTV, Wild Bunch also has its own digital distribution channel.

Country and brand strategy

The geographical focus of its business activities is on France, Germany/Austria, Italy, and Spain. Wild Bunch is simultaneously present in film & TV series production and distribution in these countries with its companies and brands and has an extensive pan-European network. In addition, Wild Bunch markets its library of around 2,500 film and series titles of various genres worldwide and usually distributes up to 50 new independent films a year.

Germany/Austria/France **Italy** **Spain**

Production and distribution

VOD/SVOD platforms

Group structure

The management company of the Wild Bunch Group, Wild Bunch AG, is a listed stock corporation with its registered office in Berlin and, as the holding company, fulfils a holding function and is responsible for management, financing, group law, communication, and information technology (IT).

Under this, the business activities are divided into the two segments "International Sales and Distribution and Film Production" and "Other". The first segment comprises the (co-)production and distribution of films, TV series and other cinematic content. The second segment combines the operation of the own VOD/SVOD platform and other activities.

1.2. EMPLOYEES

The Group employed an average of 134 employees (incl. management) in the 2020 financial year, compared to 125 employees (incl. management) in the previous year. This reflects the efforts to keep administrative costs stable.

1.3. RESEARCH AND DEVELOPMENT

Wild Bunch does not conduct any research and development activities in the narrower sense. Accordingly, there are no allocable expenses for research and development.

1.4. INTERNAL CONTROL AND MANAGEMENT SYSTEM

The Executive Board of Wild Bunch AG is responsible for the strategic orientation and management of the Group. The operational responsibility of the group companies lies with the respective management. These companies are managed through shareholders' meetings, strategy meetings, short and medium-term planning, and regular reporting on the course of business. The Executive Board has aligned the internal control system with the Group strategy and defined suitable control parameters. An important module of the internal management and control system is the regular recording and updating of key figures and data as well as reporting to the Executive Board and the Supervisory Board. The subject of the analyses and reporting are in particular the performance indicators presented in 2.2. Reporting and analyses are supplemented by the accounting-related internal control and risk management system (cf. section 4.), in particular the detailed risk recording and risk monitoring in the acquisition and exploitation of films.


SOU

BUSINESS REPORT

2. BUSINESS REPORT
2.1. MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT
2.1.1. MACROECONOMIC ENVIRONMENT

The respective overall economic development as well as the economic development especially in France, Germany, Italy, and Spain have a significant influence on the operating success of the group of companies. In addition, the Wild Bunch Group also operates in non-European markets, such as the USA, for example in film purchasing or in its global distribution activities.

The Corona crisis has hit and massively affected economic activity worldwide. After the severe slump in the first half of 2020, there were hopes that the global economy would cope better than expected with the consequences of the pandemic. However, further waves of the Corona pandemic give rise to fears that the effects will ultimately be more significant and that the pre-crisis level will not be reached in the foreseeable future. The global corona crisis has thus also weighed on private consumption. Output restrictions, closed borders and shops and, in particular, the cultural industry coming to a standstill have severely affected and changed economic life in general and the business activities of the Wild Bunch Group since mid-March 2020. By the end of the year, the global economy had recovered from the Corona crash, but economic output still remains well below pre-crisis levels. Hopes for a stable turnaround were boosted by a large number of Corona vaccine approvals and massive fiscal policy measures by industrialised nations. Mutations of the corona virus, however, raise renewed uncertainties for the global economy. Against this backdrop, the International Monetary Fund (IMF) reports in its World Economic Outlook of January 2021 a sharp decline in global output of -3.5 % in 2020 after growth of +2.8 % in 2019.

In the individual regions and countries, however, there are large differences in economic development due to the varying force of the Corona crisis and the different reactions of the respective governments. After +2.2 % in 2019, the **US** economy contracted by 3.4 % in 2020. The **European Union** experienced a sharp downturn of 7.2 % in 2020 after a 1.3 % increase in 2019.

Wild Bunch's most important markets showed correspondingly strong declines in their economic performance in 2020, but differences in the extent.

According to the IMF, **French economic production** fell by 9.0 % in 2020 after growing by 1.5 % in 2019. **German economic production** recorded a decline of 5.4 % in 2020 (previous year: +0.6 %). According to the IMF, **Italy** saw a decline of 9.2 % in 2020 compared to +0.3 % in the previous year. **Spain's** economic production suffers the biggest setback of the Company's core markets with minus 11.1 % after growth of around 2.0 % was still achieved in 2019.

The exchange rate between the euro and the US dollar can also have an influence on the business activities of the globally active Wild Bunch Group. According to data from the European Central Bank (ECB), the rate stood at 0.89 euros/US dollar at the beginning of 2020.

After a rise of the US dollar until the middle of the year, interrupted only by the distortions caused by the Corona pandemic in March 2020, the rate fell steadily and closed the year on the last trading day at a rate of 0.81 euros/US dollar.

2.1.2. SECTOR-SPECIFIC ECONOMIC ENVIRONMENT

The defining event in 2020 for the entertainment & media industry was the outbreak of the Corona pandemic at the beginning of the year.

Analysis shows that the Corona pandemic has had a profound impact on different industry segments. In particular, it has further amplified the change in consumer behaviour, driven digital disruption and created inflection points in the industry that would otherwise have taken many years to achieve. Examples include the temporary shutdown of the cinema business and, in turn, the continued growth in the OTT video segment. Of great importance for the Wild Bunch Group will also be the future development of the break-up of formerly rigid exploitation windows of cinematic content, which has already begun and which the Company will observe closely. The Corona pandemic and its aftermath have brought the future into the present, with consumers claiming more control over their own media consumption and navigating a world of ever-increasing choice in cinematic entertainment.

The entertainment & media industry was also influenced at the regulatory level, particularly in Europe. After the publication of the new EU Audio-visual Media Services Directive at the beginning of November 2018, the member states had 21 months (until September 2020) to transpose it into national law. The European countries are working on the implementation at different levels. In Germany, for example, the Act Amending the Telemedia Act and Other Acts of 19 November 2020 came into force on 27 November 2020. The most important goal of these new regulations is to create a level playing field for the exploitation stages of cinema, traditional television and new services such as on-demand media services. The new rules also aim to increase cultural diversity and promote European content.

According to estimates in the industry study "PwC Global Entertainment & Media Outlook 2020 - 2024" by the business and auditing firm PriceWaterhouse Coopers ("PwC"), there will be a decline in total revenue in the industry in 2020 for the first time since 2009, from 5.6 % to 2.0 trillion US dollars, down from 2.1 trillion US dollars in 2019.

2.1.2.1. CINEMA

In their study, PwC analysts estimate that worldwide gross box-office takings will amount to only 14.3 billion US dollars in 2020 (previous year: 41.4 billion US dollars). Cinemas around the world had to close, with occasional temporary reopening's, but without any noticeable impact. Almost all films with blockbuster potential were postponed.

The **French cinema market** was characterised by numerous postponements of blockbusters from Hollywood. In addition, first releases of films have now taken place primarily in the VOD sector and a shortening of the four-month theatrical release window was temporarily permitted. **Germany** was also unable to escape the general development on the cinema market. Cinemas were closed and films postponed. National film funding in its various facets continues to provide strong support for the German film industry. Despite the Corona crisis, the **Italian cinema market** is expected to expand in the next few years. Coupled with a more optimal timing of film releases by international film studios, which have already seen initial success in 2019, the market could benefit greatly if cinemas reopen in the future. Tax breaks and film subsidies for local productions are also attracting international and local filmmakers. A very strong decline in the Box Office was recorded in **Spain.** However, the great successes of local arthouse productions in particular, such as the films by Pedro Almodovár with Spanish actors like Antonio Banderas and Penelope Cruz, should give confidence.

2.1.2.2. ELECTRONIC DISTRIBUTION (OVER-THE-TOP - OTT VIDEO)

Electronic distribution includes the sale of film rights and content to over-the-top video offerings (OTT video), i.e. for the reception of content directly via an end device connected to the internet, such as a television (smart TV) or other peripheral devices (e.g. game consoles) as well as via mobile end devices such as smartphones, tablets and notebooks. A distinction is made between single-use transactional video-on-demand (TVOD), i.e. the purchase or rental of a video for a limited period of time, the right of use expires at the end of the period, or the possibility of multiple use with subscription video-on-demand (SVOD), i.e. a subscription model, with mostly monthly payment for rights of use of an (un)limited number of film titles. Another emerging offer is advertising video-on-demand (AVOD), which is an advertising-financed usage model. In the area of electronic distribution, we also subsume the sale and rental of DVDs or Blu-rays (home entertainment business) due to the reciprocal influence with OTT video.

There is a global battle for subscribers in the OTT video market. The dominance of the past years of the market leaders Netflix and Amazon Prime Video has been challenged by the new offerings of Disney+ or AppleTV. Other offerings such as AT&T/WarnerMedia's HBO Max and NBCUniversal's Peacock keep the competitive pressure high. Spending on high-quality content, especially local content, continues to rise to keep viewer appeal high. Each provider is in constant competition with other services such as online video platforms like YouTube, gaming like Fortnite, livestream platforms like Twitch or social media platforms like TikTok for users' attention. Accordingly, content remains the key factor for success in this market. PwC analysts expect the global OTT video market to generate total revenues of 58.5 billion US dollars in 2020 (previous year: 46.4 billion US dollars). The outbreak of the Corona pandemic provided a significant boost in subscription numbers in 2020 as people had to stay at home, but also led to a negative impact on content production due to postponements and production stops.

The home entertainment market, on the other hand, continues to develop in the opposite direction, as consumers will increasingly do without physical media. The demand for DVDs and Blu-rays will become a niche market in the long term, comparable to the market for analogue sound carriers such as vinyl records. This is also reflected in the estimates of the analysts at PwC. Total sales are estimated at only 12.6 billion US dollars in 2020 (previous year: 14.6 billion US dollars).

The saturated **OTT video markets** such as **France** and **Germany**, as well as the emerging markets of **Italy** and **Spain,** are characterised by re-formations and re-launches of different market players or even collaborations to compete against or with market leaders such as Netflix and Amazon Prime Video. Public and private broadcasters in these countries continue to work together to position a national champion against the American competition. Examples include Salto in France or Joyn and TV NOW in Germany.

Market participants have entered into extensive competition for local content. In addition, the regulatory requirements for market participants remain high. In addition to the EU Audio-visual Media Services Directive, which obliges providers of on-demand audio-visual media services (for example, Amazon Prime or Netflix) to ensure that at least 30 % of their catalogues consist of European content and are given appropriate prominence and presentation, some ministries of culture, such as in France, are setting new rules to promote local content.

2.1.2.3. TRADITIONAL TELEVISION

The market segment "Traditional Television" is facing a further weakening of demand in the developed industrialised countries in the next few years, while gains are being recorded in the emerging developing countries. Thus, demand for OTT video offerings will continue to grow, price pressure and price wars among providers remain high or inflamed, and the financing of public TV broadcasters via licence fees continues to be an important but further stagnating element in many countries. In individual markets, such as the USA in particular, we are seeing a wave of consolidation among providers.

PwC sees a global market of 215.2 billion US dollars for traditional TV in 2020.

The **French TV market** is characterised by a high but declining broadcasting fee and a reform of the public TV sector initiated by the government in 2018. According to PwC, the **German TV market** continues to be characterised by the second highest broadcasting fees worldwide, which make a stable and high contribution to the TV market volume and from which the public broadcasters benefit. In addition, high competition can be observed in the reception technologies, i.e. cable, IPTV and satellite. Examples are Deutsche Telekom or Vodafone, which want to reach new customers with their TV offers and especially with multiplay offers (internet/broadband and mobile packages). Characterised by a strong free-to-air TV sector, the penetration of the **Italian TV market** with TV subscriptions is rather low. Broadcasting fees play an important role in financing the public broadcaster RAI. Despite great successes of OTT video providers in the **Spanish TV market,** the TV market is growing due to higher revenues from successfully marketed premium packages with HD and 4k Ultra HD resolution in TV reception. National broadcasters are also launching their own OTT video offerings here.

2.1.2.4. *PRODUCTION*

While the production activities (see also under 1.1. Group structure and business model) in the Wild Bunch Group were still primarily limited to Germany in the 2019 financial year, 2020 was the starting point for the strategic expansion of production in all target markets of the Wild Bunch Group. In addition to Germany also Italy began their involvement in production and co-production at the end of 2019, followed by France and Spain at the end of 2020.

According to the umbrella organisation of the German film industry SPIO e.V., in 2020 the number of German feature film premieres in cinemas dropped by a drastic 42 % with 91 compared to 157 in 2019. The sharp drop is due to the pandemic-related cinema closures. Over the long term, the 10-year average is 143 films. 52 % of new German feature films were German-foreign co-productions, with France, Austria, Switzerland, Belgium and the USA among the preferred co-production countries over the past 10 years. 132 (previous year: 195) production companies were involved in the German premieres in 2020. There is still a high level of competition and cost pressure in production.

The Corona pandemic also affected production in the other core markets of the Wild Bunch Group. For example, the French film promotion authority CNC approved only 239 films in 2020 (-21 % compared to the previous year) and at the lowest level of the decade. Partly due to travel restrictions, the number of international co-productions in France is also down. With 88 co-produced films in 2020 (-24 % compared to the previous year), the lowest level since 2006 was reached.

2.2. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

The primary goal of the Wild Bunch Group remains to sustainably increase the value of the Company. Revenue, gross profit[1], the operating result (EBIT) and net debt are the key performance indicators within the Group.

[1] Gross profit relevant for the management of individual areas in the segments; no management parameter at the level of the entire Group

Key figures in T€	2020	2019
Revenue	53,174	77,733
Gross profit [1]	-250	13,680
Operating result (EBIT)	-69,610	-5,797
Net debt [2]	76,940	77,093

[1] Sales revenue plus other film-related income less cost of sales of services rendered to generate sales revenue

[2] Net debt corresponds to financial liabilities excluding lease liabilities according to IFRS 16 less cash and cash equivalents.

Wild Bunch AG is managed according to the annual result.

NON-FINANCIAL PERFORMANCE INDICATORS

Beyond the financial performance indicators, non-financial performance indicators or success factors are of central importance for the performance of the Company. These result from the specific requirements of the business model.

ADMISSIONS

In the "International Sales and Distribution and Film Production" segment, the box office business generated by a film is a decisive factor for profitability, as theatrical success usually also influences the subsequent exploitation stages. From March until the end of the 2020 financial year and beyond, film exploitation in cinemas came largely to a standstill due to the worldwide cinema closures.

ACCESS TO RIGHTS

The Wild Bunch Group is in competition with others when it comes to acquiring rights to literary works and screenplays or concluding contracts with successful directors, actors and film studios. For this reason, the Wild Bunch Group maintains close cooperation with renowned and experienced screenwriters, directors and producers in Europe who have a proven expertise in the production of feature films and TV formats.

EXPERTISE AND CONTACT NETWORK

Both technical and content expertise are crucial, especially in view of the increasing importance of the digital video market. Equally important are the recruitment, promotion and retention of well-trained, skilled, committed and creative staff. A broad and established network of contacts as well as trusting cooperation with business partners are also important factors for the success of the Wild Bunch Group.

2.3. BUSINESS PERFORMANCE AND ANALYSIS OF NON-FINANCIAL PERFORMANCE INDICATORS

Despite the severe impact of the Corona pandemic on the business activities of theatrical distribution and international sales, the broadly diversified Group showed its ability to react in 2020 by, among other things, increasingly serving the other exploitation levels such as OTT video and traditional TV via its electronic direct sales. In doing so, the Wild Bunch Group is also making greater use of the possibility of "direct to" release of films, i.e. the direct sale of films without the cinema exploitation stage.

2.3.1. SEGMENT INTERNATIONAL SALES AND DISTRIBUTION AND FILM PRODUCTION

2.3.1.1. THEATRICAL DISTRIBUTION[1]

Hit hard by the Corona pandemic, cinemas in France, Germany, Italy and Spain were closed for more than 5 months in 2020, reopening only partially and under restrictions in the second half of the year, only to close again in October 2020. Thus, only 20 films were released in cinemas through the Wild Bunch Group in 2020, compared to 52 in the previous year. Among these 20 film releases, 5 films were released

[1] The information on admission figures in this section is not part of the statutory audit of the annual and consolidated financial statements.

shortly before the second closure, so they were heavily affected by a shortened theatrical release.

In the 2020 financial year, a total of 20 films (previous year: 52 films) were released in France, Germany, Italy, and Spain, with theatrical revenue of € 5,240 thousand compared to € 13,246 thousand in 2019.

Out of the 10 films Wild Bunch planned to release in France, only THE VIGIL (74,000 admissions) and LUCKY STRIKE (100,000 admissions) were released. The two films MADAME CLAUDE and RETIENS LA NUIT were sold directly to TV channels and VOD platforms respectively. Another five films were postponed, and one was even cancelled.

Out of the 12 films BIM Distribuzione planned to release in Italy in 2020, only four reached cinemas, HEROIC LOOSERS, THE VIGIL, DREAMBUILDERS and ARAB BLUES. Three films were also sold directly to TV channels or VOD platforms here (WASP NETWORK, WILD ROSE, TRIAL OF CHICAGO 7). Four films were postponed to 2021 and one film was also cancelled.

In Spain, Vértigo planned to release 14 films in 2020. Out of these, four films made it: LO MEJOR ESTA POR ILEGAR, THE VIGIL, THE SECRET and THE BEST YEARS. Three films were sold directly to TV channels or VOD platforms (RESISTANCE, ENDINGS BEGINNINGS, THE PERSONAL HISTORY OF DAVID COPPERFIELD). Six films were postponed to 2021, one film was cancelled.

Through Wild Bunch Germany, only 10 out of the planned 20 films could be released theatrically in Germany in 2020: DILILI IN PARIS, MY FRIEND CONNI, THE SECRET, LES MISÉRABLES, SYBIL, THE BEST YEARS, BREAK THE BALLET, BOMBSHELL, THE VIGIL; MY DONKEY MY LOVER AND I. Two other films were also sold directly to TV channels or VOD platforms (POSTCARD KILLINGS, GRETEL UND HÄNSEL). Five films had to be postponed to 2021, three films were cancelled.

In order to reduce the dependence on film releases via cinemas, the Wild Bunch Group also marketed its films directly to TV channels and VOD platforms via its "Direct To" activities. In 2020, 27 films were distributed through this distribution channel. These include 10 films in France with OFFICIAL SECRETS, U-235 and MORTAL, 7 films in Italy with OFFICIAL SECRETS, ROOM and THE VILLAINESS, one film in Spain with I AM HERE and 9 films in Germany including THREE SECONDS, CAN YOU KEEP A SECRET and U-235.

2.3.1.2. INTERNATIONAL SALES

Wild Bunch's international sales activities are grouped under the three brands: Wild Bunch International, Elle Driver and Versatile. The activities under the latter company were terminated in September 2020. However, the sale of the existing film rights catalogue is still taking place. World distribution has also been severely affected by the Corona pandemic. Customers, for example foreign distributors from all over the world, had to deal with the same restrictions as the Wild Bunch Group: lockdowns, curfews, and cinema closures.

The Corona pandemic also led to the cancellation of many markets and festivals, such as the Festival and Marché du Film de Cannes. However, these markets are the most important events for the sale and acquisition of films. Even when operators have organised digital markets, such initiatives have been less efficient and the resulting business activity rather low. There was simply a lack of new, fresh films.

Just like international distribution, Wild Bunch TV's distribution activities in 2020 were also affected by the Corona pandemic. In this genre, too, the most important film-series markets (MIPCOM, MANIA SERIES, MIPTV) were cancelled in favour of less efficient virtual markets. In addition, Wild Bunch TV's customers, TV broadcasters worldwide, were largely affected by a decline in advertising revenues and therefore had to scale back their investments.

Global distribution revenues were stable in 2020 (€ 15,979 thousand compared to € 15,502 thousand in 2019) due to the delivery of films and series earlier in the year that were negotiated in 2019 and whose revenues were then booked in 2020 after material delivery.

2.3.1.3. DIRECT ELECTRONIC DISTRIBUTION AND HOME ENTERTAINMENT

Electronic distribution remained a significant business in terms of volume and growth in 2020, while home entertainment (physical video) continued to decline, accelerated by the closure of many outlets and the lack of new films.

In the context of the Corona pandemic, broadcasters still needed finished content. However, traditional TV sales activities have been affected by the reduction in free-TV advertising activity and revenues and by the competition faced by pay-TV operators in many territories.

Globally, in Wild Bunch's core markets, SVOD demand grew strongly in 2020. In the short term during the Corona pandemic, but also in the long term, the industry is experiencing a significant shift in content consumption, with high demand for streaming services.

In 2020, the Wild Bunch Group was particularly active in this area: some films originally intended for theatrical release were sold to digital VOD platforms. Thus, the Wild Bunch Group signed contracts with Amazon in Germany, Spain and Italy, an AVOD contract in France, Germany, Spain and Italy with the Japanese internet company Rakuten and continued its cooperation with Netflix. Further individual contracts with local VOD platforms were also concluded.

2.3.2. SEGMENT OTHER

The activities of the Wild Bunch Group in the business segment Other include the operation of the Company's own VOD platform FilmoTV, the sale of "On Board Entertainment" on aeroplanes and film screenings at film festivals (e.g. Cannes Film Festival). The last two business activities mentioned almost did not take place due to the measures taken to combat the Corona pandemic.

In France, FilmoTV has seen an increase in subscribers to its standalone offering since the Corona pandemic and the associated lockdowns and curfews. In addition, in 2020, FilmoTV has signed a contract with Amazon with first promising numbers and has started to strengthen its existing TVOD/SVOD offers. However, 2020 ends on a contrasting note, as the shortage of new content due to a lack of theatrical releases has affected TVOD activities.

2.3.3. SUPPLEMENTARY INFORMATION ON THE OPERATING BUSINESS

STUDIO GHIBLI DECIDES ON WILD BUNCH

Since September 2020, Wild Bunch is the cinema, video and TV distributor in France for the feature films of the famous Japanese animation studio Studio Ghibli. Well-known productions by the studio include MY NEIGHBOR TOTORO, PRINCESS MONONOKE, SPIRITED AWAY and THE HOWL'S MOVING CASTLE. Wild Bunch International is responsible for the international sales of this catalogue.

EXPANSION OF PRODUCTION AND CO-PRODUCTION ACTIVITIES

In 2020, the Wild Bunch Group's production and co-production activities, as described under 1.1. Group structure and business model, were also severely affected by the Corona pandemic. All film and TV series shootings were halted during the imposed curfews and subsequent contact bans in all Wild Bunch core markets, and ongoing projects were postponed. In addition, as described above, television broadcasters saw their revenues decline and reduced or halted their investment in content production/co-production, which has a negative impact on Wild Bunch's ability to bring production projects to completion.

Nevertheless, the expansion of production and co-production activities remains an important strategic decision for the future of the Wild Bunch Group.

In France, Wild Bunch announced in November 2020 that it would increase its involvement in the production and co-production of feature films. Wild Bunch now has 6 films in development, co-production or production in France. In addition, Wild Bunch is developing the production of TV series in France with Wild Bunch TV. Founded in 2014, Wild Bunch TV has built a catalogue of more than 30 series or documentaries for international distribution and has co-produced or developed 14 series in the past or currently.

In Italy, BIM Produzione started its operations in 2019 and has already announced the launch of two series since then, NUDES (shooting started at the end of October 2020) and LOTOGANG (commissioned by Netflix). In addition, BIM Produzione has another 6 series and/or films in development.

In Spain, Vértigo continues its efforts in the development of its film and TV series production activities with one film in shooting and four projects.

In Germany, Wild Bunch Germany operates through the Senator Film Produktion label as part of its film and TV series production activities. Currently, 10 projects are in development or production, including four series or TV feature films, three animated films and three feature films. The series WARTEN AUF'N BUS, which is now in production with a second season, was a great success. In addition, the production of

PREY, a film for Netflix, and the co-productions of the feature films STICH HEAD, DIE MUCKLAS and LUCY IST JETZT GANGSTER are currently underway.

2.4. EARNINGS, ASSETS AND FINANCIAL POSITION OF THE GROUP

2.4.1. OVERALL ASSESSMENT OF THE REPORTING PERIOD

The year under review was significantly marked by the effects of the Corona pandemic.

From closing cinemas to restricting most staff to work from home, the measures enacted were numerous and drastic. The entire team made efforts to compensate for the decline in theatrical and physical video revenues through TV and SVOD sales. But such efforts are ultimately influenced by the size of the film inventory, competition, and global demand from these customers.

2020 was a "terrible year" that came at a time when the Company was just beginning to recover and was on its way to implementing its strategic and operational changes.

In addition, this challenging situation brought about unscheduled amortisation of intangible assets, which had a strong negative impact on the net result.

The result of the Corona pandemic is a sharp decline in revenue, as forecasted for the 2020 financial year. The drop in revenue of 32 % compared to the previous year (€ 53,174 thousand vs. € 77,733 thousand), is mainly due to lower cinema revenue (€ 5,240 thousand vs. € 13,246 thousand, down 60 %) and lower home entertainment revenue (€ 17,270 thousand vs. € 23,235 thousand, down 26 %).

In response to this situation, the Group has reduced its administrative costs.

Distribution costs are € 8,666 thousand compared to € 19,255 thousand in 2019. Administrative costs decrease by 22 % to € 17,408 thousand, with continued efforts to reduce administrative costs, including personnel expenses. However, depreciation on film assets, including unscheduled depreciation, increased by 14 % to € 26,987 thousand.

In the reporting year, Wild Bunch recognised an impairment of € 54,798 thousand on the goodwill allocated to the CGU International Sales and Distribution and Film Production. The values in use were determined in comparison to the measurement date of 31 December 2019 using adjusted cash flows, which in particular take into account the negative impact of the Corona pandemic on the lower expected profit margins.

As a result, the operating result (EBIT) is € -69,610 thousand. Excluding the impairment on goodwill, the operating result in the reporting year amounts to € -14,812 thousand. As forecasted, it is perceptibly below the value of € -5,797 thousand in 2019. Contrary to the forecast of a significantly higher net debt, however, this could be kept stable at € 76,940 thousand in 2020 (see also 2.4.6. Liquidity development of the Wild Bunch Group).

The key earnings figures of the Wild Bunch Group developed as follows in the reporting year:

Key figures in T€	2020	2019
Revenue	53,174	77,733
Gross profit [1]	-250	13,680
Operating result (EBIT)	-69,610	-5,797
Net debt [2]	76,940	77,093

[1] Sales revenue plus other film-related income less cost of sales of services rendered to generate sales revenue

[2] Net debt corresponds to financial liabilities excluding lease liabilities according to IFRS 16 less cash and cash equivalents.

2.4.2 DEVELOPMENT OF SEGMENTS

2.4.2.1. SEGMENT INTERNATIONAL SALES AND DISTRIBUTION AND FILM PRODUCTION

In the 2020 financial year, revenues in this segment fell by 33 % to € 47,648 thousand (previous year: € 70,799 thousand), while other film-related revenues amounted to € 1,019 thousand (previous year: € 2,931 thousand). The decline in revenues is mainly due to significantly lower cinema revenues and international home entertainment revenues.

The individual divisions contributed to revenue as follows:

Key figures in €k	2020	2019	Change
World distribution	15,979	15,502	+477
Cinema rights	5,240	13,246	-8,006
Electronic Direct Sales/Home Entertainment/TV	26,155	37,320	-11,165
Film production	274	4,731	-4,457
Total	47,648	70,799	-23,151

The revenues were offset by production costs of € 50,550 thousand in the reporting year 2020 (previous year: € 62,482 thousand). The cost of sales includes distribution costs, amortisation of film rights and licensor transfers. The gross profit amounted to € -1,883 thousand after € 11,248 thousand in the comparable period.

2.4.2.2. SEGMENT OTHER

The segment Other with the VOD platform and other activities achieved a revenue of € 5,526 thousand (previous year: € 6,934 thousand) and other income of € 1,074 thousand (previous year: € 1,505 thousand) in 2020. A gross profit of € 1,632 thousand (previous year: € 2,432 thousand) was achieved.

2.4.3. EARNINGS SITUATION OF THE GROUP

The consolidated annual result of € -76,342 thousand was significantly below the value of the previous year (previous year: € -11,981 thousand). The result attributable to the shareholders of the Group amounted to € -76,385 thousand (previous year: € -11,932 thousand).

In addition to the effects explained above and the development of revenue and cost of sales for the segments, the following changes should be highlighted for the 2020 reporting year:

Administrative expenses including other operating expenses (taking into account goodwill amortisation) amounted to € 74,064 thousand in the reporting year (previous year: € 22,743 thousand). Personnel expenses decreased to € 10,205 thousand (previous year: € 13,068 thousand) due to partial employment measures (short-time work) used throughout the Group especially in France, which were supported by government subsidies.

Expenses from the discounting of obligations from operating leases (IFRS 16) amounted to € 78 thousand in the reporting year (previous year: € 97 thousand).

The financial result in the reporting year was € -5,723 thousand after € -5,522 thousand in the previous year.

The financial expenses amounting to € 7,522 thousand relate in particular to interest on the credit line used by Commerzbank AG and on the loans granted by the Company's main shareholder. In June 2020, Wild Bunch AG and Wild Bunch S.A. agreed with the main shareholder to defer any payment obligation under the loans and any payment of accrued and outstanding and further accruing interest under the respective loan agreements until 31 December 2021 in order to strengthen liquidity and against the background of the operating losses expected for the financial year 2020 due to the Covid-19 pandemic. By agreement dated 15 April 2021, the deferral was extended to 31 December 2022. Interest on the principal debt and the deferred interest liabilities is charged at the originally agreed interest rate.

Taking into account the current crisis and its impact not only on the current financial year but also on the foreseeable future, the Company has drastically changed its business planning for the next five years.

2.4.4. ASSETS OF THE GROUP

The balance sheet total of the Group as of 31 December 2020 amounted to € 205,168 thousand (previous year: € 283,059 thousand). On the assets side, non-current assets decreased by € 66,786 thousand (31 December 2020: € 131,663 thousand; 31 December 2019: € 198,449 thousand) and current assets decreased by € 11,104 thousand (31 December 2020: € 73,506 thousand; 31 December 2019: € 84,610 thousand).

The decrease in non-current assets is mainly due to the amortisation of goodwill (€ 54,798 thousand), the decrease in current assets is mainly due to the decrease in trade receivables (decrease of € 13,175 thousand to € 23,757 thousand), offset by the increase in cash and cash equivalents by € 7,516 thousand to € 28,878 thousand.

2.4.5. FINANCIAL POSITION OF THE GROUP

The Wild Bunch Group uses both equity and debt capital for group financing.

All debt positions are continuously monitored by Wild Bunch AG.

In total, the Wild Bunch Group has non-current and current financial liabilities of € 109,710 thousand as of 31 December 2020 (previous year: € 103,468 thousand).

The equity of the Wild Bunch Group as of 31 December 2020 amounts to € 30,650 thousand (previous year: € 105,781 thousand). This corresponds to an equity ratio of 14.9 % (31 December 2019: 37.4 %).

The main outstanding credit facility is a loan granted by Commerzbank AG in Germany for a maximum amount of € 35 million. As of 31 December 2020, the utilisation of this loan amounted to € 12.1 million. The amount available under this credit facility is limited to the sum of the fundable receivables from the borrowing companies.

The shareholder of Wild Bunch AG has granted the Company loans for a total nominal amount of € 74 million, of which € 8.8 million is used as collateral for the credit facility of Commerzbank AG.

Non-current liabilities increased to € 74,529 thousand as of 31 December 2020 (previous year: € 74,170 thousand). Information on the maturity and backing of the financial liabilities can be found in the notes. Deferred tax liabilities as of 31 December 2020 amounted to € 1,916 thousand (previous year: € 2,359 thousand).

Current liabilities as of 31 December 2020 amounted to € 99,989 thousand (previous year: € 103,108 thousand), as a result of a combination of an increase in current financial liabilities by € 7,161 thousand to € 40,374 thousand and a decrease in trade payables by a total of € 6,647 thousand to € 23,438 thousand and other financial liabilities by a total of € 5,965 thousand to € 14,505 thousand.

There were no off-balance sheet financing instruments as of 31 December 2020 or the previous year's reporting date. The Wild Bunch Group uses operating leases mainly for offices and office equipment to an extent that continues to have no significant influence on the economic situation of the Group. In the balance sheet, capitalised rights of use of € 3.5 million are offset by current and non-current financial liabilities from lease liabilities of € 3.9 million from the application of IFRS 16.

2.4.6. LIQUIDITY OF THE GROUP

The Wild Bunch Group recorded a cash inflow from operating activities of € 20,174 thousand in the reporting period (previous year: cash inflow € 13,843 thousand). The increase is mainly due to the changes in working capital, in particular depreciation and amortisation.

Investing activities resulted in a cash outflow of € 13,225 thousand (previous year: € 26,064 thousand). Expenditure on investments in film rights decreased significantly compared to the previous year.

The cash flow from financing activities was negative at € -3,361 thousand (previous year: € 16,862 thousand).

Liquidity is managed by Wild Bunch AG in close coordination with the operating companies based on liquidity planning and monitoring the development of net debt. In addition, the liquidity status within the Group is regularly reviewed. Securing the liquidity of the Group is the top priority. As far as possible, the operating companies should finance their business activities from current cash flow.

Net debt developed as follows:

Net debt in T€	2020	2019	Change absolutely	Change %
Cash and cash equivalents	28,878	21,362	7,516	35.2
- non-current financial liabilities [1]	66,555	66,456	99	0.1
- current financial liabilities [1]	39,264	31,999	7,265	22.7
Net debt	**76,940**	**77,093**	**-152**	**-0.2**

[1] Financial liabilities without lease liabilities according to IFRS 16

The current financial liabilities increased due to the taking out of a loan of € 8,800 thousand with the main shareholder Voltaire Finance B.V., Schiphol, The Netherlands, which serves as collateral for the loan with Commerzbank AG. The cash and cash equivalents, on the other hand, increased by a comparable amount, so that net debt remained largely stable at € 76,940 thousand.

2.4.7. INVESTMENTS OF THE GROUP

In the 2020 financial year, additions to intangible assets, which mainly include film rights and advance payments made for film rights, amounted to € 23,077 thousand (previous year: € 29,232 thousand). The additions to tangible assets were of minor importance in comparison.

2.5. EARNINGS, ASSETS AND FINANCIAL POSITION OF WILD BUNCH AG

The management report and the group management report of Wild Bunch AG for the 2020 financial year have been combined in accordance with § 315 (5) HGB in conjunction with § 298 (2) HGB.

As the parent company of the Wild Bunch Group, Wild Bunch AG is responsible for management functions such as corporate strategy and risk management for the Wild Bunch Group, investment management tasks, central financing and group accounting. The revenues from the settlement of the old operating business from the time before the merger with the Wild Bunch Group in 2015 are now of minor importance. In addition, Wild Bunch AG provides services for subsidiaries in Germany. In the reporting period, there was a consolidated tax group for income tax purposes for a total of six domestic companies.

The economic framework conditions of Wild Bunch AG essentially correspond to those of the Group described in chapter 2.1. The group-wide opportunity and risk management system also includes Wild Bunch AG. For further information, see the risk and opportunity report in chapter 4.

2.5.1. EARNINGS SITUATION OF WILD BUNCH AG

The 2020 annual result of Wild Bunch AG is significantly influenced by the unscheduled depreciation on the investment in the 100 % subsidiary Wild Bunch S.A., Paris, France, in the amount of € 88.9 million. Without this unscheduled depreciation, the result of Wild Bunch AG in the reporting year would have exceeded both expectations and the result of the previous year. Declining income from profit transfers and a result for the year somewhat in line with the 2019 financial year were expected. Thus, despite the restrictions on business operations due to the Corona pandemic in the 2020 financial year, the income from profit transfers (after netting with the expenses from loss transfers) could be increased. The reason for this is that some of the declines in revenue were somewhat less than expected, as well as strict cost management. Short-time allowances and, to a lesser extent, the waiving of rent payments also had a positive effect on the result.

The annual result in the reporting year was € -88,301 thousand (previous year: € -1,521 thousand). This includes unscheduled depreciation on the investment in Wild Bunch S.A. of € 88,932 thousand (previous year: € 0 thousand). These were necessary because, as a result of the Corona pandemic, both Wild Bunch S.A. and major subsidiaries of Wild Bunch S.A. had to adjust their revenue expectations for the coming years downwards. In addition, the following factors influenced the result compared to the previous year: Both personnel expenses and other operating expenses decreased as planned in the reporting year, the latter mainly due to lower legal and consulting costs. Income from profit transfers (after netting with expenses from loss transfers) increased by € 576 thousand to € 1,371 thousand (previous year: € 796 thousand), as already explained above.

The revenue in 2020 amounted to € 386 thousand (previous year: € 424 thousand) and thus declined as expected. Essentially, the revenue mainly consists of cost transfers of € 360 thousand (previous year: € 393 thousand). The revenues also include home video revenues of € 10 thousand (previous year: € 5 thousand) and revenues from the exploitation of other rights of € 16 thousand (previous year: € 26 thousand). These revenues from the so-called old business were offset by material costs of € 10 thousand (previous year: € 50 thousand). In the previous year, projects that were not pursued for strategic reasons accounted for € 41 thousand.

Other operating income amounted to € 103 thousand in the reporting year (previous year: € 645 thousand) and includes in particular income from the derecognition of liabilities and provisions.

Personnel expenses decreased as planned by € 262 thousand to € 520 thousand (previous year: € 782 thousand), especially since the Company is now only represented by one board member in the reporting year. Excluding members of the Executive Board, Wild Bunch AG employed an average of 6 (previous year: 6) employees in the 2020 financial year.

The Company's other operating expenses amounted to € 1,729 thousand in 2020 (previous year: € 3,199 thousand), a decrease of € 1,470 thousand. The main cost block is consultancy costs and external services. These amounted to € 883 thousand in the reporting year after € 1,858 thousand in 2019. This also includes the costs for the audit of the annual financial statements and the consolidated financial statements. In addition, other operating expenses include in particular rental expenses, costs for the Supervisory Board, travel expenses and other administrative costs. Almost all cost items could be reduced in 2020 compared to the previous year.

As the parent company, Wild Bunch AG is responsible for group financing and provides liquidity to the group companies. For this purpose, it takes out loans or refinances itself on the capital market. Other interest and similar income amounted to € 1,904 thousand in 2020 (previous year: € 1,803 thousand). On the other hand, interest and similar expenses amounted to € 1,758 thousand (previous year: € 2,037 thousand).

2.5.2. ASSETS AND FINANCIAL POSITION OF WILD BUNCH AG

The balance sheet total of Wild Bunch AG as of 31 December 2020 amounts to € 96,187 thousand after € 180,879 thousand as of the previous year's reporting date. The sharp decline in the balance sheet total results from the unscheduled depreciation on the investment in Wild Bunch S.A. and the changes in fixed and current assets described below.

Fixed assets as of 31 December 2020 amount to € 74,945 thousand (previous year: € 132,063 thousand), of which € 72,770 thousand (previous year: € 111,698 thousand) are attributable to shares in affiliated companies. The loan granted to Wild Bunch S.A. in the amount of € 18,182 thousand (loans to affiliated companies) was contributed to Wild Bunch S.A. in December 2020 together with current receivables in the amount of € 31,822 thousand to strengthen equity. Shares in associated companies remained unchanged at € 2,108 thousand and property, plant and equipment at € 67 thousand (previous year: € 74 thousand) as of 31 December 2020.

Current assets decreased significantly to € 21,237 thousand (previous year: € 48,795 thousand) as of the 2020 balance sheet date. The decrease is mainly due to the contribution of current receivables against Wild Bunch S.A. to the equity of Wild Bunch S.A. and the reduction of receivables against Wild Bunch Germany GmbH, Munich. In contrast, cash on hand and bank balances increased to € 11,267 thousand (previous year: € 765 thousand). A significant contribution to this was made by taking out a loan of € 8,800 thousand with the main shareholder Voltaire Finance B.V., Schiphol, The Netherlands, which serves as collateral for the loan with Commerzbank AG. The corresponding bank balance is pledged to Commerzbank AG.

On the liabilities side of the balance sheet, the equity of Wild Bunch AG amounted to € 56,262 thousand as of 31 December 2020 (previous year: € 143,264 thousand). The equity ratio amounted to 58.5 % (previous year: 79.2 %). The Company's equity decreased due to the unscheduled depreciation on the investment in Wild Bunch S.A.

As of the 2020 balance sheet date, liabilities increased by € 2,341 thousand to € 38,559 thousand (previous year: € 36,218 thousand). Liabilities to affiliated companies amount to € 26,235 thousand (previous year: € 15,947 thousand). This includes the loans from Voltaire Finance B.V. and Tennor Holding B.V. including accrued interest of € 15,151 thousand (previous year: € 5,768 thousand). In addition, liabilities to banks of € 12,136 thousand (previous year: € 19,990 thousand) are recognised in the balance sheet.

There were no off-balance sheet financing instruments as of 31 December 2020 or the previous year's reporting date. Wild Bunch AG uses operating leases for offices, storage space and office equipment.

In accordance with the planning, the loan from Bank Leumi UK plc, London, UK, was repaid in April 2020 with the help of a credit line from Commerzbank AG for a total of up to € 35.0 million. The initial drawdown amounted to € 16.2 million. The drawdown was based on receivables of the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany GmbH, Munich, BIM Distribuzione s.r.l., Rome and Vértigo Films S.L., Madrid, which were secured by credit default insurance. The loan from Voltaire Finance B.V., which already existed as of 31 December 2019, remained unchanged at a nominal € 5.0 million. In June 2020, Wild Bunch AG and Wild Bunch S.A. agreed with Voltaire Finance B.V. and Tennor Holding B.V., in order to strengthen liquidity and against the background of the operating losses expected for the financial year 2020 due to the Corona pandemic, to defer any payment obligation from the loans and any payment of accrued and outstanding as well as further accruing interest under the respective loan agreements until 31 December 2021. By agreement dated 15 April 2021, the deferral was extended until 31 December 2022.

Net debt (cash on hand and bank balances less liabilities to banks and loans from Voltaire Finance B.V. and Tennor Holding B.V.) amounted to € -16,020 thousand on 31 December 2020, compared to € -24,993 thousand on 31 December 2019 and is thus, contrary to the expected significant increase, declining compared to the previous year.





FORECAST REPORT

3. FORECAST REPORT

3.1. DEVELOPMENT OF THE MARKET ENVIRONMENT

The all-important Corona pandemic in 2020 will continue to have a far-reaching impact on all areas of life and economic life worldwide in 2021.

While state governments countered the effects of the first coronavirus variant with drastic measures such as contact bans and curfews or industry-related event bans, filming bans or cinema closures, viral mutations showed that the fight against the virus will take longer than expected and further waves of infection will lead to even more stringent measures that may affect the business of the Wild Bunch Group, such as the openings and closures in areas of public life and especially at cultural institutions. A rapid vaccine development with subsequent vaccine approvals give hope in 2021 to cope with the pandemic by vaccinating the population. Initial successes have been recorded in Israel and Great Britain. In the core markets of the Wild Bunch Group, the proportion of vaccinated people in the population is also increasing, although it remains to be seen whether fully vaccinated people will be able to participate fully in cultural life again. Nevertheless, the Corona pandemic will leave its mark and lead to changes in lifestyle habits. The impact of the Corona pandemic on private expenditure in the future is not yet foreseeable, but a rapid return to pre-crisis levels is not realistic in the opinion of the Executive Board.

Thus, there are different effects on the individual core segments of the Wild Bunch Group.

The stronger demand for content streaming services in the Corona pandemic cannot fully compensate for the loss of the cinema exploitation stage for the Entertainment & Media industry. Possible catch-up effects and thus an economic revival after a further possible containment or even control of the pandemic will only partially support the Entertainment & Media industry in 2021, especially in the cinema and production segment. In addition, the ongoing closure of cinemas has created a large stock of films that will lead to strong competition for screens when cinemas reopen.

For the industry in general, it can be stated that the way films are distributed and marketed has changed for good. While the cinema remains an unique place for collective consumption, electronic distribution, especially SVOD and premium VOD, will become very important in the film exploitation chain. This is even more evident as competition in this segment has increased dramatically. For distributors like Wild Bunch, this means that they need flexibility in their marketing models and thus also in the media chronology (sequence of film release windows).

With an average annual growth of 2.8 % for the period 2019 to 2024, PwC expects a resumption of the historical growth trend of the global entertainment and media industry after the contraction in 2020 due to the Corona pandemic, according to its industry report "PwC Global Entertainment & Media Outlook 2020 - 2024". Wild Bunch nevertheless remains cautious about the development of the sector, especially in Western Europe.

3.2. ORIENTATION OF THE GROUP IN THE FINANCIAL YEAR 2021 AND EXPECTED DEVELOPMENT

Assuming control of the Corona pandemic and the easing of measures in the fight against it, Wild Bunch Group intends to resume its growth in the coming months and years and assert itself as a leading independent pan-European producer and publisher of worldwide and local independent content with global commercialisation opportunities and an extensive and high-quality film library in the global entertainment and media market. Having set the appropriate course in recent years, Wild Bunch Group is able to further implement its corporate strategy: more presence in TV programming, increased focus on production as a key source of cinematic content for its distribution platform, increased commercial presence through its digital distribution offerings, expansion of its presence as a SVOD operator in France and optimisation of its film library.

The Company will continue its efforts to improve its structures and efficiency as well as reduce its costs in 2021. Wild Bunch continues to focus on the best possible exploitation of its extensive film library, supported by increased demand from digital programme providers and TV broadcasters in particular.

THEATRICAL DISTRIBUTION

Developments in theatrical distribution will be as fraught with uncertainty in 2021 as in 2020. In addition to the difficulty of predicting how long the cinema closures in France, Germany, Italy and Spain will last, when cinemas open many film release dates in Europe will depend on film release dates in the US. In addition, there is likely to be an oversupply with new film offerings when they reopen. In the current situation, it is still difficult to make a reliable forecast for the Group's film releases in 2021. If the cinemas open in 2021, the Company expects to release approximately 12 films in France, 13 films in Italy, 11 films in Spain and 15 films in Germany.

Wild Bunch will continue to seek alternatives to its theatrical release strategy, such as direct sales to electronic distribution platforms or TV channels.

INTERNATIONAL SALES AND WILD BUNCH TV

The Corona pandemic meant the cancellation or postponement of important markets and festivals in 2020 and also already in 2021, such as the Berlinale or the Festival and Marché du Film de Cannes. These markets are key events for the sale and acquisition of films. Even if the organisers organise digital markets, the efficiency of such initiatives is uncertain.

In addition, the current uncertainty is also leading to cautious acquisition behaviour of our core customers, especially local distributors.

It is difficult to make a forecast of the Group's international distribution activities for 2021. However, it can be said that every effort will be made to sell the films in our portfolio through various channels and to collect the receivables as quickly as possible.

ELECTRONIC „DIRECT TO“ SALES, HOME ENTERTAINMENT AND TV SALES

Wild Bunch's digital distribution and home entertainment activities follow the market trends, on the one hand the decline in physical video releases and on the other hand the fast-growing electronic distribution activities, especially in SVOD. Wild Bunch is actively adapting to the new challenges of the entertainment and media market.

To optimise revenues from electronic distribution, Wild Bunch will continue to use "direct to" releases in 2021. Some films will be released directly on TV or on VOD platforms by the Group in France, Germany, Italy, and Spain in the 2021 financial year.

As films and series continue to be important components of the programming strategy of traditional TV channels, TV sales activity should continue to develop positively across the Group, despite a low number of new films due to cinema closures and despite the reduction in advertising activity on Free TV and the problems faced by Pay TV in many territories.

It is difficult to accurately determine the impact of the Corona pandemic on VOD/SVOD and TV sales activities today. However, the Wild Bunch Group has been particularly active in these segments and revenues from these activities are expected to remain at a high level.

ACQUISITION AND PRODUCTION

Due to the Corona crisis, which is limiting production and thus the supply of films and series, but also due to the financial constraints that weigh on the Wild Bunch Group in these difficult times, the amount of acquisitions planned for the 2021 financial year will remain well below the Company's target. However, the development of production as a source of films can be seen as an element of future security of supply.

FILMOTV

Since the start of the Corona pandemic in France, FilmoTV has seen a significant increase in business activity, especially due to the temporary curfews imposed. But the shortage of film supply in late 2020 and 2021 due to a lack of first releases may affect business development, especially in the VOD segment. The SVOD segment should prove more resilient despite the loss of a commercial partner as new distribution deals could be signed.

3.3. OVERALL STATEMENT OF THE EXECUTIVE BOARD ON THE DEVELOPMENT OF THE GROUP

The continuing impact of the Corona pandemic on the entertainment and media market, which is also subject to various structural changes, makes the issuing of a forecast complex and difficult.

This was also demonstrated by the fact that the assumptions made by the Group last year regarding the duration of the Corona pandemic proved to be wrong. It now seems more necessary than ever to be extremely cautious in any forecasts to be made.

The Executive Board currently assumes that the situation of cinemas and international sales markets will improve only slightly, if at all, by the end of the 2021 financial year. The Executive

Board is still optimistic about the resumption and expansion of production activities in the individual core markets to create new cinematic content for distribution in the coming years.

In summary, the issuing of a forecast at this point is nevertheless very uncertain. We expect a revenue for the 2021 financial year to be slightly below that of 2020. The operating result EBIT is expected to be in a range of approximately € -8,000 thousand to -10,000 thousand. Furthermore, it was assumed that net debt will be significantly above the level of the previous year.

Here too, it must be taken into account that the actual result depends to a large extent on events that are beyond the Company's control and whose occurrence is unknown worldwide.

The result of Wild Bunch AG as a holding company depends on the development of the results and dividend distributions of the operative affiliated companies. The Executive Board assumes that income from profit transfers will remain unchanged in the 2021 financial year. As in the previous year, dividend distributions to Wild Bunch AG are not expected.

Overall, the Executive Board expects a significantly better annual result for Wild Bunch AG in the 2021 financial year compared to 2020, which, however, will still be negative.

REPORT ON OPPORTUNITIES AND RISKS

4. REPORT ON OPPORTUNITY AND RISKS

4.1. GOALS OF OPPORTUNITY AND RISK MANAGEMENT

With its global business activities, the Wild Bunch Group is exposed to a variety of external and internal influences and the associated risks and opportunities. Risks and opportunities are therefore part of entrepreneurial activity. These can have both positive and negative effects on the Group's asset, financial and earnings situation.

We consider risks to be strategic and operational events and measures that have a significant influence on the existence and economic situation of the Company and can thus jeopardise the achievement of the Company's goals.

We define opportunities as possible successes that go beyond the defined goals and can thus benefit our business development.

In this sense, we see our opportunity and risk management as an instrument for achieving corporate goals, a systematic process that encompasses the entire Group to identify, classify and control opportunities and risks at an early stage.

The main risks for the Wild Bunch Group are presented under 4.4. and the main opportunities under 4.5.

4.2. RISK MANAGEMENT SYSTEM

The risk management system of the Wild Bunch Group essentially includes detailed risk recording and risk monitoring in the acquisition and exploitation of film rights. Extensive analyses of the exploitability and profitability of film rights across the entire exploitation chain, detailed estimates of sales revenues and direct costs at the individual stages of the exploitation chain as well as target/actual comparisons are used for risk monitoring. Liquidity management and ensuring compliance with financial targets are monitored at senior management level and by the Executive Board, which reports regularly to the Supervisory Board. In addition, the Wild Bunch Group monitors further risks at the level of the individual subsidiaries through ongoing communication between local management and the Executive Board. Liquidity and cash flow forecasts are regularly prepared by the individual Group cash pools and consolidated at Group level using customised Excel-based tools.

Risk management is thus geared towards identifying and assessing all significant and potentially existential risks as early as possible to be able to take appropriate countermeasures. The standardised and Group-wide risk management system applies to all areas of the Group.

The overall responsibility for effective risk management lies with the Executive Board of Wild Bunch AG, while the operational management of the individual risks is primarily the responsibility of the respective subsidiaries. This included the identification and assessment of company-specific risks, the proposal of suitable measures and the documentation and reporting.

In addition, the management of our subsidiaries is obliged to participate in regular and standardised risk surveys. Sudden material changes in the risk situation must be reported to Risk Management without delay.

Risk Management provides comprehensive systems, manages the quarterly risk survey, and ensures reporting to the Executive Board. It checks the plausibility of the reported risks for completeness and aggregates them at Group level.

The auditor reviews the early risk detection system pursuant to § 91 (2) AktG for its suitability to detect developments that could jeopardise the continued existence of Wild Bunch AG at an early stage and reports the result to the Executive Board and the Audit Committee of the Supervisory Board of Wild Bunch AG.

4.3. INTERNAL CONTROL SYSTEM

The accounting-related internal control and risk management system is designed to ensure that all events and transactions are fully recorded, correctly recognised, and measured in financial accounting and presented in the financial reporting of Wild Bunch AG and its subsidiaries in accordance with legal and contractual requirements and internal guidelines. Group-wide compliance with legal and internal company regulations is a prerequisite for this. It should be noted, however, that despite adequate and functional systems, complete security in the identification and management of risks cannot be guaranteed.

The accounting processes within the Wild Bunch Group are centralised at the main locations in Paris and Berlin. Certain central functions for the subsidiaries of Wild Bunch S.A., Paris, are performed in Paris. In Berlin, the accounting for the German subsidiaries is centralised and the consolidation of the consolidated financial statements is carried out.

Within the Group, SAGE is used as the ERP system in Paris and SAP R/3 in Berlin. Furthermore, the Wild Bunch Group uses the Opera system for the consolidation of the individual group companies. In addition, data from other IT systems are monitored with regard to their correct transfer and processing. The IT systems used in the context of financial reporting are secured against unauthorised access. The Wild Bunch Group has authorisation concepts that are regularly updated and monitored.

The accounting department regularly prepares individual financial statements at local level for all local companies of the Wild Bunch Group using local accounting standards and reports consolidated IFRS financial information to the Board of Directors every six months. For consolidation purposes, reporting packages are prepared in the local countries for the respective companies, which form the basis for the consolidated financial statements. The main elements of accounting (including film assets as well as provisions) are the basis for postings in spreadsheets.

Wild Bunch AG has a system in place that covers compliance issues, authorisation concepts for orders and contract conclusions, signing authorisations and internal accounting guidelines.

In addition, the Supervisory Board regularly deals with the main issues of accounting and the related internal control and risk management system.

4.4. RISK REPORT

Wild Bunch follows the following basic methodology for risk determination throughout the Group.

Risks are assessed on the basis of the probability of occurrence and the possible financial risk of damage. The arithmetic mean of the sum of the probability of occurrence and the risk of damage then results in a relevance of the overall risk.

The following classes of probability of occurrence were considered in the risk assessment:

Class	Probability of occurrence	
1	very low	0 % - 25 %
2	low	25 % - 50 %
3	medium	50 % - 75 %
4	high	75 % - 100 %

Furthermore, the following damage classes were delineated in the risk assessment:

Class	Impact	
1	€ 0.01 m. - € 0.5 m.	Relevant
2	> € 0.5 m.	Significant

The process of continuous risk identification and classification is firmly anchored in the Group structure and has direct contacts.

4.4.1. GLOBAL RISKS

PANDEMICS

THE WILD BUNCH GROUP IS EXPOSED TO THE RISK OF EPIDEMICS AND PANDEMICS, SUCH AS THE CURRENT CORONA VIRUS, AND THEIR CORRESPONDING EFFECTS ON THE CINEMA AND TV MARKET

A pandemic is defined as the spread of a disease in humans across countries and continents, in the narrower sense the spread of an infectious disease. In such cases, chains of infection must be interrupted as quickly as possible. In this context, the respective national governments can also use all options to reduce contact in different areas of life. In the private, public and business spheres, drastic measures such as direct quarantine, cancellation of major events, prohibition of community gatherings/activities, suspension of rail/air traffic, closure of borders can be imposed. Social life comes to a standstill. Depending on the temporal scope of the measures, the Wild Bunch Group may suffer significant adverse effects on its net assets, financial position and results of operations as a result.

Specifically, in the event of cinema closures or cancellations of production activities, entire exploitation stages of the Wild Bunch Group, in our case in the theatrical distribution, world sales and production segments, could be lost for a corresponding period and have a massive negative impact on business activities. Such long-term conditions could lead to general adjustments by market participants in the entertainment sector in the exploitation of their film content. For example, exploitation periods in the respective exploitation stages could be reassessed and also changed, which could have an impact on the respective earnings contributions individually and overall. As a result, there could also be impairments in the reported non-current assets. There is also the possibility that the achievement of the target figures set by the Company could be jeopardised or that the targets could be postponed. The deviation from the key figures on the financial situation ("financial covenants") recorded in the financing agreements of the Wild Bunch Group, which could also be caused by this, could increase the possibility of a termination during the term of a credit line.

The diversification of the Wild Bunch Group across different exploitation levels and target markets reduces this risk slightly, also compared to other market participants in the Entertainment & Media industry.

CLIMATE CHANGE

COMBATING CLIMATE CHANGE WILL INFLUENCE THE BUSINESS ACTIVITIES OF THE WILD BUNCH GROUP IN THE FUTURE

Global climate change leads to extreme weather events such as hurricanes, droughts, and floods. The goal of international climate policy is to reduce global warming to significantly limit climate change. The CO_2 emissions of the film and television industry also have their share in climate change. The topics of environmental awareness and sustainability, especially in the production sector, are becoming increasingly important. For example, commissioned producers are obliged to shoot in an environmentally friendly manner, or environmental compatibility is questioned in tenders. Environmental protection can also be a decisive criterion in film funding applications. From an economic point of view, such a production could lead to lower margins. There are no legal requirements yet and there are currently no direct effects on the financial and earnings situation of the Wild Bunch Group. However, it cannot be ruled out that the influence of this development will increase and manifest itself in the future.

4.4.2. MARKET AND INDUSTRY RISKS

INTENSE COMPETITION/NEW COMPETITORS

THE WILD BUNCH GROUP FACES INTENSE COMPETITION WITH REGARD TO THE DISTRIBUTION OF ITS PRODUCTS

The planning of the Wild Bunch Group assumes certain market shares and thus revenues from the various evaluation stages. If these assumptions do not materialise, the planned revenues will not be achieved. If the cost structures cannot then be adjusted in time, this also entails a considerable risk. For example, market changes in the value chain and the exploitation stages, such as increasing competition in production and rights acquisition or falling audience figures in the cinema and home entertainment sectors or an oversupply of cinematic content, can lead to an unfavourable price development for productions or licensed products. The expiry of framework agreements or a deterioration in the financial situation of licensees can lead to falling sales prices for licences and thus jeopardise the value of existing exploitation rights. A strong competitive environment could thus lead to falling margins.

The diversification of the Wild Bunch Group across different products and markets reduces the competitive risk in the individual segments. As market shares and audience figures are the key factors for revenue potential, the Wild Bunch Group strives to find attractive programme content for TV stations and other distribution platforms and to sharpen its profile.

DEPENDENCE ON CUSTOMERS / PARTNERS

THE WILD BUNCH GROUP IS DEPENDENT ON CUSTOMERS AND BUSINESS PARTNERS

In direct distribution, the Wild Bunch Group relies on the major German, French, Italian and Spanish cinemas, TV stations, IPTV providers, VOD/SVOD platforms and DVD retailers. A significant portion of the minimum guarantee invested is covered by sub-licensing distribution rights for films and TV series. The achievable margins may be lower than planned due to the strong position or decline in demand of these broadcasters or platforms.

The global economic situation of a country or region can have a negative short-term impact on the financial situation of our customers and business partners who acquire films or TV series (devaluation of the local currency, insolvency risks, etc.).

In addition, the Wild Bunch Group relies on good business relationships, especially with internationally active film distributors. This applies specifically to the full compliance with and implementation of the signed contracts, i.e. the acceptance of the delivered material upon delivery, the payment of the agreed instalments as well as appropriate marketing expenses and activities upon the release of a film. Unexpected actions by customers or business partners, such as premature termination of individual contracts, could thus lead to higher costs due to the search for new partners and the establishment of new structures. Maintaining relationships with customers and business partners is therefore one of the central tasks of management. Compliance with contractual provisions and the quality of the goods delivered and services rendered are reviewed at regular intervals.

NEW TRENDS [CHANGE IN USAGE BEHAVIOUR (SVOD, HE), DIGITALISATION]

THE WILD BUNCH GROUP'S BUSINESS MODELS DEPEND ON THE ABILITY TO MEET CUSTOMER TASTES, UNDERSTAND USER BEHAVIOUR AND RESPOND TO CHANGES IN A TIMELY MANNER

Customer taste and usage behaviour are subject to dynamic changes, which additionally differ regionally due to the different cultural circles. Increased algorithmic recording and use of customer tastes at the individual viewer level is taking hold in all stages of exploitation, which has repercussions on the distribution and production process.

In particular, digitalisation in the entertainment and media market is continuously leading to major market changes, including an increase in additional offers and forms of distribution, which can lead to a lasting change in media use. The upswing of the OTT video sector compared to the downswing of the home entertainment sector shows this most clearly.

DETERIORATION OF THE ECONOMIC FRAMEWORK CONDITIONS

ANY DETERIORATION IN THE ECONOMIC CONDITIONS IN THE MARKETS IN WHICH THE WILD BUNCH GROUP OPERATES MAY HAVE AN ADVERSE EFFECT ON ITS BUSINESS ACTIVITIES AND RESULTS

The revenue growth and profit margins that Wild Bunch can achieve also depend on global as well as regional economic conditions in the target markets in which the Wild Bunch Group operates and their impact on private consumer spending. Private consumption, especially for cultural needs, is likely to decrease in times of uncertainty and economic downturn. As a result, the entertainment and media industry may be more affected by such developments than other industries.

Unfavourable economic developments and economic uncertainties can be due to various factors, such as political tensions, trade and economic conflicts, military interventions, or terrorist attacks.

In addition, sales in the entertainment and media industry, especially in the cinema sector, can also be influenced by other factors, such as weather conditions or alternative major events. Sunny and warm weather usually leads to lower cinema attendance as consumers spend their time outdoors. Major sporting events such as a World Cup or Olympics also lead to significantly lower cinema attendance. Volatility in consumer cultural interest also makes it difficult for us to accurately predict demand for our film rights. If the Wild Bunch Group does not correctly anticipate demand in the greenlighting process, this can result in lost sales and declining profit margins for the individual project.

ACCESS TO LICENCES AND MATERIAL

WILD BUNCH COMPANIES COULD LOSE ACCESS TO LICENCES AND MATERIAL

Access to and the acquisition of rights to literary originals, exploitation rights and screenplays as well as the conclusion of contracts with successful directors, actors and licensors are decisive factors for the (co-)production and acquisition of films and TV series as well as for the economic success of the Wild Bunch Group. The production units of the Wild Bunch Group work closely and in coordination with each other with renowned, experienced screenwriters, directors, and producers in Germany and abroad who are experts in the production of films and TV series and enjoy an excellent reputation with public film funding institutions. However, there can be no guarantee that this access will continue in the future.

In addition, third-party productions are usually acquired on the respective film market. The prices paid depend on the respective project and the specific market environment. As a rule, film projects are not yet completed with the purchase. Therefore, the rights are sold in advance based on a script or an outline. It can take up to two years between the acquisition and the actual delivery of the film. If the Wild Bunch Group companies have paid a high price for a film, this can have a material adverse effect on the financial position and results of operations, especially if the purchased film project turns out to be a flop.

Although the companies of the Wild Bunch Group have implemented procedures to monitor these risks (e.g. a benchmark-based purchasing approval process or monitoring by employees in the respective rights and licence purchasing departments, with in-depth expertise in the area of the resale of film rights prior to the completion of the project) in order to counter the risk accordingly, it cannot be ruled out that such a risk will materialise in full or in part.

DEPENDENCE ON FILM FUNDING

DEPENDENCE ON FILM FUNDING

Unfavourable changes in the funding guidelines for film projects or the (partial) non-granting of planned funding can lead to the Wild Bunch Group having funding gaps for its in-house productions and co-productions, which then have to be covered by other free funding or result in a change in medium-term production planning. This could have a negative impact on the earnings contributions of the individual films.

There is also a risk that certain disbursement or realisation requirements will not be met. A breach of these regulations may result in the Wild Bunch Group being required to repay the relevant funding.

4.4.3 BUSINESS RISKS

RISKS IN CONTRACT PRODUCTION/ (CO-)PRODUCTION

THE WILD BUNCH GROUP IS RESPONDING TO THE HIGH DEMAND FOR FILM CONTENT BY MAKING GREATER USE OF PRODUCTION AND CO-PRODUCTION. UNSCHEDULED COSTS CAN HAVE A NEGATIVE IMPACT ON PROJECT RESULTS.

The Wild Bunch Group pushes co-production and service production of cinematic content in its target markets of Germany, France, Italy, and Spain. In production and co-production generally require a contribution to development costs, which may be lost if the project in question is abandoned. Globally, it also requires a reliable network of contacts as early as the order generation stage and a careful selection of co-production partners and service providers.

Additional requirements are currently arising in the Corona pandemic with increased hygiene measures such as corona tests or distance rules. In the long term, the issue of climate change will also influence these business activities, as already described. More and more clients are demanding "green" production. In summary, delays in reaching important milestones or in completion can occur with the corresponding effects on revenue, earnings and cash flow of the production. Accordingly, the Wild Bunch Group must keep financing funds available to counter these effects.

In the case of a commissioned production, the Wild Bunch Group is responsible for a production execution in accordance with the contract and usually receives a fixed price. If the Wild Bunch Group has incorrectly estimated the production costs or if unbudgeted costs arise, it bears the risk of any budget overruns. In the case of a licensed production, it bears the entire financing risk as producer until delivery of the completed product. In the case of contractual delivery, the production costs and, if applicable, the profit are usually covered by the licence revenues. However, if the budget is not covered or not fully covered by licence sales, it thus also bears the risk of loss.

RISKS WHEN PURCHASING FILM RIGHTS OR OTHER CONTENT

HIGH COMPETITION COULD LEAD TO HIGH PURCHASE PRICES

There is still a high level of competition for attractive films. In addition, there is both a quantitative (related to the amount of the licence payment to be paid) and a qualitative risk (attractiveness of the film when exploited) when purchasing films.

Through advance sales of TV licences and DVD revenue advances, an attempt is made to additionally reduce the risk of film purchases already at the time of purchase.

RISKS IN THE EXPLOITATION OF FILM RIGHTS/CONTENT

EXTENSIVE CONTRACTS CAN HARBOUR RISKS

In the exploitation of its film content, the Wild Bunch Group concludes a large number of contracts that are subject to general contractual risks, for example the contract performance risk. In particular, also in the case of own productions, the transfer of a number of copyrights and ancillary copyrights to the respective buyers must be carried out correctly in terms of contractual law in order to thus counteract an infringement of property rights.

In the marketing of its extensive film library, the Wild Bunch Group is also dependent on the experience and negotiating skills of its sales force, which must also meet customer tastes at the appropriate exploitation stage at the appropriate time.

QUALITY RISKS OF THE CINEMATIC CONTENT

QUALITY DEFECTS CAN LEAD TO REPUTATIONAL DAMAGE AND HIGHER COSTS

It cannot be ruled out that production errors could occur in the acquired or self-produced cinematic content, which could lead to high costs of rectification or to discounts in the sales price in the various exploitation stages. If, in addition, customers in the various exploitation stages perceive possible production defects in the cinematic content of the Wild Bunch Group as a permanent quality problem, this could have a negative impact on future viewer behaviour with regard to the cinematic content of the Wild Bunch Group.

4.4.4. FINANCIAL RISKS

The activities of the Wild Bunch Group are exposed to a variety of financial risks, such as market risks (including currency and interest rate risks), credit risks and liquidity risks. Market risks arise from open positions in foreign currencies (currency risk) and interest-bearing assets and liabilities (interest rate risk) that react to general and specific market movements.

EXCHANGE RATE RISKS

EXCHANGE RATE FLUCTUATIONS

The Wild Bunch Group is exposed to exchange rate fluctuations between the euro, the reporting currency, and other currencies, especially the US dollar, as the majority of film rights acquired on the international film market are paid for in US dollars. The proceeds of film exploitation, on the other hand, are predominantly received in euros. Fluctuations in the EUR/USD exchange rate can therefore affect the earnings situation and lead to both currency gains or losses. Wild Bunch enters into forward exchange contracts to hedge against exchange rate fluctuations, which can exist in particular when film rights are acquired.

The carrying amount of the liabilities from these transactions is € 47 thousand as of 31 December 2020. Hedge accounting is not applied for reasons of materiality. It cannot be ruled out that, despite these hedging transactions, exchange rate losses will affect the result of the Wild Bunch Group.

CREDIT RISKS

CREDIT RISKS

In addition, a credit risk arises if a debtor is unable to pay its debts or cannot pay them on time. Credit risks include both the direct risk of default and the risk of a deterioration in creditworthiness. The potential risk of default on receivables is continuously considered through regular monitoring and, if necessary, through value adjustments.

However, there is no guarantee that the credit risk will remain within internal limits and that Wild Bunch will not incur losses as a result.

INTEREST RATE RISKS

INTEREST RATE CHANGES

The Wild Bunch Group is affected by changes in interest rates, especially for financial liabilities. If interest rates rise, the Group would be forced to pay higher interest rates to a non-significant extent in a few cases.

BAD DEBT RISK

BAD DEBT LOSSES DUE TO POOR PAYMENT BEHAVIOUR

Bad debt losses or defaults arise when the business partners of the Wild Bunch Group cannot meet their payment obligations or cannot meet them in full or on time. Such bad debt losses can have various causes. On the one hand, such a loss of receivables can be due to a possible economic crisis in the target market, such as that caused by the Corona pandemic in cinema distribution. It can also happen that a business partner is no longer able to pay due to over-indebtedness or insolvency. Poor payment behaviour on the part of some business partners also increases the risk of bad debts.

PRICE/VALUATION RISKS (BALANCE SHEET)

IMPAIRMENT TESTS OF ASSETS

Various market changes in the value chains and the exploitation stages for cinematic content could lead to an unfavourable price development for productions or licensed products and thus have a negative impact on the earnings situation of the Wild Bunch Group. A manifestation of such developments could also jeopardise the value of existing exploitation rights and require a revaluation. The Company holds significant assets, in particular film assets, as of the reporting date. Impairment tests are carried out annually for the Company's film assets and also during the year if there are indications of impairment. Where no market value is available, the valuation approach is calculated on the basis of management estimates and assumptions. These are based on the currently available knowledge. The actual development, which is often beyond the Company's control, can deviate from the assumptions made and lead to unscheduled depreciation of the Company's assets in the future and an adjustment of the book values.

LIQUIDITY RISKS/FINANCING RISKS

LIQUIDITY RISK THREATENING THE EXISTENCE OF THE COMPANY

The Wild Bunch Group requires liquid funds to cover its financial liabilities. These liquid funds are generated partly by current business activities and partly by financing. Wild Bunch is therefore in ongoing discussions with financial institutions in Germany and abroad to secure liquid funds for planned investments in new films and productions. The fundamental liquidity risk of the Wild Bunch Group results from a loss of access to new liquid funds. This could be the case in particular if framework credit agreements were to be terminated or not renewed by banks or investors. The termination of such agreements would result in Wild Bunch AG being forced to raise new funds on the capital market or from banks to finance investments in new films and productions in the short and medium term and to refinance existing liabilities.

In April 2020, the loan with Bank Leumi was repaid with the help of a credit line from Commerzbank AG. The credit line from Commerzbank AG amounts to up to € 35.0 million and has a term until October 2022. The agreement with Commerzbank AG provides, among other things, for the bank to provide funds in return for the assignment of receivables. Receivables of the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany GmbH, Munich, BIM Distribuzione s.r.l., Rome, and Vertigo Films S.L., Madrid, that are secured by a credit default insurance qualify as receivables. Furthermore, liquid funds of Wild Bunch AG of € 8.8 million serve as collateral for the loan with Commerzbank AG.

The majority shareholder of Wild Bunch AG, Voltaire, granted a shareholder loan of € 40.0 million in May 2019 as part of the refinancing of the bridge loans it had granted, of which Wild Bunch AG had drawn € 5.0 million and its wholly owned subsidiary Wild Bunch S.A. had drawn € 22.0 million. With the signing of this loan agreement, a further € 13.0 million was paid out to Wild Bunch S.A. The loan agreement has a term until June 2023. The interest rate is 9.5 %. The loan has a final maturity. The agreed financial covenants were suspended until 1 January 2023 with the agreement of June 2020. Furthermore, a loan agreement for € 8.8 million has been in place between Voltaire and Wild Bunch AG since February 2020 in connection with the refinancing of the Bank Leumi loan and the new credit facility agreement with Commerzbank AG. It was agreed that Wild Bunch AG would repay the loan successively when Commerzbank releases the cash serving as collateral for its loan in the amount of € 8.8 million. The interest rate is 1.0 %. Financial covenants have not been agreed.

In June 2020, Wild Bunch AG and Wild Bunch S.A. agreed with Voltaire Finance B.V. and Tennor Holding B.V. to defer any payment obligation and any payment of accrued and outstanding as well as further accruing interest under the loan agreements until 31 December 2021 to strengthen liquidity and against the background of the operating losses expected for the financial year 2020 due to the Corona pandemic. By agreement dated 15 April 2021, the deferral was extended to 31 December 2022. Interest on the principal debt and the deferred interest liabilities is charged at the originally agreed interest rate.

In the liquidity planning for the coming months, the inflow of shareholder loans in the amount of at least € 6 million is planned.

Additional financing requirements could arise in particular if the Corona pandemic lasts longer than assumed in the business plan prepared by the Executive Board for the planning period 2021 to 2025. If the business performance falls significantly short of the planned expectations or the planned financing measures are not implemented in time, this would impair the further development of the Company and the Group and could jeopardise their existence, insofar as the resulting financial gaps cannot be closed by other capital measures.

CASH FLOW FLUCTUATIONS/ PAYMENT DEFERRALS, BUSINESS RESULTS

FLUCTUATIONS IN REVENUE HARBOUR RISKS

Companies in the film and TV industry may experience fluctuations in sales and operating results during the year and also from year to year. The causes of these fluctuations can be, for example, the scope and timing of the completion of new film and TV series productions, the scope and timing of sales of film, TV and TV series rights in the respective exploitation stages or external market influences on product demand. These causes can also have an adverse effect on the balance sheet valuation of film rights. The ongoing Corona pandemic and the associated uncertainty as to when cinemas will reopen permanently and how the production business will develop in the future means that uncertainty regarding such fluctuations is currently tending to increase.

CHANGES IN TAX LAW/ TAX AUDITS

RISKS FROM CHANGES IN TAX LAW

Wild Bunch AG is of the opinion that all tax returns of the Group and the individual group companies were correct and complete. In Germany, a tax audit of Wild Bunch AG was conducted for all periods up to 31 December 2015.

Taxes actually assessed in future tax audits for periods not yet covered by the last tax audit may exceed the taxes we have already paid. As a result, Wild Bunch AG may be obliged to make substantial back tax payments including interest for earlier periods. Deviating tax assessments may thus have a negative impact on the earnings situation. A tax audit has been announced for Wild Bunch AG and its major German subsidiaries for the 2016 to 2018 financial years. This is expected to begin in September 2021.

4.4.5. LEGAL RISKS

REGULATORY

REGULATORY RISKS

As a pan-European company, the business activities of the Wild Bunch Group are subject to the corresponding regulations and legal framework conditions both in the countries in which the group companies are based and at the European level. Changes in the regulatory and legal framework can have an impact on the individual business operations of the companies. The operating business activities of Wild Bunch are subject to regulatory risks in particular when they relate to the production and distribution of films and media content. The Wild Bunch Group is represented by its executives and employees in interest groups and trade associations to ensure that its interests are represented as comprehensively and efficiently as possible.

Changes in the legal framework conditions due to new laws or regulations or their amendment or due to changes in the application by authorities or jurisdiction can negatively influence the business activities of the Wild Bunch Group. This applies in particular to changes in intellectual property rights and media regulations as well as laws on financing conditions in such industries. Changes in the legal framework may lead to increased expenses for the Wild Bunch Group or limit its ability to implement its projects under previous conditions.

In Germany, for example, an amendment to copyright contract law came into force in 2017, according to which authors have a higher share in the economic success of film productions if the film is more successful than average. To substantiate possible claims, authors have a right to information against the film distributor about the revenues generated from the film. This right to information is now regularly asserted by parties involved in a film and can lead to higher administrative costs and legal disputes. On the other hand, rights holders such as Wild Bunch will be massively strengthened in their legal position by the EU copyright amendment adopted in April 2019, especially with regard to automated protection against illegal access to protected content ("upload filters").

This shows that the protection of local cultural assets, which is important to the Wild Bunch Group, continues to be an ongoing focus of national and European regulation.

Overall, regulatory risks for the Wild Bunch Group are classified as low and manageable if they actually occur.

INTELLECTUAL PROPERTY (OWN/OTHER'S)

RISK FROM INFRINGEMENT OF INTELLECTUAL PROPERTY

The Wild Bunch Group uses technologies based on, among other things, the use of intellectual property of third parties. This may also result in a situation for the Wild Bunch Group to defend itself against claims of alleged infringement of third-party intellectual property rights. At the same time, the Wild Bunch Group conducts its own business activities using its own intellectual property rights and may not be able to adequately protect its own intellectual property rights. An increasing reliance by the film industry on technology and content protected by intellectual property rights raises the possibility that Wild Bunch Group companies may be subject to litigation or other proceedings to defend themselves against alleged infringements or disputes relating to the intellectual property rights of others.

In addition, the ordinary business activities of the Wild Bunch Group, namely the business activities of such subsidiaries that are engaged in the development and production of their own cinematic content, may affect the personality rights of third parties. In the event of a violation of these rights, third parties could claim injunctive relief and/or damages. For example, in the case of the filming of real events, the affected parties could try to prevent the release of the film in court with the argument of the violation of personality rights. This can significantly delay or even completely prevent the release of a film.

In addition, Wild Bunch Group companies may be forced to acquire additional and costly licences in the future or pay additional royalties for technologies or content used. In addition, intellectual property owners claiming infringement may seek substantial damages and require a Wild Bunch Group company to cease using proprietary technology or content, which in turn may require film productions to be shut down or film releases to be postponed.

The Wild Bunch Group holds several licences, copyrights and contractually protected works of intellectual property and know-how, which the companies of the Wild Bunch Group use to provide their products and services. In the event that the measures taken, and the protection provided by law do not adequately protect the intellectual property and know-how, the Wild Bunch Group could suffer losses in sales and profits caused by more competitive products and services that are unlawfully offered on the basis of the unlawful use of the Wild Bunch Group's copyright, intellectual property or know-how. Litigation or other proceedings may be necessary for Wild Bunch Group to enforce and protect its own copyright and intellectual property rights. Such litigation or intellectual property proceedings may also be costly. An unfavourable court decision in a lawsuit or proceeding could result in the loss of our intellectual property, which could lead to significant liabilities or impair the business operations of the Wild Bunch Group.

Digitalisation in the entertainment & media market also enables the creation of illegal copies of films. The lack of sufficient protection against copyright infringements entails the risk of lost sales. The impact of this digital piracy is reduced through lobbying, awareness campaigns, consistent legal action against infringements and in the operational business by expanding VOD/SVOD/AVOD activities to mitigate the loss of sales.

PRIVACY POLICY

RISK FROM BREACHES OF DATA PROTECTION REGULATIONS

Wild Bunch Group companies collect, store and use data in the normal course of business that is protected by data protection laws such as the German Data Protection Act, the European Data Protection Regulation ("GDPR") and similar regulations in other relevant EU Member States. With effect from May 2018, Wild Bunch Group's operations and services must comply with the GDPR, which harmonises data protection rules across the European Union, implements a stricter approach to data protection and significantly increases fines for breaches of data protection law. Data protection authorities have the right to audit the Company and impose fines if they find that applicable data protection rules are not complied with. Restrictions resulting from a stricter interpretation of existing requirements or from future changes to data protection laws could have a significant impact on the business operations of the Wild Bunch Group and the ability of the Wild Bunch Group to market products and services to existing or potential customers.

We may also be unable to prevent instances of data loss or misuse because of human error, technical infrastructure failures or other factors beyond Wild Bunch Group's control. We may also be exposed to loss of consumer data due to cyber-attacks on our data systems or criminal activity by Wild Bunch Group employees or service providers.

The use of data, in particular customer data, by Wild Bunch is subject to the close provisions of the Federal Data Protection Act and similar regulations, as stated above. Should third parties have gained unauthorised access to the data processed by a company of the Wild Bunch Group itself, this may lead to claims for damages and harm the reputation of Wild Bunch.

LEGAL PROCEEDINGS

RISKS FROM LEGAL PROCEEDINGS

As a Company operating across borders, the Wild Bunch Group is exposed to several legal risks, in particular risks from legal disputes. With regard to individual areas of law, these risks primarily concern copyright law, corporate law, securities trading and stock corporation law as well as regulations from the EU-MAR (Market Abuse Regulation) and labour law. The outcome of current, pending or future proceedings often cannot be determined with certainty, which can lead to expenses from court or authority decisions or settlement agreements. These are not always (fully) covered by insurance and can have a significant negative impact. The Executive Board therefore includes among the legal disputes not only proceedings pending in court, but also legal disputes that are still being conducted between the parties or with supervisory authorities. Through active communication and negotiations conducted by lawyers, the Company tries to minimise the risk by seeking out-of-court solutions to legal disputes. Currently, 8 proceedings are pending before courts and authorities; the Executive Board estimates the risk from these proceedings to be significant. Based on legal assessments, provisions have been made to cover the risks. However, it cannot be ruled out that additional significant burdens on earnings may arise.

4.4.6. PERSONNEL RISKS

FIND/ LOSE QUALIFIED STAFF

THE WILD BUNCH GROUP RELIES ON RETAINING AND RECRUITING QUALIFIED STAFF

The success of the Wild Bunch Group is highly dependent on its qualified executives and specialists, including, for example, business unit managers and employees with extensive know-how in content production or a profound network in the film and media industry. With increasing competition for executives and specialists in the media market, there is a growing risk that qualified executives and specialists cannot be retained or can no longer be recruited by the Wild Bunch Group in sufficient numbers or within a reasonable timeframe.

4.4.7. IT (INFORMATION TECHNOLOGY) RISKS

DISRUPTION OF THE IT SYSTEMS

ANY DISRUPTION TO THE IT SYSTEMS ON WHICH THE WILD BUNCH GROUP RELIES MAY ADVERSELY AFFECT ITS PERFORMANCE, OPERATIONS AND REPUTATION

Wild Bunch relies on information technology systems and networks to support its international distribution, film & TV series production, services and business processes as well as internal and external communications. The sustained and secure operation of its IT systems, including computer hardware, software, platforms and networks, is critical to the successful conduct of the Wild Bunch Group's business activities and reputation.

Despite IT maintenance and security measures, Wild Bunch Group's internal IT systems and networks are at risk of malfunction and disruption from a variety of sources, including unauthorised access, cyber-attacks, equipment damage, power failures, computer viruses and several other hardware, software and network issues. Wild Bunch Group's IT personnel and IT service providers may not be able to resolve such issues in a timely manner or at all. Some potential causes that may lead to a malfunction or disruption of Wild Bunch's IT systems or networks are difficult to identify and may only be detected after the risk has already occurred. A significant or widespread malfunction or disruption, malicious or otherwise, of one or more of Wild Bunch Group's IT systems or networks could affect Wild Bunch Group's ability to maintain its operations efficiently. Wild Bunch Group's employees have also been made aware of the exposure to email phishing and fraud schemes, such as CEO fraud (using a false identity to transfer money). In addition, a prolonged outage of a telecommunications network used by Wild Bunch Group's IT systems or networks or a similar event beyond Wild Bunch's control could result in a prolonged unanticipated disruption of Wild Bunch's IT systems or networks, which could adversely affect its business. In addition, data leaks resulting from breaches of information technology security may result in the disclosure or misuse of proprietary or confidential information, including customer and employee data, which could expose Wild Bunch Group to fines, claims for damages and reputational harm.

DATA LOSS

THE RISK OF DATA LOSS CAN AFFECT THE WORK EFFICIENCY AND RESULTS OF WILD BUNCH GROUP EMPLOYEES

In a digital working world in which the Wild Bunch Group is active in the entertainment market, which is already becoming much more common in mobile working, for example on the road, and at the same time, in times of pandemics, such as the Corona pandemic, is becoming even more common in working from home (home office), the Wild Bunch Group is also exposed to the risk of data loss on mobile devices.

This loss of data can have a wide variety of causes. For example, hardware errors such as hard disk errors can occur on the computers and notebooks of the employees, which could be caused by the user or by external reasons. An accident such as a fall of the device, a power failure for example due to a lightning strike or also software errors such as problems that occur during the upgrade or update of a software can thus lead to the loss of important data.

The loss or even theft of a notebook can also be extremely risky. In addition to the cost of replacing the device, data protection must be ensured to rule out a data breach. To this end, employees are required to work on a remote directory to prevent access by strangers.

4.5. OPPORTUNITIES REPORT

4.5.1. OPPORTUNITY MANAGEMENT

Analogous to risk management, the Wild Bunch Group uses opportunity management to pursue the goal of implementing strategic and operational goals quickly and efficiently through concrete activities. Opportunities can arise in all business areas. Their identification and targeted use are a management task that flows into everyday decisions. An essential component in the structured handling is comprehensive market research.

The Executive Board defines an opportunity as a possible future development or event that may lead to a positive forecast or target deviation. This means that events that have already been included in the budget or medium-term planning do not constitute an opportunity according to this definition and are not dealt with in this report.

4.5.2. OPPORTUNITIES

MARKET AND INDUSTRY OPPORTUNITIES

THE WILD BUNCH GROUP SEES OPPORTUNITIES IN THE INCREASING DIGITALISATION AND THE ASSOCIATED CHANGE IN MEDIA CONSUMPTION BEHAVIOUR.

Media consumption is changing due to increasing digitisation. The electronic distribution of video content has overtaken the purchase and rental of physical videos (DVD and Blu-ray) in absolute sales figures. The Wild Bunch Group is constantly developing its business model and continues to work on the introduction of new direct distribution channels, such as AVOD. Due to the increasing pressure of digitalisation, e-Cinema or Premium VOD became a new distribution channel for films. In addition, the Group has actively developed new ways of licensing and marketing its rights, thanks to agreements with digital distribution partners, including productions for international and national providers such as Netflix. The pan-European positioning with films and TV series as well as its strong and well-known brand gives Wild Bunch a strong position in the media industry.

WILD BUNCH GROUP SEES OPPORTUNITIES THANKS TO THE RENEWED STRONG APPEAL OF TV SERVICES OR STREAMING OFFERS FOR VIEWERS, USERS AND ADVERTISERS

From the customer's point of view, television remains a stronghold of media in the field of film entertainment. Today, the high attractiveness of television or streaming offers is not only characterised by the fact that advertisers can achieve greater reach within a short period of time and increase their brand awareness, but also by the fact that television has reinvented itself and managed to evolve from linear to non-linear programming. In doing so, it attracts and serves a younger, more flexible and independent audience that is constantly demanding new content. Online television and streaming offerings, with their myriad possibilities for individualised advertising, combine the capacities of intensified advertising with the audience's need for a wider range of quality products. Higher advertising revenues should continue to increase the network's acquisition activities to meet audience demand for new products. Additionally, the entry of more new and ambitious streaming providers into the market will have a positive impact on the amount and value of content available for acquisition. The Executive Board believes that significant opportunities could thus arise from the establishment of Wild Bunch TV or BIM Produzione and the strategic focus on expanding production capacity in the other core markets.

OPERATING OPPORTUNITIES

THE WILD BUNCH GROUP SEES OPPORTUNITIES IN THE EXPLOITATION AND DEVELOPMENT OF ALREADY SECURED LICENCES, FORMATS AND MATERIALS AS WELL AS THE INTEGRATION INTO A DISTINCT INTERNATIONAL NETWORK

In view of this group structure, the Wild Bunch Group, which has become a renowned pan-European film and TV company, owns a large number of exploitation rights (primarily film rights and material), some of which extend well beyond the planning period. These form the basis for generating revenues far beyond the planning period.

The exploitation of these rights may increase the attractiveness and thus the reach of the marketing platforms more than expected, which would lead to future revenues that are higher than planned.

WILD BUNCH GROUP SEES OPPORTUNITIES IN EXPANDING PRODUCTION AND CO-PRODUCTION ACTIVITIES DUE TO INCREASED DEMAND FOR LOCAL CONTENT

Country-specific demand and customer requests as well as new regulatory requirements have massively increased the demand for local content, especially from TV broadcasters and electronic distribution platforms. To benefit from this development and to secure a steady flow of new cinematic content for its distribution channels beyond its acquisition activities, the Wild Bunch Group has expanded its (co-)production activities. Currently, 27 projects are in production/co-production. In addition to the brand Senator Film Produktion in Germany and the production company BIM Produzione s.r.l in Italy, which was founded in 2019, Wild Bunch announced in November 2020 the strengthening of its commitment to the production and co-production of feature films in France and is expanding its film and TV series production activities in Spain. Wild Bunch thus aims to become a major producer of local films and TV series in its core markets of France, Italy, Spain and Germany.

THE WILD BUNCH GROUP SEES OPPORTUNITIES IN FURTHER COOPERATIONS AND COMPANY MERGERS

Significant synergies as well as an intensified or accelerated internationalisation of business activities could result from acquisitions and mergers, for example, which are not yet included in the current corporate plans. In addition, the scope and use of the existing film library could be strengthened through new distribution channels as a result of M&A transactions. The experience and reputation of the Group's management enable the Company to play an active role in bringing together film distributors and producers.

POLITICAL AND ECONOMIC OPPORTUNITIES

THE WILD BUNCH GROUP CAN BENEFIT FROM THE INCREASE IN FILM FUNDING AS PART OF THE FIGHT AGAINST THE ECONOMIC DAMAGE CAUSED BY THE CORONA PANDEMIC

With NEUSTART KULTUR, the Federal Government launched a rescue and future programme in the amount of one billion euros in the summer of 2020 to permanently maintain the cultural sector and cultural infrastructure. The Future Programme divides the grants into the areas of resuming production operations, strengthening the Film Promotion Agency in film promotion, and distribution and sales promotion. Comparable programmes have also been launched in the Wild Bunch Group's other core markets in France, Italy and Spain. The Company assumes that it will increasingly participate in these programmes.

LEGAL OPPORTUNITIES

The Wild Bunch Group is committed to various laws, not only in film production with the Copyright Act. Among other things, further efforts to tighten laws to prevent piracy and accordingly to protect intellectual property could have positive effects.

OTHER OPPORTUNITIES

WILD BUNCH GROUP BENEFITS FROM STRONGER DEMAND FOR TV AND STREAMING SERVICES IN THE CONTEXT OF A PANDEMIC, CURRENTLY THE CORONA PANDEMIC

In the Corona pandemic, contact reductions were uniformly enforced by the respective national governments, which largely led to the population remaining in their own living quarters. The resulting lack of alternative leisure activities contributed to an increased demand for TV and streaming services. The pan-European positioning with an extensive film library of movies and TV series as well as its own streaming platform FilmoTV gives Wild Bunch a strong position in these exploitation stages to benefit even in challenging times of a pandemic.

4.6. OVERALL ASSESSMENT OF RISKS AND OPPORTUNITIES

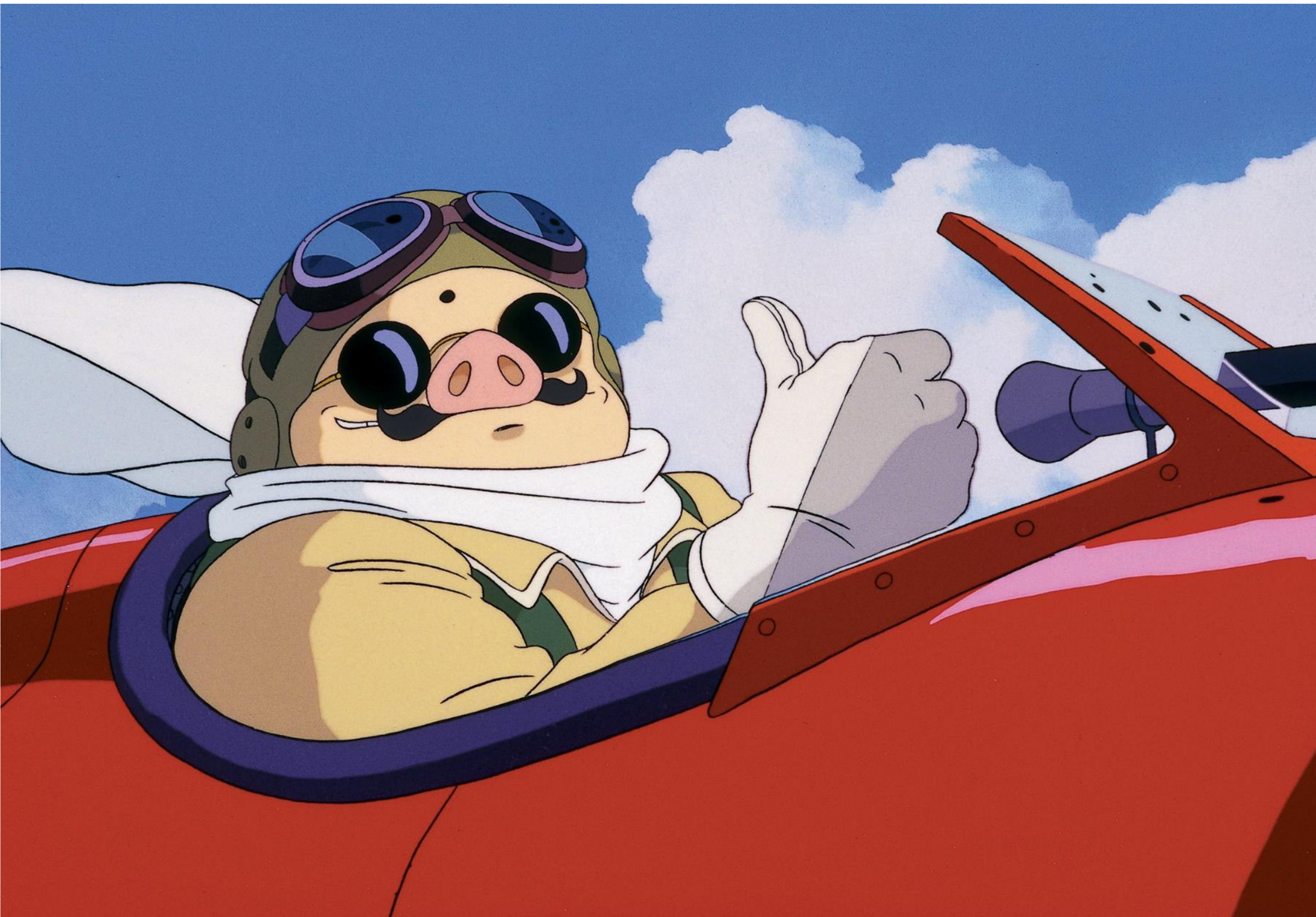
Based on the available information and the estimates, in particular the probability of occurrence, the maximum amount of damage and the effect of the countermeasures taken, the Executive Board of Wild Bunch AG is convinced that, apart from the risks threatening the existence of the Company as described in section 4.4.4. Financial risks, there are currently no known risks that could endanger the existence of the Group. This applies to the risks individually as well as in their entirety, insofar as the effect of the entirety can be meaningfully simulated or otherwise estimated.

If the expected profit contributions from acquired and still to be acquired film exploitation rights do not develop as planned and the operating business of the subsidiaries falls significantly short of expectations, the continuation of the Company in its current scope of business will depend to a large extent on the raising of further funds despite the financing agreements concluded and the funds made available by investors.

The Executive Board is convinced that the measures taken keep the risk at an economically acceptable level and considers the Group's risk-bearing capacity to be sufficient.

The Executive Board sees the greatest opportunities in the further expansion and integration of the Group into an independent, pan-European production and distribution company for cinematic content, the resulting synergies, a reduction in running costs, growth potential and the stabilisation of earnings.

In addition, prospects arise from cooperation with screenwriters, directors and producers at home and abroad as well as access to attractive material and licences, increased cooperation with talent and an expansion of the business model through internationalisation of production and marketing activities as well as possible further strategic acquisitions.



CORPORATE GOVERNANCE

5. DISCLOSURES REQUIRED BY TAKEOVER LAW IN ACCORDANCE WITH §315A (1) HGB

Pursuant to §315a (1) of the German Commercial Code (HGB), public limited companies that make use of an organised market within the meaning of §2 (7) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz) through voting shares issued by them must make the following disclosures in the management report:

COMPOSITION OF THE SUBSCRIBED CAPITAL:

The share capital of Wild Bunch AG amounts to € 23,942,755 and is divided into 23,942,755 bearer shares. There are no different classes of shares. For information on the conditional and authorised capital, please refer to the notes to the annual financial statements of Wild Bunch AG as of 31 December 2020.

RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES:

The Executive Board is not aware of any restrictions affecting voting rights or the transfer of shares.

DIRECT OR INDIRECT SHAREHOLDINGS IN THE CAPITAL EXCEEDING TEN PERCENT OF THE VOTING RIGHTS:

The shareholdings in Wild Bunch AG that exceed 10 % of the voting rights are shown in the notes to the annual financial statements of Wild Bunch AG as of 31 December 2020, which are available on the website www.wildbunch.eu/investors/publications/. The current voting rights notifications pursuant to the German Securities Trading Act are published at www.wildbunch.eu/investors/the-share/.

THE HOLDERS OF SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL:

Shares with special rights conferring powers of control do not exist.

THE NATURE OF VOTING CONTROL WHERE EMPLOYEES HAVE AN INTEREST IN THE CAPITAL AND DO NOT EXERCISE THEIR CONTROL RIGHTS DIRECTLY:

It is not known to the Executive Board that employees have an interest in the capital and do not exercise their control rights directly.

THE STATUTORY PROVISIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE EXECUTIVE BOARD AND ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION:

The appointment and dismissal of the members of the Executive Board is based on §§84, 85 AktG. Amendments to the Articles of Association are based on §§179, 133 AktG, whereby the Supervisory Board is also authorised to adopt amendments to the Articles of Association that only affect the wording.

THE POWERS OF THE EXECUTIVE BOARD, IN PARTICULAR WITH REGARD TO THE POSSIBILITY OF ISSUING OR BUYING BACK SHARES:

The Executive Board of Wild Bunch AG was authorised by various resolutions of the Annual General Meeting to acquire treasury shares in a volume of up to a total of 10 % of the share capital existing at the time of the resolution, most recently for a period up to 29 June 2020 by resolution of the Annual General Meeting 2015. The last acquisition of treasury shares took place at various times in the financial year 2000. As of the balance sheet date, Wild Bunch AG reported 60 no-par value shares as treasury shares, to which a nominal amount of € 60 or approximately 0.0003 % of the share capital was attributable as of 31 December 2020. By resolution of the 2018 Annual General Meeting, the previously existing authorised capital 2015/I was cancelled insofar as it had not been used by the Company, and new authorised capital was resolved, whereby the Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to a total of € 11,971,377.00 by 25 September 2023 (Authorised Capital 2018/I).

SIGNIFICANT AGREEMENTS OF THE COMPANY THAT ARE CONDITIONAL UPON A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID:

Such contractual regulations do not exist for the members of the Executive Board.

COMPENSATION AGREEMENTS OF THE COMPANY ENTERED INTO WITH THE MEMBERS OF THE EXECUTIVE BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID:

There are no compensation agreements with the members of the Executive Board or employees in the event of a takeover bid.

6. DECLARATION ON CORPORATE GOVERNANCE IN ACCORDANCE WITH §289F HGB

The reporting in accordance with §289f HGB is available on the Internet at http://wildbunch.eu/de/investor-relations/corporate-governance/.

7. DEPENDENCY REPORT

Pursuant to §312 of the German Stock Corporation Act (AktG), the Executive Board has prepared a report on relations with affiliated companies, which contains the following concluding statement:

"I declare that the Company has received adequate consideration for each legal transaction with controlling and affiliated companies according to the circumstances known to me at the time the legal transactions were carried out and that the Company has not been disadvantaged by corresponding measures taken or omitted.

During the reporting period, no legal transactions or measures were undertaken or omitted at the instigation of or in the interest of the controlling company or its affiliated companies."

8. REMUNERATION REPORT

The Executive Board or the Executive Board members receive a fixed annual salary (including a pension allowance and, if applicable, allowances for health and long-term care insurance). The principles of the remuneration system are unchanged from the previous year in that the Executive Board members are no longer granted a bonus that takes into account the short-term and long-term business results.

In the event of premature termination of the employment relationship, the Executive Board contracts do not contain an explicit severance payment commitment. However, a severance payment may result from an individual termination agreement.

Members of the Supervisory Board receive a fixed remuneration, the amount of which is determined by resolution of the general meeting. They shall also be reimbursed for expenses incurred in connection with their activities.

For further details, please refer to section 5.10. "Total remuneration of the Supervisory Board and the Executive Board" in the notes to the consolidated financial statements.

Berlin, as of 30 April 2021

Wild Bunch AG

Vincent Grimond
Chairman of the Executive Board

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Profit and Loss Account (IFRS)

in T€	Note	2020	2019
Revenue	2.1.	53,174	77,733
Other film related income	2.2.	2,093	4,436
Total Income		**55,267**	**82,169**
Cost of Sales	2.3.	-55,518	-68,489
Gross Profit		**-250**	**13,680**
Other operating income	2.4.	4,704	3,266
Administration costs	2.5.	-17,407	-22,254
Other operating expenses	2.6.	-56,657	-489
Operating Result		**-69,610**	**-5,797**
Finance income	2.7.	2,653	10,053
Finance Costs	2.7.	-8,609	-15,622
Result of an associate or joint venture	2.7.	232	48
Finance result	**2.7.**	**-5,723**	**-5,522**
Profit/(loss) before income tax		**-75,334**	**-11,319**
Income taxes	2.8.	-1,009	-662
Net result		**-76,342**	**-11,981**
Non-controlling interest in profit or loss		42	-49
Profit/(loss) attributable to shareholders		**-76,385**	**-11,932**
Weighted average number of shares (no.)		23,942,695	18,169,088
Earnings per share			
Basic earnings per share (€ per share)	2.9.	-3.19	-0.66
Diluted earnings per share (€ per share)	2.9.	-3.19	-0.66

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income (IFRS)

in T€	Appendix	2020	2019
Statement of recognised income and expense			
Group result		**-76,342**	**-11,981**
Items that will be reclassified to the income statement in the future			
Currency translation of foreign operations		-0	0
Items that will not be reclassified to the income statement in the future			
Actuarial gain and loss from defined benefit plans	3.15.	71	-48
Deferred taxes		-19	14
Other result		**52**	**-34**
Consolidated total income		**-76,291**	**-12,015**
Profit attributable to non-controlling interests		42	-49
Share of profit attributable to shareholders		**-76,333**	**-11,967**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet - Assets (IFRS)

in T€	Note	2020	2019
Goodwill	3.1.	69,656	124,454
Intangible assets	3.2.	54,366	62,727
Rights of use	3.4.	3,534	4,826
Tangible assets	3.3.	814	1,037
Financial assets	3.6.	816	1,504
Investments accounted for using the equity method	3.5.	1,842	1,603
Deferred tax assets	2.8.	400	1,470
Other non-current assets	3.9.	235	828
Non-current assets		**131,663**	**198,449**
Inventories and work in progress	3.7.	2,523	1,105
Trade receivables and related accounts	3.8.	23,757	36,932
Contract assets	3.8.	0	238
Income tax receivables		244	269
Other financial current assets	3.9.	12,328	18,395
Other non-financial current assets	3.9.	5,776	6,310
Cash and cash equivalents		28,878	21,362
Current assets		**73,506**	**84,610**
Assets		**205,168**	**283,059**

Consolidated Balance Sheet – Equity and Liabilities (IFRS)

in T€	Note	2020	2019
Equity attributable to shareholders	3.10.-3.12.	30,859	106,098
Non-controlling interests	3.13.	-209	-317
Equity		**30,650**	**105,781**
Pension liabilities	3.15.	616	634
Non-current provisions	3.16.	17	364
Deferred tax liabilities	2.8.	1,916	2,359
Non-current financial debt	3.4./3.17.	69,336	70,255
Other non-current liabilities		2,643	558
Non-current liabilities		**74,529**	**74,170**
Current provisions	3.16.	1,344	1,224
Current financial debt	3.4./3.17.	40,374	33,213
Suppliers - accounts payables	3.18.	23,438	30,085
Contract liabilities	3.19.	13,492	11,302
Income tax payables		349	1,038
Other financial current liabilities	3.20.	14,505	20,470
Other non-financial current liabilities	3.20.	6,487	5,777
Current liabilities		**99,989**	**103,108**
Equity and Liabilities		**205,168**	**283,059**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Cash Flow Statement (IFRS)

in T€	Note	2020	2019
Net result		**-76,342**	**-11,981**
Depreciation, amortization, impairments and write-ups		83,021	25,287
Result from investments accounted for using the equity method		-232	-48
Changes in provisions		-578	-1,259
Changes in deferred taxes		787	-24
Other non-cash income and expenses		4,630	4,871
Changes in trade receivables		12,772	1,251
Changes in trade payables		-9,453	2,203
Changes in other assets and liabilities		5,571	-6,458
Cashflow from operating activities	4.2	**20,174**	**13,843**
Proceeds from disposals of intangible assets, property, plant, and equipment		199	67
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up		0	100
Proceeds from the disposal of financial assets		2,363	0
Cash inflows / outflows from short-term financial investments		46	0
Purchases of intangible assets		-15,602	-26,176
Purchases of property, plant and equipment		-77	-55
Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired		-140	0
Investments in non-current financial assets		-15	0
Cashflow from investing activities	4.3	**-13,225**	**-26,064**
Proceeds to equity non-controlling interests		0	4
Proceeds from other financial liabilities		2,744	19,296
Repayments of other financial liabilities		-4,867	-1,223
Repayment of lease liabilities		-1,239	-1,215
Cashflow from financing activities	4.4	**-3,361**	**16,862**
Cashflow-related changes in cash and cash equivalents		**3,589**	**4,641**
Changes in cash and cash equivalents due to changes in the scope of consolidation		0	-213
Cash and cash equivalents at the beginning of period		21,335	16,907
Cash and cash equivalents at end of period	4.1	**24,923**	**21,335**
Cashflows contained in cashflow from operating activities			
Income taxes paid	4.2	-125	-334
Income taxes received	4.2	1	3
Interest paid	4.2	-634	-2,266
Interest received	4.2	5	34
Composition of cash and cash equivalents			
Cash and cash equivalents		28,878	21,362
Liabilities to banks (due on demand)		-3,954	-27
Cash and cash equivalents at the end of the period		**24,924**	**21,335**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity (IFRS)

in T€	Issued capital	Capital reserve	Accumulated result	Accumulated other equity					
				Foreign currency translation differences	Other Reserves	Other Reserves Taxes	Equity attributable to shareholders	Non-controlling interests	Equity
As of 1 January 2019	**2,044**	**26,869**	**39,088**	**0**	**-88**	**32**	**67,945**	**-268**	**67,677**
Change in scope of consolidation	-	-	-	-	-	-	-	-1	-1
Conversion of financial liabilities into equity	21,899	31,636					53,535		53,535
Costs of capital increase		-3,156					-3,156		-3,156
Result of the year	-	-	-11,932	-	-	-	-11,932	-49	-11,981
Other comprehensive income	-	-	-	0	-48	14	-34	-	-34
Other adjustments	-	-	-259	-	-	-	-259	-0	-260
As of 31 December 2019	**23,943**	**55,349**	**26,896**	**0**	**-136**	**46**	**106,098**	**-317**	**105,781**
As of 1 January 2020	**23,943**	**55,349**	**26,896**	**0**	**-136**	**46**	**106,098**	**-317**	**105,781**
Change in scope of consolidation	-	-	-	-	-	-	-		-
Other contributions to equity		1,300					1,300		1,300
Result of the year	-	-	-76,385	-	-	-	-76,385	42	-76,342
Other comprehensive income	-	-	-	-0	71	-19	52	-	52
Change in non-controlling interests			-206	-	-	-	-206	66	-140
As of 31 December 2020	**23,943**	**56,649**	**-49,694**	**0**	**-65**	**27**	**30,860**	**-209**	**30,650**

For further details, please refer to sections 3.10. Subscribed capital, 3.11. Capital reserves, 3.12. Other reserves, 3.13. Minority interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES AND METHODS

1.1. GENERAL INFORMATION

The Wild Bunch Group (hereinafter referred to as the "Group") was formed in 2015 from the merger between the German media group Senator Entertainment AG, Berlin, and the European film company Wild Bunch S.A., Paris, France, under the umbrella of Wild Bunch AG, Berlin (hereinafter referred to as "Wild Bunch" or the "Company"). The shares of Wild Bunch AG are listed on the Regulated Market ("General Standard") of the Frankfurt Stock Exchange.

The Wild Bunch Group is a leading independent European film distribution and production company with a very extensive film library, actively engaged in acquisition, co-production, film distribution as well as world sales.

The Company is registered under the commercial register number HR B 68059 of the Berlin-Charlottenburg Local Court. The registered office of Wild Bunch AG as the group parent company is at Knesebeckstraße 59-61, 10719 Berlin, Germany. The ultimate controlling party of the Group according to IAS 24 is, to the knowledge of the Group, Mr Lars Windhorst (see also section 5.4.).

The consolidated financial statements of Wild Bunch AG for the financial year ended 31 December 2020 were released by the Executive Board for forwarding to the Supervisory Board of the Company on 30 April 2021 and approved by the Supervisory Board on 30 April 2021.

1.2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared in accordance with § 315e of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB and valid on the reporting date and recognised by the European Union (EU). All IFRS/IAS and IFRIC/SIC whose application was mandatory as of 31 December 2020 were observed. In addition, the provisions of commercial law applicable pursuant to § 315e (1) of the German Commercial Code (HGB) have been observed.

A list of the subsidiaries, associated companies and joint ventures included in the consolidated financial statements can be found in this appendix in section 1.3. Scope of consolidation and consolidation methods. The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting and valuation methods corresponding to the respective business activities.

In the balance sheet, a distinction is made between non-current and current assets and liabilities, whereby all assets and liabilities are considered current if they are expected to be realised within twelve months of the balance sheet date or are due within the Group's normal operating cycle. All other assets or liabilities are classified as non-current. The income statement is prepared using the cost of sales method.

In a letter dated 28 July 2020, the German Financial Reporting Enforcement Panel ("FREP") announced that it would subject the consolidated financial statements of Wild Bunch AG as of 31 December 2019 to a sample audit (audit pursuant to § 342b (2) sentence 3 no. 3 HGB). This audit, which took place with interruptions mainly in the period from October 2020 to March 2021, resulted in preliminary findings. Wild Bunch currently considers these findings to be unfounded but cannot rule out the possibility of final findings of error in the further course of the proceedings. The preliminary findings relate to the following matters:

- Valuation of goodwill
- Valuation of the film distribution rights
- Deduction of costs from equity related to the capital increases
- Disclosure of the ultimate controlling party according to IAS 24.13
- Trade receivables - Valuation and related notes in the financial statements

In addition to these findings, in its letter dated 26 March 2021, the FREP requested further documentation on the costs of the capital increases, as well as stating that further examination procedures are pending in relation to the deferred taxes recognised in the consolidated balance sheet as of 31 December 2019 and that it cannot be ruled out that this will result in further preliminary findings.

Furthermore, in a letter dated 17 December 2020, the FREP announced that it would subject the condensed consolidated financial statements of Wild Bunch AG as of 30 June 2020 to an examination in accordance with § 342b (2) sentence 3 no. 1 HGB (occasion-based examination). The audit was prompted by doubts about the accounting treatment of goodwill and film titles as well as deferred tax assets. In a letter dated 10 March 2021, the FREP sent the Company initial questions in connection with the occasion-based examination and pointed out that findings from this examination, including those relating to areas of examination other than those mentioned, will be included, where relevant, in the FREP's assessments as part of the sample examinations of the consolidated financial statements as of 31 December 2019. Furthermore, the FREP has reserved the right to draw conclusions from other areas of examination than those mentioned above.

The deadline for commenting on the preliminary findings of the consolidated financial statements as of 31 December 2019 and for answering the questions posed in the letter of 10 March 2021 in the context of the occasion-based audit of the condensed consolidated financial statements as of 30 June 2020 is 14 May 2021. The Executive Board of Wild Bunch AG does not expect these two procedures to be completed in the short term. It cannot be ruled out that the occasion-based audit of the condensed consolidated financial statements as of 30 June 2020 and the associated interim group management report will also lead to final error findings, and that error corrections in accordance with IAS 8 may therefore be necessary in future publications of both the consolidated financial statements as of 31 December 2019 and the condensed consolidated financial statements as of 30 June 2020.

The consolidated financial statements of Wild Bunch AG for the financial year from 1 January to 31 December 2020 were prepared on a going concern basis. See also section 1.4. Exercise of discretion and estimation uncertainties.

The consolidated financial statements are prepared in euros. Unless otherwise stated, all values are rounded up or down to the nearest thousand (T€). For computational reasons, rounding differences to the mathematically exact values may occur.

The consolidated financial statements and the combined group management and management report are published in the electronic Federal Gazette and on the Company's website.

1.3. SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

Changes in the scope of consolidation

In the 2020 financial year, there were the following changes in the scope of consolidation:

Wild Bunch S.A., Paris, France acquired 2.49 % of the shares of Elle Driver SAS, Paris, France from the co-shareholder for € 140 thousand, and thus now holds 97.51 % of the shares as of 31 December 2020.

Wild Bunch S.A. increased its share in Versatile SAS, Paris, France from 95.02 % to 100.00 %. The purchase price was € 2.

Both transactions are transactions with minorities.

Furthermore, Wild Bunch S.A. participated in a cash capital increase at Wild Bunch International S.A. Paris, France, in accordance with its 20 % share. The addition to investments in associated companies amounts to € 3 thousand.

Information on the scope of consolidation

The consolidated financial statements include the financial statements of Wild Bunch AG and its controlled subsidiaries as of 31 December 2020. Control exists when the Group has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect those returns. In particular, the Group controls an investee if, and only if, it has all of the following characteristics:

- Control over the investee (i.e. the Group has the ability to direct those activities of the investee that have a significant effect on its returns),
- a risk exposure to or entitlement to fluctuating returns from its involvement in the investee; and

- the ability to use its power over the investee to affect the investee's return.

Wild Bunch AG continuously assesses whether it controls an investee when facts or circumstances indicate that one or more of the above three elements of control have changed.

It is generally assumed that the possession of a majority of the voting rights leads to control.

In assessing whether the Group has the power to direct the relevant activities of an investee despite holding less than 50 % of the voting rights, all relevant facts and circumstances are considered. These include, among others

- A contractual agreement with the other voters,
- rights resulting from other contractual agreements,
- voting rights and potential voting rights of the Group.

Consolidation of a subsidiary begins on the date on which the Group obtains control over the subsidiary. It ends when the Group loses control over the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the reporting period are recognised in the statement of financial position or statement of comprehensive income from the date the Group obtains control of the subsidiary until the date that control ceases.

The profit or loss and each component of other comprehensive income are attributed to the holders of ordinary shares in Wild Bunch AG (shareholders of the parent company) and to the non-controlling interests, even if this results in a negative balance of the non-controlling interests.

Non-controlling interests represent the share of profit or loss and net assets that is not attributable to the shareholders of the parent company. Non-controlling interests are presented separately in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated balance sheet. In the consolidated statement of financial position, they are reported within equity, separately from the equity attributable to the shareholders of the parent company.

The effects from transactions with non-controlling interests that do not lead to a loss of control are recognised directly in equity as transactions with equity providers.

Shares are deconsolidated when there is no longer any possibility of control. Deconsolidation is the disposal of all assets attributable to the subsidiary, including goodwill and liabilities, as well as differences arising from currency translation. The expenses and income incurred up to this point remain included in the consolidated financial statements.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over the decision-making process.

The Group's investment in an associate is accounted for using the equity method.

Under the equity method, the investment in an associate is recognised at cost at the date of acquisition or, in the case of downward consolidation, at the fair value of the remaining investment. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associate since the date of acquisition. Any goodwill associated with the associate is included in the carrying amount of the investment and is not recognised as separate goodwill.

The income statement contains the Group's share of the result for the period of the associated company. This is allocated to the carrying amount of the investment. Profit distributions from these companies reduce the carrying amount of the investment. Changes in the other comprehensive income of these investees are recognised in the Group's other comprehensive income. In addition, changes recognised directly in the equity of the associate are recognised by the Group to the extent of its interest and, where necessary, presented in the statement of changes in equity. Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate. The Group determines at each reporting date whether there is objective evidence that the Group's net investment in an associate may be impaired. If any such indication exists, the amount of the impairment loss is measured as the difference between the recoverable amount of the investment in the associate and the carrying amount of the investment and the loss is recognised in the income statement as an impairment loss on investments accounted for using the equity method.

Business combinations

Business combinations are accounted for using the purchase method. The initial consolidation is carried out by offsetting the acquisition costs of the investment (total consideration paid) against the revalued pro rata equity of the subsidiaries at the time of their acquisition. Assets and liabilities are recognised at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests in equity. For each business combination, the Group decides whether to measure the non-controlling interest in the acquiree at fair value (full goodwill method) or at the proportionate share of the acquiree's identifiable net assets (partial goodwill method). In the latter case, goodwill is recognised only at the acquirer's percentage share of the goodwill. Costs incurred in the business combination are recognised as an expense and reported as administrative costs. In the case of business combinations achieved in stages, shares already held by the acquirer before control was obtained are revalued at the fair value applicable at the acquisition date and the consideration paid is added. The gain or loss resulting from the revaluation is recognised in profit or loss. Any remaining positive differences are capitalised as goodwill. Goodwill is tested for impairment annually or whenever there are indications of impairment. Any negative goodwill resulting from capital consolidation is, after reassessment, recognised in full as income in the year in which it arises.

When goodwill has been allocated to a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. The value of the portion of goodwill disposed of is determined based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Scope of consolidation

The composition of the Wild Bunch Group's scope of consolidation as of 31 December 2020 is shown in the following table:

	31.12.2020	31.12.2019
Fully consolidated companies		
Domestic	11	11
Abroad	14	14
Investments in associates and joint ventures		
Domestic	0	0
Abroad	3	3
Total	**28**	**28**

The following companies were included in the consolidated financial statements in the 2020 financial year:

No.	Fully consolidated companies	Seat	Main business activity	Share in % 2020	Share in % 2019	Held via	For further information, see footnote
	Domestic						
1	Wild Bunch AG	Berlin	Holding	-	-	-	-
2	Wild Bunch Germany GmbH	Munich	Distribution	88.0	88.0	12	-
3	Senator Film Produktion GmbH	Berlin	Production	100.0	100.0	1	1, 2
4	Senator Film Verleih GmbH	Berlin	Distribution	100.0	100.0	1	1, 2
5	Senator Home Entertainment GmbH	Berlin	Distribution	100.0	100.0	1	1, 2
6	Senator Finanzierungs- und Beteiligungs GmbH	Berlin	Holding	100.0	100.0	1	-
7	Senator Film Köln GmbH	Cologne	Production	100.0	100.0	1	1, 2
8	Senator MovInvest GmbH	Berlin	Funding	100.0	100.0	1	1, 2
9	Senator Film München GmbH	Munich	Production	100.0	100.0	1	1, 2
10	Senator Reykjavik Ltd.	Berlin	Production	100.0	100.0	3	-
11	Central Film Verleih GmbH	Berlin	Distribution	100.0	100.0	1 & 12	-
	Abroad						
12	Wild Bunch S.A.	Paris, France	Holding and world distribution	100.0	100.0	1	-
13	BIM Distribuzione s.r.l.	Rome, Italy	Distribution	100.0	100.0	12	-
14	Bunch of Talents SAS	Paris, France	Other	80.0	80.0	12	-
15	Continental Films SAS	Paris, France	Distribution	100.0	100.0	12	-
16	Elle Driver SAS	Paris, France	World distribution	97.5	95.0	12	-
17	Eurofilm & Media Ltd.	Killaloe, Ireland	Distribution	100.0	100.0	1	-
18	EWB2 SAS	Paris, France	Distribution	100.0	100.0	12	-
19	EWB3 SAS	Paris, France	Distribution	100.0	100.0	12	-
20	Filmoline SAS	Paris, France	SVOD and VOD distribution	90.1	90.1	12	-
21	Wild Bunch Austria GmbH	Vienna, Austria	Distribution	100.0	100.0	4	-
22	Versatile SAS	Paris, France	World distribution	100.0	95.0	12	-
23	Vértigo Films S.L.	Madrid, Spain	Distribution	80.0	80.0	12	-
24	Virtual Films Ltd.	Dublin, Ireland	Distribution	100.0	100.0	12	-
25	BIM Produzione s.r.l.	Rome, Italy	Production	90.0	90.0	13	

No.	Shares in associated companies and joint ventures	Seat	Main business activity	Share in % 2020	Share in % 2019	Held via	For further information, see footnote
	Abroad						
26	Circuito Cinema s.r.l.	Rome, Italy	Distribution	24.9	24.9	13	3
27	Wild Bunch International S.A.	Paris, France	Distribution	20.0	20.0	12	3
28	Insiders LLC	Los Angeles, USA	Distribution	45.0	45.0	12	3

[1] Profit and loss transfer agreement with the parent company

[2] § 264 (3) HGB was applied

[3] Approach at-equity

1.4. EXERCISE OF DISCRETION AND ESTIMATION UNCERTAINTIES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets, liabilities, contingent liabilities, and contingent assets at the date of the financial statements. These estimates and assumptions are based on management's best judgement based on experience from the past and other factors, including estimates of future events. The estimates and assumptions are reviewed on an ongoing basis. Changes in estimates are necessary if the circumstances on which the estimates are based have changed or if new information and additional findings become available. Such changes are recognised in the period in which the estimate is revised.

The key assumptions concerning future developments and the key sources of estimation uncertainty that could require material adjustments to the carrying amounts of assets and liabilities and the reported amounts of revenues, expenses and contingent liabilities within the next twelve months are set out below.

Revenue recognition

The Wild Bunch Group enters into contracts with customers where the effective transaction price is fixed but the amount of revenue is dependent on a future event (e.g. number of admissions, number of downloads). In these cases, the consideration in the Wild Bunch Group is classified as variable consideration. In individual cases, estimates may be made when identifying the transaction price if the corresponding statements from the licensees are not yet available. In this case, the Wild Bunch Group uses the most likely amount method to determine the consideration due to the Wild Bunch Group.

In the case of commissioned productions, revenue is recognised over a certain period of time in accordance with IFRS 15 using the percentage-of-completion method, since an asset is created that has no alternative use and the Group has a legal claim to payment for the service already provided. The progress of completion, after which revenue is recognised, is determined using the cost-to-cost method. The Group considers this input-based method to be the most suitable for determining the degree of completion, because the percentage of completion reflects the economic progress made in accordance with the ratio of the contract costs incurred up to the reporting date to the estimated total contract costs. This method depends on the reliable estimation of the total costs and the percentage of completion. Contract assets of € 0 thousand (previous year: € 238 thousand) were recognised in connection with contract productions as of 31 December 2020.

Rights of use

Wild Bunch determines the term of a Lease to be the non-cancellable term of the Lease. If there is an option to extend the lease, Wild Bunch assesses at its own discretion whether it is sufficiently certain that the option to extend the lease will be exercised. The carrying amount of the rights of use as of 31 December 2020 is € 299 thousand (previous year: € 616 thousand).

Impairment of non-financial assets

Goodwill and film assets are tested for impairment at least once a year and whenever there are indications of impairment. Other non-financial assets are tested for impairment if there are indications that the book value exceeds the recoverable amount. To assess whether impairment exists, estimates are made of the expected future cash flows per cash-generating unit from the use and possible sale of these assets. Actual cash flows may differ significantly from the discounted future cash flows based on these estimates. Changes in revenue and cash flow projections may result in impairment. (Section 3.2. Intangible assets and 3.3. Property, plant and equipment (Other equipment, factory and office equipment)). The carrying amounts of these non-financial assets as of 31 December 2020 total € 124,836 thousand (previous year: € 188,218 thousand).

Impairment of shares in companies accounted for using the equity method and other companies

Shares in companies accounted for using the equity method and other companies are tested for impairment if there are indications that the carrying amount exceeds the recoverable amount. To assess whether impairment exists, estimates are made of the expected future cash flows per cash-generating unit from the use and possible sale of these assets. The actual cash flows may differ significantly from the discounted future cash flows based on these estimates. The book value of the companies accounted for using the equity method amounts to € 1,842 thousand (previous year: € 1,603 thousand) and the book value of the financial assets (equity instruments) amounts to € 0 thousand (previous year: € 480 thousand) as of 31 December 2020.

Impairment of financial assets

When estimating the expected credit risks, the Group takes into account all information available on the balance sheet date that is relevant for the measurement of expected losses and their probability of occurrence. In addition to internal information, the Wild Bunch Group uses default probabilities derived from external company ratings. Based on this, estimates of the expected losses over the remaining term are determined by assigning the financial assets to rating classes. These estimates result in the uncertainty that unanticipated losses on receivables will have to be recognised in future periods. The book value of the financial assets as of 31 December 2020 amounts to € 23,757 thousand (previous year: € 37,170 thousand).

Provisions

The determination of provisions for anticipated losses from film rights with onerous contracts with customers and provisions for litigation and regulatory proceedings involves a significant degree of estimation. The Group recognises a provision for anticipated losses on contracts with customers when the current estimated total cost exceeds the estimated revenue. The Group identifies losses on contracts with customers by continuously monitoring and comparing the revenue of the film with the minimum guarantees still to be paid and the costs of disposal and updating the estimates. This requires significant judgement in meeting certain performance requirements and project delays, including assessing the attributable nature of these delays to the project partners involved.

Legal disputes and regulatory proceedings are often based on complex legal issues and are associated with considerable uncertainties. Accordingly, the assessment of whether it is probable that a present obligation from a past event exists at the reporting date, whether a future outflow of resources is probable and whether the amount of the obligation can be reliably estimated is based on considerable judgement. The assessment is usually made with the involvement of internal and external lawyers. It may be necessary to make a provision for an ongoing case due to new developments or to adjust the amount of an existing provision. In addition, the outcome of a case may result in expenses for the Group that exceed the provision created for the matter. The provisions as of 31 December 2020 total € 1,361 thousand (previous year: € 1,588 thousand).

Liabilities from licensor shares

The group companies are exposed to various subsequent claims from licensors regarding their shares from the marketing of film rights. At this point in time, the Group assumes that the liabilities cover the risks. However, further claims could be made whose costs are not covered by the existing liabilities. Such changes as they occur may impact the liabilities recognised for licensor interests in future reporting periods. The carrying amount of the liabilities from licensor shares as of 31 December 2020 is € 12,319 thousand (previous year: € 16,544 thousand).

Income taxes

The determination of deferred and current income tax assets and liabilities requires extensive judgements, assumptions and estimates.

The recognised income tax liabilities and provisions are partly based on estimates and interpretations of tax laws and regulations in different jurisdictions.

With regard to deferred tax items, there are degrees of uncertainty concerning the time at which an asset will be realised, or a liability will be settled, as well as the amount of the tax rate applicable at that time. The recognition of deferred tax assets on loss carryforwards requires an assessment of the probability of the future realisability of loss carryforwards. Influencing factors that are taken into account in this assessment are the earnings history, earnings planning and future earnings development. The actual profits may deviate from the expected profits. These deviations can have an impact on deferred and current income tax assets and liabilities recognised in future reporting periods.

Impact of the Coronavirus Pandemic on financial reporting

The Group's operations were largely and globally impacted by the Covid-19 pandemic. The entertainment industry, particularly the film sector, experienced a dramatic decline in its activities. From March 2020, the almost simultaneous closure of cinemas in all our areas of operation resulted in the loss of our revenue associated with this type of distribution. The cancellation of major film festival markets impacted our international sales. International distribution revenue was nevertheless almost unchanged year-on-year as numerous sales from 2019 with licensing commencing in 2020 resulted in revenue in the financial year. On the other hand, the closure of shops and the absence of new films also had a significant impact on the level of home entertainment sales.

Finally, for health reasons, there was virtually no production for a period of almost six months, resulting in a significant decline in the number of films or series that could be acquired by the Company.

Management stepped up its efforts to find ways to partially compensate for the decline in other sales, with fierce competition facing electronic distributors, especially SVOD services and Pay-TV.

The impact of the crisis will continue to be felt in the 2021 financial year as cinemas remain largely closed, with many films entering the market at the same time after opening, and the inventory of films for sale on electronic services has been significantly reduced.

For further information on the effects of the Coronavirus pandemic, see "Report on the Economic Situation" in the Group Management Report.

In view of the changed general conditions and their effects on current and future business activities, Wild Bunch had to make assumptions and estimates to a certain extent in the preparation of the consolidated financial statements, which have an effect on the valuation of the reported assets and liabilities. Such estimates, assumptions and the exercise of judgement related primarily to the following areas:

- Impairment testing of non-financial assets, in particular goodwill;
- Assessing the probability of future recoverability of deferred tax assets;
- Calculation of impairments of the film portfolio.

For the methods applied, see section 1.5. Presentation of the main accounting and valuation methods.

The degree of uncertainty in the environment and the high probability that the Group will not be able to return to the sales levels originally forecast in the five-year plan have led to a significant impairment of goodwill in the reporting year.

Assumption of going concern

The consolidated financial statements of the Company have been prepared on a going concern basis.

A credit facility of up to € 30 million was in place with Bank Leumi (UK) plc, London, UK ("Bank Leumi") with a maturity date of 5 April 2020. The loan from Bank Leumi was repaid in April 2020 with the help of a credit line from Commerzbank AG. The credit line of Commerzbank AG amounts to up to € 35.0 million and has a term until October 2022. The agreement with Commerzbank provides for the bank to make funds available to Wild Bunch AG in exchange for the assignment of receivables. Among other things, receivables secured by credit default insurance of the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany GmbH, Munich, BIM Distribuzione s.r.l., Rome and Vértigo Films S.L., Madrid, qualify as receivables.

The majority shareholder of Wild Bunch AG, Voltaire Finance B.V. Schiphol, The Netherlands ("Voltaire"), granted a shareholder loan in the amount of € 40.0 million in May 2019 as part of the refinancing of the bridge loans granted by it, from which Wild Bunch S.A. has drawn down € 22.0

million and Wild Bunch AG € 5.0 million. With the signing of this loan agreement, a further € 13.0 million was disbursed to Wild Bunch S.A. The loan agreement has a term until 13 June 2023. The loan has a final maturity. The interest rate is 9.5 %. Furthermore, Voltaire granted Wild Bunch S.A. a loan of € 26.5 million in May 2019 to restructure existing bank liabilities and other third-party liabilities. The loan agreement has a term until 13 June 2023. The loan has a final maturity. The interest rate is 9.5 %. The financial covenants agreed in both Voltaire loans were suspended until 1 January 2023 with the agreement of June 2020. Furthermore, a loan agreement for € 8.8 million has been in place between Voltaire and Wild Bunch AG since February 2020 in connection with the refinancing of the Bank Leumi loan. It was agreed that Wild Bunch AG would repay the loan successively when Commerzbank AG releases the cash serving as collateral for its loan. The interest rate is 1.0 %. Financial covenants have not been agreed.

In June 2020, Wild Bunch AG and Wild Bunch S.A. agreed with Voltaire Finance B.V. and Tennor Holding B.V. to defer any payment obligation under the loans and any payment of accrued and outstanding and further accruing interest under the respective loan agreements until 31 December 2021 in order to strengthen liquidity and against the background of the operating losses expected for the financial year 2020 due to the Corona pandemic. By agreement dated 15 April 2021, the deferral was extended until 31 December 2022. Interest on the main debt and the deferred interest liabilities is charged at the originally agreed interest rate. In the liquidity planning for the coming months, the inflow of further shareholder loans in the amount of at least € 6.0 million is planned.

An additional financing requirement could arise if there were negative deviations, such as those caused by the ongoing Corona pandemic, from the business plan prepared by the Executive Board for the planning period 2021 to 2025. According to the Executive Board's assessment, a significant negative deviation would result in an impairment of the planned business expansion.

The Executive Board currently sees no signs of the aforementioned risks materialising. Should the course of business fall significantly short of the planned expectations, this would impair the further development of the Company and the Group and could endanger their existence, insofar as the resulting financial gaps cannot be closed by other capital measures.

1.5. PRESENTATION OF THE MAIN ACCOUNTING AND VALUATION METHODS

Accounting in the Wild Bunch Group is based on the principle of historical cost. Exceptions are items that are recognised at fair value, such as certain financial assets and financial liabilities recognised at fair value. The accounting and valuation methods applied uniformly throughout the Group in the 2020 financial year are essentially unchanged compared to the previous year, with the exception of the standards to be applied for the first time in the 2020 financial year, as stated below.

The Group applied the following standards and amendments for the first time in the 2020 financial year:

- Amendments to the Framework for Financial Reporting and Amendments to References to the Framework in IFRS Standards

- Amendments to IFRS 3 Business Combinations - Definition of a business
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reference Rate Reform
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Materiality
- Amendments to IFRS 16 Leases - Coronavirus-related Lease Concessions (1 June 2020)

The first-time application of these amendments to accounting standards in the 2020 financial year did not result in any significant changes compared to the previous year.

Issued Accounting Standards and Interpretations not yet applied

The following new or revised standards and interpretations potentially relevant for the consolidated financial statements of Wild Bunch AG, which were not yet mandatory in the reporting period or have not yet been adopted by the European Commission, are not applied early:

Standards / Interpretations		**Mandatory application in the EU**
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 **Phase 2**	Clarification of issues that could affect financial reporting following the reform of the reference rate (including its replacement with alternative reference rates).	01.01.2021
Amendment to IFRS 3	Change in referencing to the current 2018 framework.	01.01.2022
Amendment to IAS 37	Concretisation of "costs of fulfilling the contract" to "costs that relate directly to the contract".	01.01.2022
Amendment to IAS 16	Changes to the directly attributable cost of an item of property, plant and equipment.	01.01.2022
Annual Improvements 2018-2020	Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	01.01.2022
IFRS 17 **Insurance Contracts**	New regulations including amendments to IFRS 17 Accounting Policies for Insurance Contracts. IFRS 17 will replace IFRS 4.	01.01.2023
IAS 1 Presentation of Financial Statements	Amendments to the criteria for classifying liabilities as current or non-current.	01.01.2023

Standards / Interpretations		Mandatory application in the EU
IAS 1 Presentation of Financial Statements including amendments to Practice Statement 2	Improving disclosures about accounting policies and adjusting the guidance in Practice Statement 2 accordingly.	01.01.2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Clarification on the distinction between changes in accounting policies and accounting estimates	01.01.2023
Proposed amendment to IFRS 16 Leases	Adjustment in respect of COVID-19-related lease discounts after 30 June 2021	01.04.2021

The Group intends to apply these standards and interpretations from their effective date.

The effects of their first-time application on the presentation of the Group's net assets, financial position and results of operations are expected to be of minor significance.

Foreign currency translation

The functional currency of Wild Bunch AG and the reporting currency of the Group is the euro. Transactions in currencies other than the functional currency of the respective group company are recognised by the companies using the exchange rate valid on the transaction date. Monetary assets and liabilities are translated at the closing rate on the balance sheet date.

Gains or losses from the settlement of these transactions, as well as gains or losses from the translation of monetary assets and liabilities, are recognised immediately in the income statement under operating income or expenses if they are related to the operating business; otherwise translation differences are recognised in the financial result.

The functional currency of the foreign subsidiaries is generally the currency of the country in which they operate. The results and balance sheet items of these Group companies, which have a functional currency that differs from the Group's reporting currency, are translated into euros as follows:

1. Assets and liabilities are translated at the closing rate for each balance sheet date.
2. The items of the profit and loss account are translated at the average exchange rate.
3. All resulting translation differences are recognised in other comprehensive income.

The following exchange rates are used to translate the foreign currency items in the individual financial statements and the US subsidiary:

	Closing rate (basis: 1 euro)	
	31.12.2020	31.12.2019
US dollar	1.2271	1.1234
	Average price (basis: 1 euro)	
	1.1. until 31.12.2020	1.1. until 31.12.2019
US dollar	1.1422	1.1195

All foreign subsidiaries of Wild Bunch AG included in the consolidated financial statements in the financial year and the previous year, with the exception of the US subsidiary, have the euro as their functional currency.

Segments

The Group is divided into two segments/business areas that are managed individually. Financial information on business segments and geographical segments is presented in the explanation in section 5.1. Segment reporting.

The determination of the Group's business segments is based on the organisational units. The allocation of the organisational units to the business segments and the delineation of the segments is based on the internal reporting of the organisational units to the Executive Board with regard to the allocation of resources and the assessment of profitability. The Group consists of the segments:

- International sales and distribution as well as film production and
- Other. This segment includes the operation of a VOD/SVOD platform and other activities.

Group functions are shown under non-attributable income and expenses. These include the actual Group management, legal, finance and IT.

Measurement of the fair value

The Group assesses its financial instruments, including derivatives, or liabilities measured at fair value at each balance sheet date.

The fair value is the price that independent market participants would receive upon sale of an asset or pay upon transfer of a liability under normal market conditions on the valuation date (exit price).

The valuation assumes that the sale or transfer is made in the principal or most advantageous market for that asset or liability. If a principal market is not available, it is assumed that the most advantageous market is used for measuring the fair value. The fair value of an asset or liability is measured on the assumption that market participants act in their best economic interest when pricing the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The use of significant observable inputs is maximised and the use of unobservable inputs is minimised.

All assets and liabilities measured at fair value or disclosed in the notes are allocated to the following levels of the fair value hierarchy based on the lowest input factor that is significant to the measurement as a whole:

- Level 1: Quoted (unadjusted) prices (e.g. stock exchange prices) in active markets accessible to the Group on the measurement date for identical assets or liabilities,
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g. yield curves, forward exchange rates), and
- Level 3: Inputs that are unobservable for the asset or liability (e.g. estimated future results).

The fair values are determined on the basis of the hierarchy levels.

Revenue from contracts with customers

The Group is an independent European film distribution and production company active in direct distribution in France, Italy, Germany, Spain and Austria, in world distribution as well as in production and co-productions and direct electronic distribution of films and TV series.

Film exploitation rights are generally sold individually in contracts with customers. The Group receives both use-based and sales-based royalties for transferred film exploitation rights. These revenues are generally only recognised when the later of the two following events has occurred:

a) the licensee itself has realised revenue or
b) the use triggering the licence fee has actually taken place and the performance obligation has been fulfilled in full.

IFRS 15 contains specifications for the reporting of performance surpluses or obligations existing at the contract level. These are assets and liabilities from customer contracts that arise depending on the relationship between the performance rendered by the Company and the payment made by the customer. A contract liability is an obligation of the Group to a customer to deliver goods or provide services for which the customer has already provided services, for example in the form of advance payments. A contract asset is a contingent claim to consideration for services already rendered that will be fulfilled over a certain period of time. This essentially concerns services within the scope of commissioned productions.

The individual revenue transactions are explained below. As in the previous year, the normal payment period is 30 days. In the case of commissioned productions, payments are usually due shortly after reaching contractually agreed milestones; the number of agreed instalments varies according to the individual contract. There are no significant financing components as defined by IFRS 15.

The Wild Bunch Group generally operates as a principal and recognises revenue accordingly on a gross basis. Only in exceptional cases does the Wild Bunch Group provide an agent service (broker).

In these cases, the commissions earned by the Group are recognised in the revenue and thus reported net.

1. World distribution

The sale of world rights (all exploitation stages per exploitation area) for a fixed fee are licence sales and, like the sale of goods, are realised at the time when the customer obtains the power of disposal over the film material, i.e. when the customer has the ability to determine the use of the transferred film material, essentially derives the remaining benefit from it and when the contractually agreed licence exploitation period has begun. This is done exclusively on a point in time basis. The prerequisite for this is that a contract with enforceable rights and obligations exists and the receipt of the consideration - taking into account the creditworthiness of the customer - is probable. The sales revenues correspond to the transaction price that Wild Bunch expects to achieve.

The minimum guarantee is the amount not repayable by a third party (e.g. film producer) for a film right. Licensor shares are counted towards this minimum guarantee and exceeding amounts are recognised as revenue if confirmed in writing by the local distributor.

2. Cinema rights

Revenue from screening rights for films is recognised as of the theatrical release of the film. The cinema operators report the number of cinema visitors and the corresponding cinema revenues. Revenue from screening rights, which is paid by cinema operators to the distributor, is calculated on the basis of a contractually agreed percentage of the revenue from the sale of cinema tickets.

3. Home entertainment and revenues from VOD/SVOD and pay-per-view distribution

The video/DVD rights of the Group companies are recognised on the basis of monthly sales figures, taking into account volume discounts and return rights. Volume discounts and return rights contractually granted to the customer are variable remunerations. These are not performance obligations in their own right. Wild Bunch prepares estimates of how many returns can be expected in the reporting period. The estimates are based on the analysis of contractual or legal obligations and historical developments as well as the Group's experience. Based on the information available at this point in time, management considers the recognised variable remuneration to be appropriate. The amount is not material to the Group. The expected returns are measured at each balance sheet date. The Group uses the portfolio approach to calculate the expected returns.

Revenues from VOD/SVOD and pay-per-view sales are recognised on a monthly basis upon receipt of the statements from the platform operators.

4. Television rights (Pay-TV and Free-TV)

The Wild Bunch Group treats licence agreements for TV programme material as the sale of a right or of a group of rights.

Revenue from a licence agreement for TV programme material is recognised when all of the following conditions are met:

a) the licence fee for each film is known,

b) the cost of each film and the costs associated with its sale are known or can be reasonably determined,
c) the collection of the entire licence fee is sufficiently ensured,
d) the film has been delivered and accepted by the licensee in accordance with the terms and conditions attached to the Licence Agreement.

5. Film and television productions

Sales from film and television productions include in-house productions, co-productions and commissioned productions.
The realisation of profits for commissioned productions is generally carried out on a time-period basis according to the cost-to-cost method. If the result of the production order cannot yet be reliably estimated, the realisation of income is only in the amount of the costs already incurred (zero profit method). If it is probable that the total contract costs will exceed the contract revenue, the expected loss is recognised immediately as an expense. Ongoing commissioned productions are recognised as contract assets in the amount of the difference between realised revenues and the contractually agreed dates of invoicing.

Government grants

1. Film funding as conditionally repayable loans

Wild Bunch has access to film subsidies in Germany in the form of conditionally repayable interest-free loans. These must be repaid as soon as and to the extent that the producer's income from the exploitation of the film exceeds a certain amount. These are government grants for assets. They are deducted from the carrying amount of the film assets in the balance sheet in the amount that cannot be repaid with reasonable certainty. The grants are recognised in profit or loss over the exploitation cycle of a film by means of a reduced depreciation amount of the capitalised production costs.

The amount that is not repayable with reasonable certainty can generally be determined at the time of the theatrical release. Liabilities for conditionally repayable loans amounted to € 849 thousand as of 31 December 2020 (previous year: € 1,250 thousand). If it is determined at a later date that part of a loan must be repaid, an expense is posted for this amount and the corresponding amount is recognised as a liability. In the 2020 financial year, these grants amounted to € 750 thousand (previous year: € 997 thousand).

2. Film funding (non-repayable)

Furthermore, film subsidies are granted in Germany to reimburse the production costs of a cinema film as non-repayable grants if defined conditions are met. These are government grants for assets. The subsidies granted are deducted from the book value of the film in the balance sheet at the latest at the time of the theatrical release. In the financial year, € 87 thousand (previous year: € 49 thousand) in project subsidies were deducted from the production costs. Prior to the theatrical release, these are capitalised as other receivables. These grants are recognised in profit or loss by means of a reduced depreciation amount of the capitalised production costs over the exploitation cycle of a film.

3. Distribution subsidies as conditionally repayable loans

Wild Bunch receives distribution subsidies in Germany in the form of conditionally repayable interest-free loans. These must be repaid as soon as and to the extent that the distributor's income from the exploitation of the film exceeds a certain amount. These are government grants for expenses already incurred. They are recognised as a reduction of the release costs in the amount that cannot be repaid with sufficient certainty. In the financial year, the grants amounted to € 802 thousand (previous year: € 997 thousand). The grants are recognised in the periods in which the corresponding release costs are incurred.

The amount that is not repayable with reasonable certainty can generally be determined at the time of the theatrical release. Should it be determined at a later date that a portion of a loan is to be repaid, an expense is recognised in the amount of this amount and the corresponding amount is carried as a liability.

4. Reference funds for distribution and sales (non-repayable)

The Wild Bunch Group has access to MEDIA funding from the European Union as well as national funding for the distribution and sales of films in the form of reference funds. These reference funds are non-repayable grants. They are granted to finance production/co-production costs or the acquisition of a subsequent film or to finance release costs depending on the number of admissions achieved in the theatrical exploitation of a film (reference film).

In the income statement, these reference funds are reported under other film-related income if the conditions for receiving the reference funds are met. At the same time, the receivables from European or state funding institutions or country funding institutions are reported in the balance sheet under other assets. In the financial year, grants amounted to € 1,909 thousand (previous year: € 203 thousand).

5. Sales subsidies (non-repayable)

Wild Bunch receives grants for the distribution of films in various countries. These are grants that do not have to be repaid. In the income statement, these grants reduce the release costs of the film if the conditions for receiving these grants are met. At the same time, the receivables are reported in the balance sheet under other assets. In the 2020 financial year, these grants amounted to € 849 thousand.

Interest

Interest is recognised as income or expense in the correct period at the time as it accrues using the effective interest method.

Income taxes

Income tax expense or income represents the sum of current taxes and deferred taxes.

Current and deferred tax is recognised in the consolidated income statement unless it relates to items that are recognised either in other comprehensive income or directly in equity. In this case, current and deferred tax is also recognised in other comprehensive income or directly in equity. If current or deferred tax results from the initial accounting for a business combination, the tax effects are included in the accounting for the business combination.

Current taxes

Current taxes are calculated on the basis of the result for the financial year and in accordance with the national tax laws of the respective tax jurisdiction. Where the effect of tax laws is not clear, estimates are used to calculate the tax liability on the profits recognised in the consolidated financial statements. The Group considers the estimates, judgements and assumptions to be reasonable. Expected and actual tax payments or refunds for previous years are also included.

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are determined based on the balance sheet (liability method). For the consolidated financial statements, deferred taxes are calculated for all temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets from deductible temporary differences and tax loss carryforwards are only recognised to the extent that it can be assumed with sufficient probability that the respective company will be able to generate sufficient taxable income for the future tax utilisation of the loss carryforwards.

The carrying amount of deferred tax assets is reviewed annually at the balance sheet date and reduced if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. The planning used for the valuation of deferred tax assets must be in line with the planning used for the valuation of goodwill.

Deferred income tax assets and liabilities are not discounted.

Deferred tax liabilities and assets are measured at the tax rates and laws that are expected to apply to the full stop when the liability is settled or the asset is realised, based on the known tax rates in the various countries at the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to settle the liability or realise the asset at the reporting date.

Deferred tax assets and deferred tax liabilities are offset against each other if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity.

Intangible assets

The Wild Bunch Group capitalises separately acquired (i.e. not acquired in a business combination) and internally generated intangible assets if the asset:

a) is beneficially owned by the Company as a result of past events,
b) if it can be assumed that a future economic benefit from this asset will flow to the Company.

In accordance with IAS 38, development costs are capitalised as internally generated intangible assets at cost if the following capitalisation criteria are cumulatively met:

a) the completion of the intangible asset can be technically realised to the extent that internal use or sale is possible,
b) there is an intention to complete the intangible asset and to use or sell it,
c) the entity is able to use or sell the intangible asset
d) the asset will demonstrably generate future economic benefits,
e) adequate technical, financial and other resources are available to complete the development; and
f) the costs incurred during development that are attributable to the intangible asset can be measured reliably.

Intangible assets that do not meet the conditions are expensed as incurred.

Intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses. The capitalised production costs are amortised over their useful life as soon as the development phase is completed and their use is possible. The amortisation period is based on the expected useful life. The expected useful lives, residual values and depreciation methods are reviewed annually and any necessary changes in estimates are taken into account prospectively. The amortisation period and schedule are reviewed annually at the end of each financial year. The useful lives of the significant intangible assets are explained below:

1. Film rights

The item film assets includes both acquired world distribution rights and rights to third-party productions, i.e. films not produced within the Group as well as production costs for films produced within the Group (in-house and co-productions) and costs for the development of new projects. The acquisition of rights to third-party productions generally includes theatrical, home entertainment and TV rights.

The acquisition costs for third-party productions basically include the minimum guarantees as well as the dubbing costs of the film. The individual instalments of the minimum guarantee are recorded as advance payments and capitalised in the film assets upon delivery and acceptance of the material. The dubbing costs are capitalised with the film rights upon acceptance of the dubbed version.

Own productions are recognised at their production costs. The production costs also include the financing costs attributable to the respective production. Financing for projects is primarily secured by rights from these projects.

The acquisition and production costs for the acquisition or production of films are capitalised in accordance with IAS 38 "Intangible Assets".

The Group amortises film assets using a revenue-based amortisation method. As intangible assets, films are not subject to physical amortisation. They are typically exploited via subsequent exploitation stages (cinema exploitation, home entertainment, TV and other) and consequently consumed economically via this exploitation. The allocation of consumption to the individual stages of exploitation is significantly related to the respective share of the achievable sales revenue of the respective stage of exploitation. For this reason, the revenues generated and the economic consumption of the respective film are highly correlated and the Company therefore considers the conditions for an exception in accordance with IAS 38.98A to be met. To determine the amortisation of a film, the carrying amount is multiplied by the ratio of net revenues received in the reporting period and the expected future net total revenues. Amortisation is charged from the date of initial release, or from the date of acquisition in cases where acquisition occurs after initial release, over a maximum period of 10 years. The minimum depreciation is at least the imputed straight-line depreciation of 10 % per year.

Film libraries acquired as part of a business acquisition are amortised over their expected useful lives not exceeding a maximum period of 12 years.

An impairment test is also carried out for each film title if there are indications of impairment. If the acquisition costs or the book value are not covered by the estimated total revenues less release costs still to be incurred for a film, taking into account their timing, a write-down to the value in use is made. To determine the value in use, the estimated cash flows are discounted using discount factors that take into account the terms of the exploitation stages. The estimated cash flows can change significantly due to a number of factors, such as market acceptance. The Wild Bunch Group reviews and revises the expected cash flows and amortisation expense as soon as there are changes in the previously expected data.

Capitalised costs for the development of new projects (especially screenplay rights) are also regularly checked to see if they can still be used as a basis for a film production. If, after initial capitalisation of costs for a project, the start of filming or the sale of the rights is not predominantly probable, the costs are written off in full. If there is an early impairment, it is recognised in profit or loss.

2. Goodwill

Goodwill is recognised at cost less any necessary impairment losses and is shown separately in the consolidated balance sheet. The acquisition costs of goodwill result from the sum of:

a) the fair value of the consideration transferred at the acquisition date,
b) the amount of any non-controlling interests; and
c) the fair value of the interest in the acquiree previously held by an acquirer in a business combination achieved in stages, less the fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed.

Goodwill is allocated on acquisition to those cash-generating units (or groups thereof) of the Group that are expected to benefit from the synergies of the combination.

Cash-generating units to which a portion of goodwill has been allocated shall be tested for impairment at least annually. If there are indications that a unit is impaired, it may be necessary to perform impairment tests more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss first reduces the carrying amount of the goodwill and then the impairment loss is allocated to the carrying amount of each asset in proportion to the total carrying amount of the assets within the unit. Any goodwill impairment loss is recognised directly in the income statement. An impairment loss recognised for goodwill shall not be reversed in future periods.

When goodwill has been allocated to a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. The value of the portion of goodwill disposed of is determined based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. Other intangible assets

This category essentially includes software programmes, which are valued at acquisition cost less scheduled straight-line depreciation and impairment.

New software is capitalised at cost and recognised as an intangible asset unless such cost is an integral part of the related hardware. Software is amortised on a straight-line basis over a period of three to four years. An intangible asset is derecognised on disposal or when no further economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the income statement when the asset is derecognised. This is reported under other income or other expenses.

Property, plant and equipment

Property, plant and equipment includes land, land rights and buildings, leasehold improvements, technical equipment and machinery, other equipment, operating and office equipment as well as advance payments made.

Property, plant and equipment are valued at acquisition or production cost less scheduled straight-line depreciation. The acquisition costs for leasehold improvements are generally depreciated over the term of the respective lease (up to 10 years). Technical equipment as well as office furniture and equipment are valued at their acquisition cost less scheduled depreciation or impairment. Scheduled depreciation is carried out on a straight-line basis over the normal useful life of 3 to 10 years. Fixtures are depreciated over the normal useful life of 25 years. Repair and maintenance expenses are recognised as expenses at the time they are incurred. On disposal, the acquisition cost and the related accumulated depreciation are derecognised. The resulting gains or losses are recognised in profit or loss in the financial year. If the acquisition costs of certain components of an item of property, plant and equipment are material, then these components are accounted for and depreciated individually.

Leases

IFRS 16 requires lessees to recognise all leases as an asset in the form of a right-of-use asset and a corresponding discounted lease liability on the liabilities side. A lease exists if the fulfilment of the contract depends on the use of an identifiable asset and Wild Bunch simultaneously obtains control over this asset. The right-of-use asset is generally the present value of the future lease payments plus directly attributable costs and is generally depreciated on a straight-line basis over its useful life. The lease liability is amortised using the effective interest method and reported under other financial liabilities. Subsequent findings relating to renewal and termination options were taken into account when determining the terms. In the income statement, the expense from leases is reported as depreciation on the right of use and as interest expense on the lease liability. In the cash flow statement, payments from leases are divided into interest payments and repayments. While the interest payments are reported in the cash flow from operating activities, the principal payments are allocated to the cash flow from financing activities.

The Wild Bunch Group has identified two categories of leases: Leased real estate and leased fixtures, fittings and equipment and leased vehicles. As the Wild Bunch Group is active in the media sector, physical assets from leasing contracts only have a supporting function for the business operations.

Wild Bunch applies the option not to recognise short-term leases with a term of no more than 12 months (and without a purchase option) and leases where the underlying asset of the lease is of low value (less than € 5 thousand per asset) (IFRS 16.5). Lease payments from short-term and low-value leases continue to be recognised as an expense in administrative expenses.

Wild Bunch applies the marginal borrowing rate (IFRS 16.C8(b)(i)). The interest rate on 1 January 2019 for the two identified categories was 1.6 % and 2.7 % respectively. For new equipment leases entered into in the 2020 financial year, the incremental borrowing rate is 5.0 %.

Wild Bunch has received lease concessions due to the Covid-19 pandemic, which resulted in reduced lease payments in the 2020 financial year. The other terms and conditions of the respective lease remain substantially unchanged. The Group has made use of the relief under IFRS 16 to classify the lease concessions as a modification of a lease.

Impairment of non-financial assets

For goodwill and film assets an impairment test is carried out at least annually and if there are indications of impairment during the year. The annual impairment test at Wild Bunch takes place on 31 December of each financial year. An impairment test is carried out for other intangible assets and property, plant and equipment if there are indications that these assets have been impaired. Indications of impairment include, for example, a significant reduction in the fair value of the asset, significant changes in the business environment, substantial indications of obsolescence or changes in earnings expectations. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of any impairment loss. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. If the recoverable amount is determined in the form of the value in use, it is based on expected future cash flows.

The recoverable amount is determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognised as an unscheduled write-down in profit or loss and is included in cost of sales or administrative expenses.

If the impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is written up to the revised estimate of its recoverable amount. Goodwill is an exception to this rule. The increase in the carrying amount is limited to the value that would have resulted if no impairment loss had been recognised for the asset or cash-generating unit in previous years. A reversal of an impairment loss on film assets is recognised in profit or loss as other film-related income, while a reversal of an impairment loss on other non-financial assets is recognised in profit or loss as other operating income.

To determine the fair value less costs to sell, recent market transactions are taken into account. If no such transactions are identifiable, an appropriate valuation model is applied. This is based on valuation multiples or other available fair value indicators. To determine the value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations about the time value of money and the risks specific to the asset.

The Group bases its impairment assessment on detailed budget and forecast calculations, which are prepared separately for each asset or for each of the Group's cash-generating units to which individual assets are allocated.

The annual impairment test of intangible assets is based on the determination of the value in use using estimated future discounted cash flows derived from the medium-term planning. For the impairment test of goodwill, the planning horizon of the medium-term plan is five years. For the impairment test of individual film rights, the detailed planning period is three years.

The calculation of the recoverable amount involves estimates by management and assumptions. The estimates and assumptions are based on premises that are based on the currently available knowledge. Due to developments that deviate from these assumptions and are outside the Company's sphere of influence, the amounts that arise may deviate from the original expectations and lead to adjustments of the carrying amounts.

For intangible assets that are not yet available for use, an impairment test is performed annually and whenever there is an indication of impairment.

The discount factor is determined using the weighted average cost of capital (WACC) method.

Inventories

Inventories are valued at the lower of cost or net realisable value (sales-oriented, loss-free valuation). Production costs include all direct costs attributable to the production of goods and services as well as production-related overheads. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The acquisition/production costs are determined according to the first-in-first-out (FIFO) method.

Value adjustments on merchandise, especially consisting of DVDs and Blu-rays, are made based on sales analyses. Based on historical movements and on the products in stock, management analyses whether the value of the goods is still recoverable. If this analysis shows that individual products are no longer recoverable, they are written down accordingly. Further value adjustments are made for damaged or defective merchandise.

Classification and valuation of financial instruments

The classification and measurement of financial assets according to IFRS 9 are based on the one hand, on the so-called cash flow condition (exclusively cash flows from interest and repayment of principal) and, on the other hand, they depend on the business model according to which portfolios of financial assets are managed.

1. Classification of financial instruments

In categorising financial assets, IFRS 9 is limited to the following categories,

- Accounting at amortised cost on an effective interest basis (at amortised cost)
- Fair value through profit or loss accounting (FVTPL)
- Fair value through other comprehensive income (FVTOCI)

As a rule, financial assets and financial liabilities are not offset. They are only offset if there is a right of set-off with respect to the amounts at the present time and the intention is to settle on a net basis.

Regular way purchases and sales of financial assets are recognised on the settlement date.

Financial assets: debt instruments and equity instruments

Financial assets held within a business model that requires the asset to be held to collect the contractual cash flows are carried at amortised cost. These business models are managed on the basis of the interest rate structure and credit risk. Initial measurement is at fair value plus transaction costs. Subsequent measurement is at amortised cost based on the effective interest rate.

If the business model basically provides for holding the assets, but they are sold if this is necessary, for example to cover a liquidity requirement, these assets are measured at fair value without affecting profit or loss (FVTOCI). Initial measurement is at fair value plus transaction costs. Subsequent measurement is at fair value at the reporting date through other comprehensive income with recycling. Impairments, interest income and foreign currency gains are recognised in the income statement.

Debt instruments whose cash flows do not consist exclusively of interest and principal payments, such as derivative financial instruments without hedging relationships, as well as equity instruments are generally measured at fair value through profit or loss (FVTPL). Initial measurement is at fair value without transaction costs. Subsequent measurement is at fair value as at the reporting date via the income statement.

Except for the investments not included in the consolidated financial statements, the Wild Bunch Group does not hold any financial assets measured at fair value as of 31 December 2020 or 31 December 2019.

Derecognition of financial assets

Financial assets are only derecognised if the contractual right to cash flows from the asset expires or is transferred to a third party or if the Group has agreed to pass on the cash flows received to a third party and to transfer the risks and rewards or control of the asset to that third party.

Financial liabilities

Financial liabilities held for trading (e.g. derivative financial instruments without hedging relationship) are measured at fair value with changes in value recognised through profit or loss (FVTPL).

All other financial liabilities are measured at amortised cost. Liabilities from outstanding invoices are reported under trade payables and other liabilities. Non-current liabilities are valued using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in profit or loss.

2. Impairment of financial assets (debt instruments measured at amortised cost)

Under IFRS 9, impairment losses on financial assets that are not measured at fair value through profit or loss are already recognised for expected credit losses. Their extent is determined on the one hand by the credit risk of a financial asset, but also by the change in their respective credit risk. If the credit risk of the financial asset has increased significantly since it was first recognised in the balance sheet, the expected credit losses over the entire term of the asset are taken into account. If, on the other hand, the credit risk has not increased significantly during the period, only the credit losses expected within the next twelve months are recognised as impairment.

The Wild Bunch Group uses default probabilities derived from external company ratings in addition to internal information to determine default risk and assigns customers to specific rating groups according to their historical and expected risk profile. A significant increase in the counterparty's credit risk is assumed if its rating has decreased by a defined number of notches.

The expected credit loss approach is based on a three-step approach to allocating allowances:

In principle, all instruments are to be classified in level 1 upon addition. For them, the present value of the expected payment defaults resulting from possible default events within the next 12 months after the balance sheet date must be recognised as an expense.

Level 2 includes all instruments that show a significant increase in default risk on the balance sheet date compared to the date of addition. The risk provision must reflect the present value of all expected losses over the remaining term of the instrument.

Significant indications of impairment include:

- Significant deterioration in the debtor's expected performance and behaviour
- Significant deterioration in the credit quality of other instruments of the same obligor
- Actual or expected deterioration in the economic, financial, regulatory or technological circumstances relevant to the debtor's creditworthiness

Level 3 - If, in addition to a significant increase in the default risk on the reporting date, there is also an objective indication of impairment, the measurement of the risk provision is also based on the present value of the expected losses over the remaining term.

Objective indications of impairment include:

- Significant financial difficulties of the issuer or the debtor
- A breach of contract such as a default or delay in interest or principal payments
- An increased probability that the borrower will enter insolvency or other reorganisation proceedings

In deviation from these requirements, the credit losses expected over the respective total term are always taken into account as impairment in a simplified approach for trade receivables that do not contain any significant financing components. In the simplified approach, it is not necessary to track changes in the default risk. Instead, a risk provision in the amount of the total term of the expected default risk is to be recognised both at initial recognition and within the scope of subsequent measurement. The determination of impaired creditworthiness is not automatically made when receivables are more than 90 days past due, but is always based on the individual assessment of credit management. The Wild Bunch Group recognises specific allowances of up to 100 % of the outstanding amount for trade receivables and contract assets where there is clear objective evidence.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. As long as the counterparties - banks and financial institutions - have a good rating, no impairments are made or recognised due to immateriality. Other financial receivables measured at amortised cost mainly include receivables from film subsidies, third-party funds and creditors with debit balances that are not related to the realisation of sales revenues. These other financial receivables are considered to have a low risk of default. Value adjustments are therefore limited to the expected 12-month credit losses. The management assumes that the default risk is low if there is an investment grade rating (e.g. at least BBB- according to Standard & Poors) or the risk of non-performance is low and the counterparty is able to meet its contractual payment obligations at any time in the short term.

3. Hedge accounting

There were no hedging relationships in the Wild Bunch Group as of both 31 December 2020 and 31 December 2019.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and current account balances at banks and are valued at acquisition cost. They are only reported under cash and cash equivalents if they can be converted at any time into cash amounts that can be determined in advance, are only subject to insignificant risks of fluctuations in value and have a remaining term of no more than three months from the date of acquisition.

Equity

Bearer shares in circulation are classified as equity. As soon as the Group acquires own shares, the consideration paid, including the attributable transaction costs of the shares concerned, is deducted from equity. When treasury shares are sold or issued, the consideration received is added to equity.

Pension provisions (post-employment benefits)

The amount of the obligation resulting from defined benefit plans is determined using the projected unit credit method.

The net interest results from multiplying the discount rate by the net liability (pension obligation less plan assets) or the net asset value, which results if the plan assets exceed the pension obligation, at the beginning of the financial year.

The Group recognises the service cost (including current service cost, past service cost and any gain or loss on plan amendment or curtailment) of the defined benefit obligation in the income statement in cost of sales, administrative expenses or selling expenses, depending on its function.

Revaluations of actuarial gains and losses are recognised immediately in the balance sheet and transferred to retained earnings (debit or credit) through other comprehensive income in the period in which they occur. Revaluations may not be reclassified to the income statement in subsequent periods.

In Germany, statutory pension schemes are defined contribution plans in accordance with IAS 19. Payments for defined contribution plans are recognised as an expense when the employees have rendered the service that entitles them to the contributions.

Provisions, contingent liabilities, and contingent assets

Provisions are recognised in accordance with IAS 37 for obligations of uncertain timing or amount. A provision shall only be recognised if:

a) the Company has a present obligation (legal or constructive) as a result of a past event,
b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and
c) a reliable estimate of the amount of the obligation is possible.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, i.e. the amount that the entity would be required to pay, on a reliable basis, to settle the obligation at the balance sheet date or to transfer it to a third party at that date. Non-current provisions are recognised at the present value of the expected cash outflow calculated using the current market interest rate if the interest effect is material.

Provisions for impending losses from onerous contracts (impending loss provisions) are made when the unavoidable costs of fulfilling a transaction are higher than the expected economic benefits. Before a provision is made, impairment losses are recognised on assets related to the transaction.

Liabilities that arise from a possible obligation as a result of a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or that arise from a present obligation that is based on past events but is not recognised because

a) the outflow of resources embodying economic benefits is not probable with the settlement of this obligation, or
b) the amount of the obligation cannot be estimated with sufficient reliability,

are recognised as contingent liabilities unless the probability of an outflow of resources embodying economic benefits to the Company is remote.

Contingent assets are not capitalised but are disclosed analogously to contingent liabilities if an economic benefit for the Group is probable.

2. NOTES ON INDIVIDUAL ITEMS OF THE STATEMENT OF PROFIT AND LOSS

2.1. REVENUES

Revenues	2020		2019	
	T€	%	T€	%
World distribution	15,979	30.30	15,502	19.94
Cinema rights	5,240	9.93	13,246	17.04
TV rights	11,499	21.80	17,424	22.42
Home Entertainment Rights	17,270	32.74	23,235	29.89
Film production	274	0.52	4,731	6.09
Other	2,913	4.71	3,594	4.62
Total	**53,174**	**100.00**	**77,733**	**100.00**

The geographical distribution of sales from contracts with customers is shown in section 5.1. Segment reporting. Other sales revenues mainly consist of service revenues of € 430 thousand (previous year: € 609 thousand) and film festival revenues of € 134 thousand (previous year: € 526 thousand).

The following table presents opening and closing balances of trade receivables, contract assets and contract liabilities:

Contract balances	31.12.2020	31.12.2019	01.01.2019
	T€	T€	T€
Receivables from deliveries and services	23,757	36,932	34,764
Contract assets	0	238	
Contractual liabilities	13,492	11,302	10,418

Contract liabilities are based on contracts with customers that are expected to be fulfilled within one year.

2.2. OTHER FILM-RELATED INCOME

Other film-related income is made up as follows:

Other film-related revenues in T€	2020	2019
Government grants	1,667	3,096
Other	426	1,339
Total	**2,093**	**4,436**

2.3. COST OF SERVICES RENDERED TO GENERATE SALES REVENUE

Production costs of services rendered to generate sales revenue in T€	2020	2019
Rental costs	8,666	19,255
Amortisation of film rights	26,987	23,699
Licensor transfers	11,195	15,010
Production costs	1,589	4,571
Other costs	7,081	5,955
Total	**55,518**	**68,489**

The amortisation of film rights includes impairments of € 3,520 thousand (previous year: € 5,884 thousand). Other costs mainly include costs for world distribution of € 3,761 thousand (previous year: € 2,546 thousand) as well as value adjustments on doubtful receivables of € 2,027 thousand (previous year: € 1,623 thousand).

2.4. OTHER OPERATING INCOME

Other operating income is made up as follows:

Other operating income in T€	2020	2019
Income from the reversal of provisions	1,337	970
Income from the derecognition of liabilities	321	1,110
Income from the reversal of value adjustments on receivables	591	132
Foreign exchange gains	95	257
Other income	2,360	797
Total	**4,704**	**3,266**

Other income includes income from costs charged on in the amount of € 220 thousand (previous year: € 94 thousand).

2.5. ADMINISTRATIVE EXPENSES

Administrative expenses are made up as follows:

Administrative expenses in T€	2020	2019
Wages and salaries	7,967	9,723
Social security contributions	2,197	3,425
Expenses for retirement benefits	41	-80
Depreciation	1,571	1,588
Other administrative expenses	5,631	7,598
Total	**17,407**	**22,254**

Other administrative expenses mainly include legal and consulting costs of € 3,374 thousand (previous year: € 4,918 thousand) as well as office and travel costs of € 841 thousand (previous year:

€ 1,234 thousand). The expenses for wages and salaries and social security contributions included in administrative expenses comprise the entire personnel expenses of the Wild Bunch Group.

2.6. OTHER OPERATING EXPENSES

Other operating expenses include the following items:

Other operating expenses in T€	**2020**	**2019**
Impairment of goodwill	54,798	0
Foreign currency losses from operating activities	189	79
Loss/gain on disposal of current assets	0	3
Other	1,670	406
Total	**56,657**	**489**

For information on the impairment of goodwill recognised in the financial year, see section 3.1.

2.7. FINANCIAL RESULT

The financial result is composed as follows:

Financial result in T€	**2020**	**2019**
Income from the sale of financial assets	2,172	0
Income from the redemption of financial liabilities through equity instruments	0	9,338
Write-ups on financial assets	0	116
Interest income	32	74
Foreign currency gains from non-operating activities	442	21
Other interest income	7	504
Financial income	**2,653**	**10,053**
Expense from redemption financial liabilities with equity instruments	0	7,685
Interest expenses from financial liabilities	7,522	7,496
Foreign currency losses from non-operating activities	554	395
Impairments on financial assets	388	0
Other interest expenses	146	46
Financial expenses	**8,609**	**15,622**
Share in the result of associated companies	232	48
Result of associated companies	**232**	**48**
Total	**-5,723**	**-5,522**

Vértigo Films S.L., Madrid, Spain, sold its 10 % share in Filmin, Barcelona, Spain in the reporting year. The sale resulted in a profit of € 2,172 thousand.

See section 3.10. for the income/expense from the redemption of financial liabilities with equity instruments.

2.8. INCOME TAXES

Taxes paid or owed on income and earnings as well as deferred taxes are recognised as income taxes. Income taxes consist of corporate income tax, solidarity surcharge and trade tax as well as the corresponding foreign taxes on income or earnings.

Income tax expense breaks down as follows:

Income taxes in T€	2020	2019
Current taxes	-222	-532
Deferred taxes	-787	-130
Total	**-1,009**	**-662**

The tax income/expense resulting from the application of the parent company's tax rate of 30 % can be reconciled to the reported income taxes as follows:

Tax reconciliation in T€	2020	2019
Result before income taxes	-75,334	-11,319
thereof impairment of goodwill	-54,798	0
Basis for tax calculation	-20,536	0
Expected tax income at the applied tax rate of 30 % (previous year: 30 %)	6,161	3,396
Taxes relating to other periods	166	-389
Tax additions and deductions	-2,098	-153
Effects from loss valuation (mainly non-recognition of deferred tax assets)	-5,010	-3,010
Tax effect from different tax rates	-266	-220
Other	38	-286
Actual taxes according to consolidated financial statements	**-1,009**	**-662**

Companies' resident in Germany in the legal form of a corporation are subject to corporation tax at a rate of 15 % and a solidarity surcharge of 5.5 % of the corporation tax due. In addition, the profits of these companies are subject to trade tax, the amount of which is determined by municipality-specific assessment rates. The tax rate of the parent company is therefore 30.0 % (previous year: 30.0 %).

Deferred tax assets and liabilities are composed as follows:

Composition of deferred tax assets and liabilities in T€		2020		2019
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Film exploitation rights		-4,847		-2,527
Other assets	1,402		717	-1,090
Licensor transfers	564		1,401	
Other liabilities		-60		-3,729
Provisions	403	-1,489		
Other	288	-85		-89
Temporary differences	2,657	-6,481	2,118	-7,435
Loss carryforwards	2,309		4,429	
Total	**4,966**	**-6,481**	**6,547**	**-7,435**
Balancing	-4,566	4,566	-5,077	5,077
Deferred taxes netted	**400**	**-1,915**	**1,470**	**-2,358**

The majority of the deferred tax assets as well as the total deferred tax liabilities result from circumstances in connection with the valuation of film exploitation rights (depreciation differences, capitalisation differences, valuations at the lower fair value, recoverability of receivables from the exploitation of film rights). In addition to these causes of deferred taxes, there are further deferred tax assets from tax loss carryforwards amounting to € 2,309 thousand (previous year: € 4,429 thousand). These result from tax planning in the French companies of the Group, which are part of the tax group.

Eurofilm & Media Ltd. as well as Continental Films SAS and Versatile SAS have unused tax loss carryforwards of approximately € 147 million (previous year: € 150 million) and approximately € 70 million (previous year: € 70 million), respectively, for which no deferred tax assets were recognised.

For the companies of the former Senator Group, there are deductible temporary differences of approximately € 13 million (previous year: € 13 million), for which no deferred tax assets were recognised. Furthermore, the Executive Board assumes that, due to a detrimental acquisition of shareholdings at the beginning of 2019, there are no more loss carryforwards from the years prior to 2019 for these companies.

2.9. EARNINGS PER SHARE

Earnings per share calculated in accordance with IAS 33 are based on dividing current earnings by the weighted average number of shares outstanding during the period. Since the two debt equity swaps carried out in the 2019 financial year (see also section 3.10.), the number of shares in circulation has remained unchanged. There are no potential ordinary shares, so no diluted earnings per share need to be disclosed.

Earnings per share	2020	2019
Share of profit attributable to equity providers in T€	-76,385	-11,932
Average number of shares outstanding	23,942,695	18,169,088
Earnings per share attributable to shareholders basic in EUR	-3.19	-0.66
Earnings per share attributable to shareholders diluted in EUR	-3.19	-0.66

3. NOTES ON ITEMS IN THE BALANCE SHEET

3.1. GOODWILL

Goodwill in T€	**2020**	**2019**
Acquisition costs		
1 January	124,454	124,454
Change in the scope of consolidation	0	0
Additions	0	0
Disposals	0	0
31 December	124,454	124,454
Accumulated depreciation		
1 January	0	0
Change in the scope of consolidation	0	0
Additions	54,798	0
Disposals	0	0
31 December	54,798	0
Net book value	**69,656**	**124,454**

Allocation of goodwill to the cash-generating units

The goodwill was allocated to the cash-generating unit (CGU) International Sales and Distribution and Film Production for the purpose of impairment testing. The definition of the CGU corresponds to the reportable segment of the same name.

Goodwill and assumptions for the impairment test as of 31 December 2020	**International Sales and Distribution and Film Production segment**	**Segment Other**
Goodwill in T€	69,656	
Period Planning horizon	5 years	n/a
Average revenue growth	28.50 %	n/a
Average gross profit margin	16.90 %	n/a
Long-term growth rate	1.00 %	n/a
Discount factor before taxes	8.65 %	n/a

Goodwill and assumptions for the impairment test as of 31 December 2019	**International Sales and Distribution and Film Production segment**	**Segment Other**
Goodwill in T€	124,454	
Period Planning horizon	5 years	n/a
Average organic gross profit growth	33.70 %	n/a
Average gross profit margin	21.50 %	n/a
Long-term growth rate	1.00 %	n/a
Discount factor before taxes	8.54 %	n/a

ZGE International Sales and Distribution and Film Production

In the reporting year, Wild Bunch recognised an impairment of € 54,798 thousand on the goodwill allocated to the CGU International Sales and Distribution and Film Production. As part of the impairment test, the recoverable amounts of the cash-generating units were determined in the form of values in use. The values in use were determined in comparison to the measurement date of 31 December 2019 using adjusted cash flows, which consider the adverse effects of the COVID-19 pandemic on the cash flows in 2021. The adverse effects of the COVID pandemic include the expected closure of cinemas by the end of May 21, the delayed delivery of some films that could not be produced on time (mainly US films) and delays in various production projects of Wild Bunch. Wild Bunch further anticipates a recovery period of 2 years and has reduced the gross margin by approximately 21 % compared to last year's business plan to address the current market uncertainties. The recoverable amount of the CGU determined on the basis of the value in use amounted to € 112 million as of 31 December 2020 (previous year: € 198 million). The cash flow planning was derived from the Group's current budget and covers a period of 5 years (medium-term planning). A pre-tax discount rate of 8.65 % (previous year: 8.54 %) was used and a sustainable growth rate of 1 % was assumed. The shortfall between the value in use and the book value of the CGU amounted to € 55 million and corresponds to the recognised impairment (previous year: surplus of € 11 million).

The medium-term planning assumes a growth in "gross profit" of 28.5 % p.a. in the years 2021 to 2025. The growth is mainly expected from the increase in investments, i.e. the number of films exploited and in particular in the area of film and TV productions. The rate of increase in investments is around 23 % p.a. in the years 2021 to 2025. Beyond 2025, a long-term growth rate of sustainable free cash flows in perpetuity of 1 % p.a. is assumed.

3.2. INTANGIBLE ASSETS

Intangible assets in T€	Film distribution rights	Other Rights	Advance payments	Total
Acquisition costs				
1 January 2020	609,145	999	15,311	625,455
Change in the scope of consolidation	0	0	0	0
Additions	14,266	346	8,465	23,077
Transfers	4,323	-613	-3,710	-0
Disposals	-20,121	-104	-1,057	-21,281
31 December 2020	607,614	628	19,009	627,251
Accumulated depreciation				
1 January 2020	561,746	535	1,809	564,090
Change in the scope of consolidation	0	0	0	0
Additions	25,042	10	1,362	26,414
thereof unscheduled	*2,158*	*0*	*1,362*	*3,520*
Transfers	632	-632	0	0
Disposals	-17,515	-104	0	-17,619
31 December 2020	569,905	-191	3,171	572,886
Net book value 31 December 2020	**37,709**	**819**	**15,837**	**54,365**

Intangible assets in T€	Film distribution rights	Other Rights	Advance payments	Total
Acquisition costs				
1 January 2019	608,327	842	13,606	622,775
Change in the scope of consolidation	0	-11	0	-11
Additions	18,299	10	10,923	29,232
Transfers	7,053	158	-7,211	0
Disposals	-24,535	0	-2,006	-26,541
31 December 2019	609,145	999	15,311	625,455
Accumulated depreciation				
1 January 2019	556,495	757	1,693	558,946
Change in the scope of consolidation	0	-1	0	-1
Additions	24,251	41	306	24,597
thereof unscheduled	*5,884*	*0*	*306*	*6,190*
Transfers	1,812	-1,622	-191	0
Disposals	-20,812	0	0	-20,812
31 December 2019	561,746	-825	1,809	562,729
Net book value 31 December 2019	**47,400**	**1,825**	**13,502**	**62,726**

The additions in the reporting year include internally generated intangible assets of € 1,527 thousand from the initial recognition of internally generated film rights.

The Group depreciates film assets using a net revenue-based amortisation method. In addition, the Group performs an annual impairment test of the film distribution and other rights.

For this purpose, the budgets of all film rights are regularly updated with regard to the expected market acceptance. Due to the volatility of the film business in general and the non-scheduled development of some films in particular, there were indications of impairment of intangible assets on the balance sheet date if the respective recoverable amount was below the book value of the film right. Conversely, write-ups were made in the event that the reasons for previously recognised impairments ceased to exist due to higher recoverable amounts.

The Group has updated its assessment of the market acceptance and future revenue expectations of the film library and, where these were lower than previous estimates, tested these films for impairment.

The review showed that the carrying amount of certain film rental rights exceeds the value in use. The value in use is the present value of future cash flows expected to be derived from an asset (film rental right). As a result of this analysis, management determined an impairment loss of € 3,520 thousand (previous year: € 6,190 thousand) in the financial year. The impairment loss was recognised in the income statement under cost of sales.

In the case of film rights for which the value in use was negative, i.e. there was an excess of exploitation costs compared to the present value of future cash flows, a provision for impending losses for onerous contracts was also recognised. This provision for contingent losses arises from contractual exploitation and marketing obligations of the Group towards the licensors of the film rights.

The discounted cash flow method applied was based on a pre-tax discount factor of between 3.91 % and 6.50 % (previous year: between 3.52 % and 6.13 %). The CAPM method (Capital Asset Pricing Model) was used to determine the cost of capital and a group of comparable companies (peer group) was used for the business model.

The discounted cash flow method is based on future cash flows, which are derived from a planning calculation for each film right. Cash inflows and outflows from the first exploitation in the cinema, home entertainment and TV stages (provided the respective exploitation rights are available) are planned in detail, while those for subsequent exploitation are estimated at a flat rate per film right.

Disposals of film rights result from the expiry of licence periods or the sale of rights.

3.3. PROPERTY, PLANT AND EQUIPMENT (OTHER EQUIPMENT, FACTORY AND OFFICE EQUIPMENT)

Property, plant and equipment in T€	2020	2019
Acquisition costs		
1 January	3,023	2,968
Additions	77	56
Transfers	0	0
Disposals	-265	-2
31 December	2,835	3,023
Accumulated depreciation		
1 January	1,986	1,825
Additions	153	162
Transfers	0	0
Disposals	-117	-2
31 December	2,021	1,986
Net book value	**814**	**1,037**

As at the balance sheet date, there are no obligations to purchase property, plant and equipment.

3.4. LEASING

Rights of use in T€	Rent for rooms and buildings	Operating and business equipment and vehicles	Other	Total
Acquisition costs				
1 January 2020	6,008	211	9	6,227
Change in the scope of consolidation	0	0	0	0
Additions	0	119	0	119
Transfers	0	0	0	0
Other changes	0	0	0	0
Disposals	0	-148	0	-148
31 December 2020	6,008	182	9	6,198
Accumulated depreciation				
1 January 2020	1,287	112	3	1,401
Change in the scope of consolidation	0	0	0	0
Additions	1,313	94	3	1,410
Transfers	0	0	0	0
Other changes	0	0	0	0
Disposals	0	-148	0	-148
31 December 2020	2,600	57	6	2,663
Net book value 31 December 2020	**3,408**	**124**	**3**	**3,535**

Acquisition costs				
31 December 2018	-	-	-	-
First-time adoption IFRS 16	5,928	211	9	6,148
1 January 2019	5,928	211	9	6,148
Change in the scope of consolidation				
Additions	80			80
Transfers				
Disposals				
31 December 2019	6,008	211	9	6,227
Accumulated depreciation				
31 December 2018	-	-	-	-
First-time adoption IFRS 16	-	-	-	-
1 January 2019	-	-	-	-
Change in the scope of consolidation				
Additions	1,287	112	3	1,401
Transfers				
Disposals				
31 December 2019	1,287	112	3	1,401
Net book value 31 December 2019	**4,721**	**100**	**6**	**4,826**

The lease liabilities are reported under non-current and current financial liabilities. The maturity of the lease liabilities is as follows:

Maturity Leasing liabilities in T€	**Carrying amount 31.12.2020**	**up to 1 year**	**1 - 2 years**	**2 to 3 years**	**over 3 years**
Current lease liabilities	1,110	1,110	0	0	0
Long-term leasing liabilities	2,781	0	950	929	903
Total	**3,892**	**1,110**	**950**	**929**	**903**

Maturity Leasing liabilities in T€	**Carrying amount 31.12.2019**	**up to 1 year**	**1 - 2 years**	**2 to 3 years**	**over 3 years**
Current lease liabilities	1,214	1,214	0	0	0
Long-term leasing liabilities	3,799	0	1,201	881	1,718
Total	**5,013**	**1,214**	**1,201**	**881**	**1,718**

The amounts attributable to leases in the consolidated income statement are as follows:

Leasing contributions in the income statement in T€	**2020**	**2019**
Income from the disposal of rights of use	0	0
Expenses from short-term leases	0	-6
Expenses from low-value leasing agreements	-3	-3
Amortisation of rights of use from leases	-1,407	-1,392
Interest expenses from leases	-78	-97
Total	**-1,488**	**-1,498**

The repayments and interest from leases included in the cash flow from financing activities in the reporting year amount to € 1,240 thousand (previous year: € 1,215 thousand).

There were no leases under contract but not yet commenced as of 31 December 2020 or 31 December 2019. There were no renewal options classified as uncertain as of 31 December 2020 or 31 December 2019.

3.5. SHARES IN ASSOCIATED COMPANIES

Associated companies in T€	2020	2019
1 January	1,603	1,550
Additions	3	6
Disposals	0	0
Proportionate result	236	48
Total 31 December	**1,842**	**1,603**

Summarised financial information of the significant associates according to the financial statements prepared in accordance with IFRS as well as the reconciliation of this financial information to the carrying amount of the interest in these joint ventures in the consolidated financial statements is presented below:

The Group owns 24.90 % (previous year: 24.90 %) of the shares in Circuito Cinema s.r.l., a cinema chain based in Rome.

Circuito Cinema S.r.l. in T€	31.12.2020	31.12.2019
Current assets, including cash and cash equivalents of T€ 634 (previous year: T€ 134) and advance payments of T€ 64 (previous year: T€ 72)	4,335	3,858
Non-current assets	6,230	6,861
Current liabilities, including tax liabilities in the amount of T€ 0 (previous year: T€ 58)	3,350	4,655
Non-current liabilities, including deferred tax liabilities of T€ 0 (previous year: T€ 0) and long-term loan of T€ 3,663 (previous year: T€ 2,676)	3,663	2,676
Equity	3,375	3,203
Share of the Group	24.90 %	24.90 %
At-equity valuation	1,642	1,603
	2020	2019
Revenues	5,925	10,115
Cost of materials	-3,115	-6,202
Other operating income	0	0
Personnel expenses	-1,476	-2,364
Depreciation	-972	-848
Other operating expenses	-136	-373
Financial result	-68	-115
Result before taxes	158	212
Income taxes	0	0
Result from continuing operations	158	212
Share of the Group in the result	39	53
Thereof recognised in profit or loss	39	53

The cumulative total amount of the unrecognised pro rata negative equity from associated companies is € 0 thousand (previous year: € 88 thousand).

3.6. FINANCIAL ASSETS

Other financial assets mainly include deposits paid.

3.7. INVENTORIES

Wild Bunch's inventories of € 2,523 thousand (previous year: € 1,105 thousand) consist mainly of stocks of audio-visual carriers (merchandise) and work in progress for film productions (€ 1,975 thousand; previous year: € 0 thousand).

In the 2020 financial year, value adjustments had to be made in full on inventories in the amount of € 802 thousand (previous year: € 550 thousand).

There was no pledging of inventories as collateral for liabilities either in the reporting year or in the previous year.

3.8. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables are composed as follows:

Trade receivables and contract assets in T€	31.12.2020	31.12.2019
Trade receivables	26,231	38,637
Value adjustments	-2,528	-1,859
Receivables, net	23,704	36,778
Prepayments made	53	154
Total trade receivables	**23,757**	**36,932**
Contract assets	0	238
Total	**23,757**	**37,170**

Trade receivables include requested payments of € 79 thousand (previous year: € 620 thousand) for which the film material has already been delivered but the licence period for the exploitation of the film has not yet begun and the customer has not yet made the contractually agreed advance payment. Revenue is recognised at the beginning of the licence period. As Wild Bunch has no further services to render, there is no separate disclosure as a contract asset. All payments requested as of 31 December 2019 were received in the reporting year. Due to the start of the licence period, € 366 thousand (previous year: € 139 thousand) was recognised as revenue in the reporting year, and € 254 thousand (previous year: € 106 thousand) was recognised as cash received under advance payments received. The € 106 thousand recognised in advance payments received in 2019 was recognised as revenue in the reporting year. Value adjustments on requested payments and on contract assets did not exist in the reporting year or in the previous year.

Default risks arise from the risk that a debtor of a receivable can no longer settle it. Receivables management is decentralised in the Group companies. Indicators of the risk are obtained from this, both after a customer-related assessment and based on current empirical values. Default risks are considered in the Group with the formation of value adjustments on the basis of expected future defaults. The cumulative value adjustments for customers for whom the Group has concluded that their creditworthiness is impaired amount to € 2,274 thousand (previous year: € 1,813 thousand); the further credit losses expected over the term as of 31 December 2020 amount to € 254 thousand (previous year: € 46 thousand).

The development of the allowances for trade receivables is shown in the following table:

Value adjustments in T€	2020	2019
1 January	**1,859**	**585**
Change in scope of consolidation	0	0
Currency differences	0	0
Additions	2,027	1,624
Consumption	-767	-218
Resolutions	-591	-132
Total 31 December	**2,528**	**1,859**

The following table shows the risk classes used to determine the expected defaults according to the simplified approach:

Maturity overview in T€	31.12.2020	31.12.2019
Trade receivables	26,231	38,637
of which neither impaired nor overdue as at the reporting date	11,703	7,439
Overdue in days		
less than 90	7,010	10,005
between 91 and 180	804	4,676
between 181 and 360	974	6,912
more than 361	5,740	9,605

For trade receivables amounting to € 14,528 thousand (previous year: € 31,198 thousand), which were overdue on the balance sheet date, no further impairments were made, as no significant change in the creditworthiness of these debtors was determined and repayment of the outstanding amounts is expected. The Group does not hold any collateral for these outstanding items.

3.9. OTHER ASSETS

Current other assets in T€	2020	2019
Claim against funding institutions	4,654	9,419
Borrowed money	5,410	4,220
Creditors with debit balances	239	2,617
Other	2,025	2,138
Other financial assets	**12,328**	**18,395**
Receivables from taxes	5,252	5,435
Other	525	874
Other non-financial assets	**5,776**	**6,310**
Total	**18,104**	**24,704**

Non-current other assets mainly consist of receivables from deferred long-term prepayments of € 288 thousand (previous year: € 273 thousand). In the previous year, non-current other assets included non-current receivables from related parties in the amount of € 439 thousand.

3.10. SUBSCRIBED CAPITAL

As of 31 December 2020, the share capital amounts to € 23,942,755 (previous year: € 23,942,755), divided into 23,942,755 no-par value bearer shares (previous year: 23,942,755 no-par value shares), each with a notional value of € 1. The subscribed capital is fully paid up. It is divided into no-par value shares.

In the previous year, with date of 14 March 2019, the conversion of the liabilities from the 8 % bearer bond 2016/2019 into new shares of the Company was entered in the commercial register. A total of € 18,000 thousand in liabilities, plus € 590 thousand in deferred interest, was converted into 3,600,000 new no-par value bearer shares with a pro rata amount of the share capital of € 1.00 each. The difference of € 9,338 thousand between the fair value of the issued shares, € 9,252 thousand based on a stock market price of € 2.57 per share on the date of the contribution, and the book value of the contributed bearer bond was recognised in profit or loss under financial income in the 2019 financial year.

On 12 April 2019, the conversion of a total of € 36,597,360 liabilities of Wild Bunch AG into 18,298,680 new no-par value bearer shares with a pro rata amount of the share capital of € 1.00 each was entered in the commercial register of the Berlin-Charlottenburg Local Court. This capital increase in kind was part of the agreement signed between Wild Bunch AG, Tennor Holding B.V. and Voltaire Finance B.V., on 15 June 2018, for the financial restructuring of the Wild Bunch Group. Under this agreement, existing bank liabilities of Wild Bunch S.A. and liabilities of Wild Bunch S.A. to other creditors totalling € 62.7 million were initially taken over by Voltaire Finance B.V. in several steps in March 2019. Of this amount, € 26.1 million remained as a shareholder loan at Wild Bunch S.A. € 36.6 million were taken over by Wild Bunch AG as part of a debt assumption and subsequently converted into equity of Wild Bunch AG. The difference of € 7,685 thousand between the fair value of the shares issued, € 44,283 thousand based on a stock market price of € 2.42 per share on the date of the contribution, and the carrying amount of the shareholder loans contributed was recognised in profit or loss under financial expenses in the 2019 financial year.

For a further presentation of the development of equity, please refer to the statement of changes in equity.

Subscribed capital in shares	31.12.2020	31.12.2019
Share capital	23,942,755	23,942,755
Authorised capital (2018/I) up to € 11,971,377		
Conditional capital (2020/I) up to € 11,971,377		
Own shares	-60	-60
Total	**23,942,695**	**23,942,695**

Treasury shares are recognised in the balance sheet at their notional value of € 60.00 (previous year: € 60.00) as a reduction in equity, the acquisition costs exceeding this amount were offset against the capital reserves. The treasury shares amount to approx. 0.0003 % of the share capital as of 31 December 2020.

By resolution of the Annual General Meeting of 30 June 2015, the Executive Board was authorised, with the consent of the Supervisory Board, to acquire treasury shares in a volume of up to a total of 10 % of the share capital existing at the time of the resolution until 29 June 2020. The acquired shares, together with other treasury shares held by the Company or attributable to it pursuant to §§ 71a et seq. of the German Stock Corporation Act (AktG), may at no time account for more than 10 % of the share capital. In turn, the Company has undertaken not to trade in its own shares and to sell its own shares only under certain circumstances.

In order to enable the Company in the future, to the extent permitted by law, to flexibly adjust its equity capitalisation to the requirements that arise and to be able to take advantage of acquisition opportunities that arise, a new Authorised Capital 2018/I was resolved at the Annual General Meeting on 26 September 2018. The new Authorised Capital 2018/I authorises the Executive Board, with the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before 25 September 2023 by up to a total of € 11,971,377 by issuing new no-par value bearer shares against cash and/or non-cash contributions. The shareholders are generally entitled to the statutory subscription right. Pursuant to § 186 para. 5 of the German Stock Corporation Act (AktG), the new shares may also be taken over by a credit institution or a company operating pursuant to § 53 para. 1 sentence 1 or § 53b para. 1 sentence 1 or para. 7 of the German Banking Act (KWG) with the obligation to offer them to the shareholders for subscription. However, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in the event of capital increases.

The share capital of the Company is further conditionally increased by up to € 19,750,097 by issuing up to 19,750,097 new no-par value bearer shares (Conditional Capital 2015/I). The Conditional Capital 2015/I shall only be used to the extent that the holders of the conversion or option rights make use of their conversion or option rights or fulfil conversion obligations under such bonds. The Conditional Capital 2015/I serves exclusively to grant new shares to the holders of conversion or option rights that are issued in accordance with the authorisation resolution of the Annual General Meeting of 30 June 2015 by Senator Entertainment AG (now Wild Bunch AG) or by companies in which Senator Entertainment AG (now Wild Bunch AG) directly or indirectly holds a majority interest.

3.11. CAPITAL RESERVE

The capital reserve amounts to € 56,649 thousand as of 31 December 2020 (previous year: € 55,349 thousand). The increase in the capital reserve in the reporting year results from an additional payment of € 1,300 thousand by Voltaire Finance B.V. to Wild Bunch AG in connection with the repayment of the loan to Bank Leumi.

3.12. OTHER RESERVES

The other reserves in the amount of € -38 thousand (previous year: € -90 thousand) result from actuarial gains and losses from pension obligations recognised in equity (section 3.15. Pension obligations).

3.13. MINORITY INTERESTS

The minority interests are attributable to the following companies:

Minority interests in T€	31.12.2020	31.12.2019
Bunch of Talents SAS, Paris, France	21	20
Elle Driver SAS, Paris, France	68	114
Filmoline SAS, Paris, France	376	388
Versatile SAS, Paris, France	-	-123
Vértigo Films S.L., Madrid, Spain	-1,186	-1,259
Wild Bunch Germany GmbH, Munich	551	545
BIM Produzione s.r.l., Rome, Italy	-40	-3
Total	**-209**	**-317**

Summarised financial information of material companies with non-controlling interests included in the consolidated financial statements is presented below:

Filmoline SAS, Paris, France in T€	2020	2019
Revenues	5,510	6,908
Result	-116	249
Profit share of non-controlling interests	-11	25
Current assets	4,473	4,558
Non-current assets	171	462
Current liabilities	2,240	2,498
Long-term debt	25	26
Total cash flow	149	169

Vértigo Films S.L., Madrid, Spain in T€	2020	2019
Revenues	2,974	4,438
Result	364	-395
Profit share of non-controlling interests	73	-79
Current assets	3,201	2,586
Non-current assets	7,315	8,372
Current liabilities	803	3,888
Long-term debt	99	9
Total cash flow	1,983	-223

Wild Bunch Germany GmbH, Munich, Germany in T€	2020	2019
Revenues	9,957	15,042
Result	55	203
Profit share of non-controlling interests	7	24
Current assets	8,405	13,907
Non-current assets	10,725	11,315
Current liabilities	13,239	7,199
Long-term debt	1,317	1,483
Total cash flow	-5,535	-505

For reasons of materiality, financial information of other companies with minority shareholders are not presented.

3.14. CAPITAL MANAGEMENT

Wild Bunch AG's financial management is centralised at group level. The Group follows value-oriented financing principles in order to ensure liquidity at all times and to minimise financial risks. Cash pooling is organised decentral within the Group. Group-wide cash flows are monitored centrally by the Executive Board as part of cash management.

Financial management also includes currency management to limit the impact of interest rate and currency fluctuations on earnings and cash flow. As at the balance sheet date of 31 December 2020, the Group held three (previous year: none) forward exchange contracts for currency hedging.

Furthermore, Wild Bunch AG strives for a balanced maturity profile. The key figures for the financial management of Wild Bunch AG are revenue; earnings before interest, taxes, depreciation and amortisation (EBITDA); earnings before interest and taxes (EBIT); total investments and net debt.

In April 2020, the credit facility agreement in place since April 2017 with the London-based commercial bank Bank Leumi Plc (UK) ("Bank Leumi") for a revolving credit facility of up to € 30 million was replaced with the help of a credit facility from Commerzbank AG. The credit line of Commerzbank AG amounts to up to € 35.0 million and has a term until October 2022. The agreement with Commerzbank provides for the bank to provide financing to the Company in return for the pledging of receivables. Receivables of the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany GmbH, Munich, BIM Distribuzione s.r.l., Rome and Vértigo Films S.L., Madrid that are secured by credit default insurance qualify as receivables. Financial covenants have not been agreed, but the loan agreement stipulates that cash in the amount of € 8.8 million must be deposited as collateral by 30 June 2021.

Voltaire Finance B.V. ("Voltaire") granted a shareholder loan in the amount of € 40.0 million in May 2019 as part of the refinancing of the bridge loans granted by it, from which Wild Bunch S.A. drew down € 22.0 million and Wild Bunch AG drew down € 5.0 million. With the signing of this loan agreement, a further € 13.0 million was disbursed to Wild Bunch S.A. The loan agreement has a term until 13.06.2023. The loan has a final maturity. The interest rate is 9.5 %. As part of the restructuring of existing bank liabilities and liabilities to other creditors of Wild Bunch S.A., Voltaire granted a loan of € 26.5 million to Wild Bunch S.A. in May 2019. The loan agreement has a term until 13.06.2023.

The loan has a final maturity. The interest rate is 9.5 %. The financial covenants agreed in both Voltaire loans were suspended until 1 January 2023 with the agreement of June 2020. Furthermore, a loan agreement for € 8.8 million has been in place between Voltaire and Wild Bunch AG since February 2020 in connection with the refinancing of the Bank Leumi loan and the new credit facility agreement with Commerzbank AG. It was agreed that Wild Bunch AG will repay the loan successively if Commerzbank releases the cash serving as collateral for its loan successively in July 2020 and July 2021. The interest rate is 1.0 %. Financial covenants have not been agreed.

In June 2020, an agreement was reached with Voltaire Finance B.V. and Tennor Holding B.V. to suspend the payment of all interest accrued to date and any further interest accrued as well as any loan repayments until 31 December 2021 in order to strengthen the liquidity of the Wild Bunch Group and against the background of the operating losses expected in the Wild Bunch Group for the 2020 financial year due to the Covid-19 pandemic. By agreement dated 15 April 2021, this period was extended until 31 December 2022. See also the comments on the going concern assumption under section 1.4.

In order to be able to flexibly use equity and debt financing options that arise in the market, a sufficiently high equity ratio is required, which is monitored by the Executive Board. The equity ratio is the ratio between equity on a consolidated basis and the balance sheet total.

Equity and the equity ratio developed as follows:

Equity and equity ratio	31.12.2020	31.12.2019
Balance sheet equity in T€	30,650	105,781
Balance sheet total in T€	205,168	283,059
Equity ratio %	**14.9 %**	**37.4 %**

3.15. PENSION OBLIGATIONS

The Group maintains defined benefit pension plans for all eligible employees of its subsidiaries in France and Italy. The Group accounts for existing legal obligations to pay salary-related termination benefits ("severance payments") at the time of termination of employment as long-term employee benefits. The cost of post-employment defined benefit plans is determined using actuarial calculations. The actuarial valuation is based on assumptions regarding discount rates, expected retirement age, future salary increases and mortality. If the assumptions do not develop in accordance with the premises, the actual expenses for retirement benefits may deviate from the calculated expenses. In line with the long-term nature of these plans, such estimates are subject to significant uncertainties. The provision for pensions and similar obligations amounted to € 619 thousand as of 31 December 2020 (previous year: € 634 thousand).

Defined benefit plans

The current actuarial valuations of the present value of the defined benefit obligations were carried out by external experts as of 31 December 2020, as in the previous year. The present value of the defined benefit obligation and the related service cost were determined using the projected unit credit method.

The most important assumptions on which the actuarial valuation was based are:

	France		Italy	
Assumptions	**2020**	**2019**	**2020**	**2019**
Discount rate	0.3 %	0.7 %	0.8 %	1.2 %
Expected salary increase	2.0 %	2.0 %	0.6 %	1.4 %
Mortality table	TPGF(H)05	TPGF(H)05	ISTAT 2019	ISTAT 2018
Average age of current employees at retirement (in years)	62	62	n.a.	n.a.
Number of beneficiaries	79	76	13	12

Employee fluctuation was taken into account by means of age-dependent fluctuation tables for executive and non-executive employees in the valuation of pension provisions.

The net pension expenses are composed as follows:

Net pension expense in T€	**2020**	**2019**
Service cost	55	59
Net interest expense	7	14
Total	**62**	**73**

The following overview shows the development of the pension obligation:

Development of pension obligations in T€	**2020**	**2019**
Present value of the defined benefit obligation as of 1 January	634	762
Service cost	55	59
Interest expense	7	14
Actuarial gains and losses from changes in financial assumptions	-69	-15
Actuarial gains and losses from changes in demographic assumptions	0	-22
Actuarial gains and losses from experience adjustments	-2	-9
Adjustment of past-due service cost	-6	-155
Present value of the defined benefit obligation as of 31 December	**619**	**634**

The present value of the defined benefit obligation as of 31 December 2020 is attributable to Italy in the amount of € 422 thousand and to France in the amount of € 197 thousand.

The following overview shows the development of actuarial gains and losses recognised in equity with reference to the pension obligation:

Development of actuarial gains and losses recognised in equity and deferred taxes in T€	**2020**	**2019**
Actuarial gains and losses recognised in equity and deferred taxes as of 1 January	-92	-57
Actuarial gains and losses	71	-48
Deferred taxes on actuarial gains and losses	-18	13
Actuarial gains and losses and deferred taxes recognised in equity as of 31 December	**-39**	**-92**

The statutory pension insurance in Germany is treated as a "state plan" within the meaning of IAS 19.32 as a multi-employer plan. A total of € 530 thousand (previous year: € 164 thousand) was paid by the employer to the pension insurance provider for the employees of the domestic companies in the 2020 financial year and recognised as an expense (employer's contribution).

Sensitivity analysis

Changes in the relevant actuarial assumptions, such as the discount rate or the average life expectancy, affect the pension obligation as follows.

If the discount rate increases by 1 %, the pension obligation in Italy would amount to € 367 thousand, whereas if the discount rate decreases by 1 % or 0 %, the pension obligation in Italy would amount to € 443 thousand. If the average life expectancy in Italy were to increase by 1 year, the pension obligation would amount to € 407 thousand, whereas if the average life expectancy were to decrease by 1 year, the pension obligation would amount to € 406 thousand.

If the discount rate increases by 0.5 %, the pension obligation in France would amount to € 182 thousand, whereas if the discount rate decreases by 0.5 %, the pension obligation in France would amount to € 207 thousand.

The values given only approximate the expected cash outflow in the event of a change in the key assumptions. The calculation was made using the projected unit credit method, which was also used to calculate the pension obligations as of the balance sheet date.

3.16. OTHER PROVISIONS

Other provisions in T€	Status 1.1.2020	Consumption	Resolution	Additions	Status 31.12.2020
Impending losses	364	347	0	0	17
Litigation	0	0	0	0	0
Other provisions	0	0	0	0	0
Long-term provisions	**364**	**347**	**0**	**0**	**17**
Personnel provisions	899	687	0	230	442
Impending losses	0	0	0	0	0
Returns	70	70	0	38	38
Litigation	119	99	0	827	847
Other	135	135	0	16	16
Short-term provisions	**1,224**	**991**	**0**	**1,111**	**1,344**
Net book value 31 December 2020	**1,588**	**1,338**	**0**	**1,111**	**1,361**

The provision for returns was created for risks of expected merchandise returns from Blu-ray and DVD sales. The provision for returns is based on the analysis of contractual and legal obligations and historical developments as well as the Group's experience.

The provisions for impending losses were formed for film rights for which onerous contracts existed. For these film rights, the recoverable amount is negative, i.e. there is an excess of the minimum guarantee still to be paid and selling costs compared to the proceeds. The recoverable amount was determined using the value in use (section 3.2. Intangible assets).

The personnel provisions mainly relate to outstanding holidays and provisions for bonus payments.

The Group expects that all but € 17 thousand (previous year: € 364 thousand) of the provisions will be utilised within one year.

3.17. FINANCIAL LIABILITIES

Financial liabilities in T€	31.12.2020	31.12.2019
Liabilities to credit institutions	18,880	26,863
Other financial liabilities (without leasing liabilities)	86,939	71,592
Total	**105,819**	**98,455**

Analysis of the maturity of financial liabilities:

Maturity of the financial liabilities in T€	Carrying amount 31.12.2020	up to 1 year	1 - 2 years	2 to 3 years	over 3 years
Bonds	0	0	0	0	0
Liabilities to credit institutions	18,880	5,244	12,136	1,500	0
Other financial liabilities (without leasing liabilities)	86,939	8,800	11,683	66,456	0
Total	**105,819**	**14,044**	**23,819**	**67,956**	**0**

Maturity of the financial liabilities in T€	Carrying amount 31.12.2019	up to 1 year	1 - 2 years	2 to 3 years	over 3 years
Bonds	0	0	0	0	0
Liabilities to credit institutions	26,863	26,863	0	0	0
Other financial liabilities	71,592	5,145	0	0	66,447
Total	**98,455**	**32,008**	**0**	**0**	**66,447**

Film rights, trade receivables and cash and cash equivalents serve as collateral for liabilities to banks. As of the reporting date, the book values of the assets pledged as collateral for the loans listed in Appendix 1 total € 13.1 million (previous year: € 26.7 million). Of this amount, € 0 million (previous year: € 4.7 million) is attributable to film rights and € 13.1 million (previous year: € 7.9 million) to trade receivables. As of the balance sheet date, there were unused credit lines of € 22.9 million (previous year: € 0 million). The prerequisite for utilisation was trade receivables eligible for financing in accordance with the criteria in the loan agreement with Commerzbank AG.

3.18. TRADE PAYABLES

Trade payables amounted to € 23,438 thousand (previous year: € 30,085 thousand) as of the balance sheet date, of which € 12,790 thousand (previous year: € 10,719 thousand) were accounted for by liabilities from fixed assets.

Some of the liabilities as of 31 December 2020 were overdue (€ 9,642 thousand; previous year: € 15,144 thousand).

Maturity overview in T€	**31.12.2020**	**31.12.2019**
Trade payables	23,438	30,085
Overdue in days		
less than 90	5,388	6,569
between 91 and 180	379	552
between 181 and 360	671	924
more than 361	3,204	7,099

3.19. CONTRACTUAL LIABILITIES

Contract liabilities include consideration already paid by customers for whom the Wild Bunch Group has not yet fulfilled its service obligation. The line "Consumption due to service provision" shows the revenues recognised in the reporting period that were included in the balance of contractual liabilities at the beginning of the period.

Contractual liabilities in T€	2020	2019
1 January	11,302	10,418
Additions	8,156	7,974
Consumption due to service provision	-5,966	-7,090
Total 31 December	**13,492**	**11,302**

3.20. CURRENT OTHER LIABILITIES

Current other financial and non-financial liabilities are composed as follows:

Current other liabilities in T€	31.12.2020	31.12.2019
Licensor transfers	12,319	16,544
Liabilities to film funding agencies	671	1,928
Derivative financial instruments	47	0
Other	1,468	1,998
Other financial liabilities	**14,505**	**20,470**
Liabilities from other taxes	4,334	3,959
Liabilities from social security contributions	2,153	1,818
Other non-financial liabilities	**6,487**	**5,777**
Total	**20,992**	**26,247**

The Group acquires rights from licensors in return for a minimum guarantee and exploits the rights over the licence period. Revenues from exploitation that exceed the minimum guarantee and marketing costs must be settled with the licensors in accordance with the contractual provisions.

In the previous year, deferred income mainly included revenues already received from TV and home entertainment contracts which could not yet be realised as sales due to the availability of the respective rights. The item is reported under contractual liabilities.

4. NOTES ON THE ITEMS IN THE STATEMENT OF CASH FLOWS

Wild Bunch reports cash flow from operating activities in accordance with IAS 7 "Statement of Cash Flows" using the indirect method, under which the profit or loss for the period is adjusted for the effects of non-cash transactions, deferrals of past or future cash inflows or outflows from operating activities and items of income or expense associated with cash flows from investing or financing activities.

4.1. FINANCIAL RESOURCES FUND

Cash and cash equivalents amounting to € 24,924 thousand (previous year: € 21,335 thousand) consist of cash in hand and bank balances with a remaining term of less than three months amounting to € 28,878 thousand (previous year: € 21,362 thousand) and bank liabilities, insofar as they are current accounts, amounting to € 3,954 thousand (previous year: € 27 thousand).

As collateral for the loan taken out with Commerzbank AG in April 2020, cash and cash equivalents of € 8.8 million serve as collateral as of 31 December 2020. As collateral for the loan redeemed with Bank Leumi in April 2020, cash and cash equivalents of € 14.1 million served as collateral as of 31 December 2019. The Group cannot freely dispose of these funds until they are released.

4.2. CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from operating activities includes the following inflows and outflows:

Cash inflows and outflows for interest and income taxes included in cash flow in T€	2020	2019
Income taxes paid	125	334
Income taxes received	1	3
Interest paid	634	2,266
Interest received	5	34

4.3. CASH FLOW FROM INVESTING ACTIVITIES

The outflow of liquid funds from investing activities results mainly from investments in film exploitation rights and other intangible assets.

4.4. CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities in the reporting year is mainly characterised by cash inflows from the repayment of loans and the raising of new funds. The repayment of the loan from Bank Leumi in the amount of € 26.3 million was carried out payment neutral as part of the refinancing.

Cash flow from financing activities also includes payments for leases. Leases have been recognised in the balance sheet since the application of IFRS 16 (see also 1.5. Presentation of the main accounting and valuation methods).

5. FURTHER INFORMATION

5.1. SEGMENT REPORTING

For the purpose of corporate management, the Group is divided into the following two reportable business segments:

a) The business segment "International Sales and Distribution and Film Production" includes the production and distribution of films.
b) The business segment "Other" includes in particular the operation of a VOD/SVOD platform and other activities.

The International Sales and Distribution and Film Production segment includes, on the one hand, the worldwide distribution and exploitation of films in cinemas in France, Italy, Spain, Germany and Austria as well as the exploitation of theatrical films on television and on video and DVD and, on the other hand, the film production of theatrical films.

The operating results of the business units are monitored by the Executive Board in each case in order to make decisions on the allocation of resources and to determine the profitability of the units. The development of the segments is assessed on the basis of the result and evaluated in accordance with the result in the consolidated financial statements.

The activities of the Wild Bunch Group mainly extend to France, Italy, Spain, Germany and Austria.

In the business year, no revenue of more than 10 % was generated with any business partner.

Segment information Business segments in T€	International sales and distribution and film production		Other		Group	
	2020	2019	2020	2019	2020	2019
Revenues	47,648	70,799	5,526	6,934	53,174	77,733
Other film-related income	1,019	2,931	1,074	1,505	2,093	4,436
Production costs of the services rendered to generate the sales revenue	-50,550	-62,482	-4,968	-6,007	-55,518	-68,489
Segment profit/loss	**-1,883**	**11,248**	**1,632**	**2,432**	**-250**	**13,680**
Unallocated result elements:						
Other operating income					4,704	3,266
Administrative expenses					-17,407	-22,254
Other operating expenses					-56,657	-489
Profit before financial result and income taxes					**-69,610**	**-5,797**
Financial income					2,653	10,053
Financial expenses					-8,609	-15,622
Equity result					232	48
Result before taxes					**-75,334**	**-11,319**

Impairment losses of € 58,318 thousand (previous year: € 5,884 thousand) in the financial year relate exclusively to the International Sales and Distribution and Film Production segments. The impairment losses include impairment losses on goodwill of € 54,798 thousand (previous year: € 0 thousand).

The related assets and liabilities as well as the financial investments in the respective segment can be broken down as follows:

Segment information Assets in T€	2020	2019
International sales and distribution and film production	189,488	220,361
Other	15,680	62,698
Assets	**205,168**	**283,059**

Segment information Liabilities in T€	2020	2019
International sales and distribution and film production	143,233	147,120
Other	31,285	30,158
Liabilities	**174,518**	**177,278**

Segment information Investments in intangible assets in T€	2020	2019
International sales and distribution and film production	15,602	36,684
Other	0	0
Investments in intangible assets	**15,602**	**36,684**

Segment information

The segment data was determined on the basis of the accounting and valuation methods applied in the consolidated financial statements.

Segment assets represent the operating assets of the individual segments.

Segment liabilities include the operating liabilities and provisions of the individual segments.

Investments include expenditures for intangible assets and property, plant and equipment.

Significant non-cash transactions in the "Other" segment relate to the refinancing explained under point 4.4.

Geographical information

The activities of the Wild Bunch Group are mainly spread over France, Germany, Italy and Spain. For the geographical information, sales and non-current assets as well as investments are segmented according to the Company's registered office. Revenues from the international distribution of film rights (2020: € 15,979 thousand; previous year: € 15,502 thousand) are reported under Other, as a breakdown by geographical region is not possible for technical reasons.

Segment information Revenues in T€	2020	2019
France	14,805	28,649
Germany	14,297	21,774
Italy	5,112	7,345
Spain	2,974	4,438
Other	15,986	15,527
Revenues	**53,174**	**77,733**

Segment information Non-current assets in T€	2020	2019
France	24,296	34,836
Germany	11,944	12,616
Italy	12,874	10,587
Spain	6,737	7,702
Other	3,088	3,611
Non-current assets	**58,939**	**69,353**

Segment information Investments in T€	2020	2019
France	4,427	17,415
Germany	6,827	10,393
Italy	3,724	7,459
Spain	701	1,417
Other	0	0
Investments in intangible assets	**15,679**	**36,684**

5.2. FINANCIAL INSTRUMENTS/MANAGEMENT OF FINANCIAL RISKS

The following tables show the carrying amounts and fair values of financial instruments in accordance with IFRS 9. The carrying amounts of financial assets and liabilities measured at amortised cost in the consolidated statement of financial position as of 31 December 2020 and 2019 are substantially the same as their fair values.

Financial assets as at 31.12.2020 in T€	Valuation according to IFRS 9				
	Book value	Amortised acquisition costs	Contribution Fair value through profit or loss	Valuation according to IFRS 16	Additional time value
Trade receivables	23,757	23,757			23,757
Other financial assets					
Financial assets (equity instruments)	0		0		0
Other financial assets	816	816			816
Other receivables	12,328	12,328			12,328
Cash and cash equivalents	28,878	28,878			28,878
Financial assets	**65,779**	**65,778**	**0**		**65,779**

Financial liabilities as at 31.12.2020 in T€	Valuation according to IFRS 9				
	Book value	Amortised acquisition costs	Contribution Fair value through profit or loss	Valuation according to IFRS 16	Additional time value
Financial liabilities					
Liabilities to credit institutions	18,880	18,880			18,880
Leasing liabilities	3,773			3,773	3,773
Other financial liabilities	86,939	86,939			86,939
Trade payables	23,438	23,438			23,438
Derivative financial liabilities	47		47		47
Other financial liabilities	14,458	14,458			14,458
Financial liabilities	**147,534**	**143,714**	**47**	**3,773**	**147,534**

Financial assets as at 31.12.2019 in T€	Valuation according to IFRS 9				
	Book value	Amortised acquisition costs	Contribution Fair value through profit or loss	Valuation according to IFRS 16	Additional time value
Trade receivables	36,932	36,932			36,932
Other financial assets					
Financial assets (equity instruments)	480		480		480
Other financial assets	1,024	1,024			1,024
Other receivables	18,395	18,395			18,395
Cash and cash equivalents	21,362	21,362			21,362
Financial assets	**78,192**	**77,712**	**480**		**78,192**

Financial liabilities as at 31.12.2019 in T€	Valuation according to IFRS 9				
	Book value	Amortised acquisition costs	Contribution Fair value through profit or loss	Valuation according to IFRS 16	Additional time value
Financial liabilities					
Liabilities to credit institutions	26,863	26,863			26,863
Leasing liabilities	5,013			5,013	5,013
Other financial liabilities	71,592	71,592			71,592
Trade payables	30,085	30,085			30,085
Other financial liabilities	20,470	20,470			20,470
Financial liabilities	**154,023**	**149,010**		**5,013**	**154,023**

The book value of the financial assets pledged as collateral for the loan liability to Commerzbank AG amounts to € 21.9 million.

The derivative financial liabilities relate to forward exchange contracts concluded in US dollars to hedge foreign currency risks. The fair values are determined on the balance sheet date based on observable market data (Level 2). The valuation is carried out on a case-by-case basis and with the respective forward rate or price on the balance sheet date. The forward rates or prices are based on the spot rates or prices, taking into account forward premiums or discounts. Changes in the fair value are included in the financial result.

With the exception of financial investments (equity instruments), financial instruments are either included in the category of financial assets measured at amortised cost and are accounted for at amortised cost or included in the category of financial liabilities measured at amortised cost and are accounted for accordingly using the effective interest method. Their fair values approximate their carrying amounts.

The financial assets (equity instruments) classified at fair value relate to the investments not included in the consolidated financial statements. No prices quoted on an active market are available for these, so that the fair value cannot be reliably determined; therefore, they continue to be measured at the lower of cost or present value of estimated future cash flows, which is assumed to be substantially the same as fair value.

The following table shows the allocation of income, expenses, gains and losses from financial instruments to the measurement categories according to IFRS 9.

Net results by measurement category according to IFRS 9 in T€	**2020**	**2019**
Assets measured at amortised cost	-390	-1,120
thereof financial result	0	116
Equity instruments at fair value through profit or loss	-388	0
thereof financial result	-388	0
Liabilities measured at amortised cost	321	543
thereof financial result	1	0
Liabilities at fair value through profit or loss	-47	0
thereof financial result	-47	0
Total	**-503**	**-577**

General

The Group is subject to the following risks due to its operating activities:

- Credit risks
- Liquidity risks
- Market risks

Market risks also include risks from changes in interest rates.

In the following:

- the risks of the respective risk category identified by Wild Bunch as relevant for the Group are listed,
- describes the objectives, rules and processes for identifying and dealing with the risks of the Wild Bunch Group.

The Wild Bunch Group has a uniform group-wide approach to financial risk management in portfolio form to identify, measure and manage risks. The risk positions result from the cash inflows and outflows made and planned throughout the Group as market risks, concerning changes in interest rates, prices and exchange rates. Interest rate and price change risks are managed by mixing maturities and fixed and variable interest rate positions.

Credit risk

Credit risk is defined as the risk of default by a customer or contractual partner of the Wild Bunch Group, which results in assets, financial assets or receivables reported in the consolidated balance sheet being subject to a value adjustment. Accordingly, the risk is limited to the book value of these assets, if necessary after offsetting receivables against existing liabilities to the same customer or contractual partner.

Credit risks mainly result from trade receivables. The creditworthiness of the respective customers is regularly monitored by the companies included in the consolidated financial statements. Value adjustments are made on the basis of expected risks.

Liquidity risks

The credit line of Commerzbank AG amounts to up to € 35.0 million and has a term until October 2022. The agreement with Commerzbank provides for the bank to make funds available to the Company in return for the assignment of receivables. Receivables of the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany GmbH, Munich, BIM Distribuzione s.r.l., Rome and Vértigo Films S.L., Madrid that are secured by credit default insurance qualify as receivables. See also section 1.4. under going concern assumption and in the management report under 3.4. Overall statement by the Executive Board on the development of the Group and 4.4.4. Financial risks. In addition to the assigned receivables, Wild Bunch AG has pledged cash of € 8.8 million as collateral with Commerzbank AG.

Furthermore, there are leasing liabilities and, in addition to liabilities to banks, financial liabilities to Voltaire Finance B.V. With regard to the maturities of the financial liabilities, see sections 3.4. and 3.16.

Market risks

(a) **Currency risks**

Purchases and sales in foreign currencies can result in risks for the Company depending on the development of the exchange rate. Purchasing can become more expensive due to the exchange rate and sales in foreign currency can lead to lower revenue in euros. In the reporting year, translation differences of € -205 thousand (previous year: € -196 thousand) were recognised in profit or loss.

Sensitivity analyses according to IFRS 7 were carried out for balance sheet items in US dollars with the following result: If the exchange rate had been 10 % higher or lower on the balance sheet date, the result would have been € 19 thousand higher or € 447 thousand lower (previous year: € 406 thousand lower or € 296 thousand higher).

For hedging against exchange rate risks in connection with film rights purchases in US dollars, a total of 3 (previous year: none) forward exchange transactions were concluded in the reporting year for the purchase of US dollars against euros. The nominal value of these transactions totals USD 4.3 million. The term of the transactions is between 7 and 13 months and the agreed exchange rates are in a range of 1.215 to 1.220 USD/EUR.

(b) Interest rate risks

The Company's interest-bearing receivables and liabilities are subject to both fixed and variable interest rates. Changes in market interest rates for fixed-interest debts would only have an effect if these financial instruments were accounted for at fair value. Since this is not the case, the financial instruments with fixed interest rates are not subject to interest rate risks within the meaning of IFRS 7.

Sensitivity analyses according to IFRS 7 were carried out for variable-interest financial liabilities with the following result: If the market interest rate level had been 100 basis points higher in the financial year, the result would have been € 43 thousand (previous year: € 0 thousand) lower due to the negative EURIBOR. If the market interest rate level had been 100 basis points lower in the financial year, the result would have been € 0 thousand (previous year: € 0 thousand) higher.

5.3. EMPLOYEES

The average number of employees in the financial years was:

Average number of employees	2020	2019
France	78	70
Germany	32	31
Italy	13	12
Spain	9	9
Ireland	2	2
Austria	0	1
Total	**134**	**125**

5.4. RELATIONSHIPS WITH RELATED PARTIES

Related parties within the meaning of IAS 24 are companies or persons that control or are controlled by the Wild Bunch Group, in particular non-consolidated subsidiaries, joint ventures and associated companies included at cost or at equity.

Related parties are the members of the Executive Board and the Supervisory Board of Wild Bunch AG as well as their family members (see section 5.9. Members of the Executive Board and the Supervisory Board).

The Company considers Voltaire Finance B.V. ("Voltaire"), Schiphol, The Netherlands and its parent company Tennor Holding B.V. ("Tennor"), Schiphol, The Netherlands as related parties. Voltaire held a total of 96.9 % (previous year: 96.2 %) of the voting rights of the Company as of 31 December 2020. Furthermore, the Company considers Mr Lars Windhorst as a related party and „ultimate controlling party“, as he controls Tennor according to information from the Company.

Voltaire has provided the Company with various loans totalling a nominal amount of € 75.3 million (31 December 2019: nominal amount of € 66.5 million). For the scope and conditions of these loans, see the information in the table Financial liabilities at the end of these notes to the consolidated financial statements. Furthermore, the Company and Voltaire have agreed that Voltaire will defer the obligation to pay all interest accrued to date until 31 December 2022. Voltaire Finance B.V. provided the Company with a short-term loan of € 8.8 million during the reporting period. This loan bears interest at 1 % per annum. Furthermore, Voltaire has assumed an unlimited, directly enforceable maximum amount guarantee in favour of Wild Bunch AG for the entire amount of the credit facility of € 35.0 million. Please refer to sections 3.10. and 3.14. for the Company's transaction with Voltaire.

For the total remuneration of the Executive Board and the Supervisory Board of Wild Bunch AG, see section 5.10. Total remuneration of the Supervisory Board and the Executive Board. As of 31 December 2020, there were no longer any receivables (previous year: € 13 thousand) from a former member of the Executive Board for remuneration and travel expenses.

In addition, there were business relationships with the following related parties:

With the associated company Circuito Cinema s.r.l., Rome, Italy, there were loans and receivables of € 297 thousand (previous year: € 291 thousand) and other receivables of € 2 thousand (previous year: € 0 thousand) with the Group company BIM Distribuzione s.r.l., Rome, Italy, on the balance sheet date. Furthermore, there were trade payables to Circuito Cinema amounting to € 30 thousand (previous year: € 29 thousand). In the financial year, Circuito Cinema settled cinema revenues of € 47 thousand (previous year: € 131 thousand) with the shareholder BIM Distribuzione s.r.l. In the financial year, Circuito Cinema provided services in the context of marketing films for the shareholder BIM Distribuzione s.r.l. amounting to € 70 thousand (previous year: € 221 thousand).

In 2017, BIM Distribuzione s.r.l. provided a guarantee of € 600 thousand for a bank loan received by Circuito Cinema s.r.l. from Banca Nazionale del Lavoro.

As of 31 December 2020, Wild Bunch S.A. has receivables from the at-equity consolidated Insiders LLC, Los Angeles, USA, from cost allocations in previous years of € 0 thousand (previous year: € 439 thousand).

As of 31 December 2020, Wild Bunch S.A. has receivables of € 1,572 thousand (previous year: € 251 thousand) from Wild Bunch International S.A., Paris, France. The receivables result from administrative services provided by Wild Bunch S.A. under a shared service agreement. Furthermore, Wild Bunch S.A. has liabilities to Wild Bunch International S.A. of € 1,262 thousand (previous year: € 667 thousand). The liabilities result from fees according to the distribution agreement between the parties. In the reporting period, Wild Bunch International, Paris, provided services in connection with the marketing of films in the amount of € 503 thousand. Furthermore, Wild Bunch S.A., Paris, charged costs totalling € 443 thousand for administration costs to Wild Bunch International in 2020.

There are no other significant transactions with the other associated companies.

5.5. OTHER FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

Claims from court and out-of-court legal disputes arising in the normal course of business could be asserted against the Group companies in the future. The associated risks are analysed with regard to the probability of their occurrence. Although the outcome of these disputes cannot always be accurately estimated, the Executive Board is of the opinion that no material obligations will arise from them beyond the risks taken into account in the annual financial statements.

As of 31 December 2020, the Group had the following fixed financial commitments:

Other financial commitments and contingent liabilities in T€				31.12.2020				31.12.2019
	Total	Remaining term up to 1 year	Remaining term from 1 to 5 years	Remaining term over 5 years	Total	Remaining term up to 1 year	Remaining term from 1 to 5 years	Remaining term over 5 years
Minimum guarantees	19,031	10,709	8,323	0	18,842	2,727	16,115	0
Other	260	164	96	0	391	276	115	0
Total	**19,291**	**10,872**	**8,419**	**0**	**19,233**	**3,003**	**16,230**	**0**

The financial obligations from minimum guarantees as of 31 December 2020 are predominantly reported with a remaining term of up to one year, but the completion dates for the individual films are often subject to uncertainties and can be significantly delayed in some cases.

The Group has contingent liabilities from subsidy loans repayable through profit or loss (€ 10,389 thousand; previous year: € 12,156 thousand). However, these subsidy loans are only repayable from pro rata future proceeds that exceed the costs. At present, the Company does not assume that these loans will have to be repaid.

5.6. CONTINGENT LIABILITIES

In 2017, BIM Distribuzione s.r.l. assumed a guarantee in the amount of € 600 thousand for a bank loan that Circuito Cinema s.r.l. received from Banca Nazionale del Lavoro. Due to the business development of Circuito Cinema s.r.l., no risks of utilisation can be identified at present.

For the collateralisation of liabilities to banks, please refer to the explanations in section 3.17. Financial liabilities.

5.7. FEES AND SERVICES OF THE AUDITOR

The fees charged by the auditors, Mazars GmbH & Co. KG, Hamburg, in the 2020 financial year are as follows:

Fees and services of the auditor in T€	**2020**	**2019**
Audit services	342	351
Tax consultancy services	0	0
Other services	10	110
Total	**352**	**461**

5.8. DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The declaration on the Corporate Governance Code required by § 161 of the German Stock Corporation Act (AktG) was issued and made permanently available to shareholders by publication on the Company's website.

5.9. MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

Executive Board:

- Vincent Grimond, CEO, Chairman of the Executive Board

Supervisory Board:

- Tarek Malak, Berlin, Portfolio Manager at Tennor Holding B.V., Schiphol, The Netherlands (Chairman)
- Kai Dieckmann, Potsdam, Journalist; Founder StoryMachine GmbH, Berlin and Board Member Deutsche Fondsgesellschaft SE Invest, Berlin (Deputy Chairman)
- Pierre Tattevin, Paris, France, Lawyer, Partner and Managing Director, Lazard Investment bank Ltd., Paris, France
- Arjun Metre, Santa Clara, USA, (since 29 August 2019), Head of Sports, Media & Entertainment related Investments at Tennor Holding B.V., Schiphol, The Netherlands
- Dr Georg Kofler, Rottach-Egern, (until 20 July 2020), Chairman of the Supervisory Board and major shareholder of Social Chain Group AG, Berlin

5.10. TOTAL REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

On 26 September 2018, the Annual General Meeting of Wild Bunch AG resolved by a qualified majority of at least three quarters of the share capital represented at the time of the resolution not to disclose the individual remuneration of the Executive Board for the 2018 financial year. The authorisation is valid for the current financial year 2018 and the four subsequent financial years.

In the 2020 financial year, the Executive Board received total remuneration of € 300 thousand (previous year: € 583 thousand). For the 2020 financial year, the Executive Board received remuneration of € 300 thousand (previous year: € 585 thousand).

In December 2020, the Supervisory Board extended the contract with Executive Board member Vincent Grimond until 30 June 2022. A change-of-control clause no longer exists.

The Company has taken out a D&O insurance policy for the executive bodies of the Group.

The Annual General Meeting of the Company resolved on 26 September 2018 to adjust the remuneration of the members of the Supervisory Board. In future, the members of the Supervisory Board will receive € 30,000 annually, the Deputy Chairman of the Supervisory Board € 45,000 and the Chairman of the Supervisory Board € 75,000. Furthermore, Supervisory Board members will receive an additional € 7,500 annually for their membership in a committee of the Supervisory Board and an additional € 15,000 annually for chairing a committee of the Supervisory Board.

In the 2020 financial year, the Supervisory Board received total remuneration of € 273 thousand (previous year: € 87 thousand). For the 2020 financial year, the members of the Supervisory Board received total remuneration of € 258 thousand (previous year: € 238 thousand).

5.11. SHARES HELD BY MEMBERS OF GOVERNING BODIES

As at the balance sheet date 31 December 2020, no member of the governing bodies held shares in Wild Bunch AG.

5.12. EVENTS AFTER THE BALANCE SHEET DATE (SUPPLEMENTARY REPORT)

There were no events after the balance sheet date to report.

5.13. SHAREHOLDINGS OF WILD BUNCH AG, BERLIN

Unless otherwise stated, the companies' equity and annual results have been stated in accordance with the IFRS 2020 annual financial statements.

Shareholdings of Wild Bunch AG, Berlin	2020		
	Share %	Equity in T€	Annual result in T€
Senator Film Köln GmbH, Cologne [1]	100.00	25	0
Senator Film München GmbH, Munich [1]	100.00	25	0
Senator Film Produktion GmbH, Berlin [1]	100.00	793	0
Senator Film Verleih GmbH, Berlin [1]	100.00	8,900	0
Senator Finanzierungs- und Beteiligungs GmbH, Berlin	100.00	-28	-1
Senator Home Entertainment GmbH, Berlin [1]	100.00	25	0
Senator MovInvest GmbH, Berlin [1]	100.00	29	0
Eurofilm & Media Ltd, Killaloe, Ireland	100.00	58	495
Wild Bunch Austria GmbH, Vienna, Austria [2]	100.00	90	37
Central Film Verleih GmbH, Berlin [6]	100.00	601	113
Senator Reykjavik GmbH, Berlin [4]	100.00	-496	-9
Wild Bunch S.A., Paris, France	100.00	38,028	-12,171
Wild Bunch Germany GmbH, Munich [5]	88.00	1,490	-31
BIM Distribuzione s.r.l., Rome, Italy [5]	100.00	837	383
BIM Produzione s.r.l., Rome, Italy [7]	90.00	-398	-369
Bunch of Talents SAS, Paris, France [5]	80.00	103	1
Capricci World, Nantes, France [8]	33.00	-	-
Cinéma de Panthéon, Paris, France [8]	19.00	-	-
Circuito Cinema s.r.l., Rome, Italy [7]	24.90	3,375	158
Continental Films SAS, Paris, France [5]	100.00	-48,885	-2,963
Elle Driver SAS, Paris, France [5]	97.51	2,675	418
EWB2 SAS, Paris, France [5]	100.00	3,314	-186
EWB3 SAS, Paris, France [5]	100.00	5,181	7
Filmoline SAS, Paris, France [5]	90.09	2,312	238
Insiders LLC, Los Angeles, USA [8]	45.00	-	-
Versatile SAS, Paris, France [5]	100.00	-2,764	-228
Vértigo Films S.L., Madrid, Spain [5]	80.00	-110	2,082
Virtual Films Ltd, Dublin, Ireland [5]	100.00	-24,677	-220
Wild Bunch International SAS, Paris, France [5]	20.00	542	949

[1] Profit and loss transfer agreement with Wild Bunch AG
[2] indirectly via Senator Film Verleih GmbH, Berlin
[3] indirectly via Senator Film München GmbH, Munich
[4] indirectly via Senator Film Produktion GmbH, Berlin
[5] indirectly via Wild Bunch S.A., Paris
[6] 50 % indirectly via Wild Bunch S.A., Paris
[7] indirectly via BIM Distribuzione s.r.l., Rome
[8] Financial information not available

Berlin, as of 30 April 2021

Wild Bunch AG

Vincent Grimond
Chairman of the Executive Board

ANNEX 1 - FINANCIERS' SCHEDULE

in T€

	Company	Bank	Nominal credit line	Book-values [a]	Date Book values
Operating credit line					
1	Wild Bunch AG	Commerzbank AG [b]	35,000	12,136	31.12.2020
2	several borrowers	Current account liabilities	n,a,	3,963	31.12.2020
Total			**35,000**	**16,099**	
Loans - Project financing					
3	Wild Bunch Germany GmbH	Commerzbank AG	1,500	1,500	31.12.2020
4	Senator Film Produktion GmbH	Commerzbank AG	1,130	240	31.12.2020
5	BIM Produzione s.r.l.	Banca Intesa	1,200	900	31.12.2020
6	Vértigo Films S.L.	Ibercaja Banca	106	99	31.12.2020
Total			**3,936**	**2,739**	
Other loans					
7	Vértigo Films S.L.	Bank BBVA	n,a,	42	31.12.2020
Total			**0**	**42**	
Loan - Investor					
8	Wild Bunch AG		5,000	5,000	31.12.2020
9	Wild Bunch AG		8,800	8,800	31.12.2020
10	Wild Bunch AG - Accrued Interest		-	1,351	31.12.2020
11	Wild Bunch S.A.		35,000	35,000	31.12.2020
12	Wild Bunch S.A.		26,456	26,456	31.12.2020
13	Wild Bunch S.A. - Accrued interest		-	10,332	31.12.2020
Total			**75,256**	**86,939**	
Leasing liabilities					
14	Wild Bunch Group [c]		3,892	3,892	31.12.2020
Total			**3,892**	**3,892**	
Total sum			**118,084**	**109,710**	

a) Book values incl. accrued interest
b) Drawing of free credit line depending on the amount of the financeable claims
c) IFRS 16

Free credit line as of 31.12.2020	Interest p.a.	Variable interest rate component	Interest	Commitment fee	Duration	Collateral
22,864	2.75 %	EURIBOR	monthly	0.50 %	10/2022	Trade receivables; cash and cash equivalents
0	variable	EURIBOR	monthly	n.a.	n.a.	None
22,864						
n.a.	2.00 %	fix	quarterly	2.00 %	07/2023	Assignment of claims from project insurance for € 1.5 million; pledge of credit balance on project account
n.a.	4.00 %	fix	on drawing	0.50 %	ufn	Assignment of claims from project insurance for € 1.13 million; pledge of credit balance on project account
n.a.	2.90 %	fix	quarterly	n.a.	10/2021	Trade receivables; guarantee of BIM Distribuzione s.r.l.
n.a.	1.50 %	EURIBOR	monthly	n.a.	05/2022	Guarantee issued by the Spanish government (Covid-19 aid)
0						
0	5.39 %	fix	monthly	n.a.	07/2021	None
0						
0	9.50 %	fix	bullet	0.50 %	05/2023	None
0	1.00 %	fix	bullet	0.50 %	12/2022	Repayment according to release of cash collateral by Commerzbank
0		fix	bullet	n.a.	12/2022	None
0	9.50 %	fix	bullet	0.50 %	05/2023	None
0		fix	bullet	0.50 %	05/2023	None
0	9.50 %	fix	bullet	n.a.	12/2022	None
0						
n.a.	1.6 %-2.7 %	n.a.	n.a.	n.a.	n.a.	None
22,864						

ASSURANCE OF THE LEGAL REPRESENTATIVES AS OF 31 DECEMBER 2020

To the best of my knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, as of 30 April 2021

Wild Bunch AG

Vincent Grimond
Chairman of the Executive Board

FORWARD-LOOKING STATEMENTS AND NOTES

This document contains statements that relate to our future business and financial performance and to future events or developments affecting Wild Bunch and may constitute forward-looking statements. These statements can be identified by words such as "expect", "want", "anticipate", "intend", "plan", "believe", "seek", "estimate", "will" and "predict" or similar expressions. Such statements are based on Wild Bunch management's current expectations and certain assumptions, many of which are beyond Wild Bunch's control. They are therefore subject to, but not limited to, a variety of risks, uncertainties and factors described in disclosures, particularly in the Risks section of the Annual Report. Should one or more of these risks or uncertainties materialise, should regulatory decisions, assessments or requirements turn out to be different than expected or should it turn out that the underlying expectations do not materialise or assumptions were incorrect, Wild Bunch's actual results (both negative and positive) may differ materially from the results expressly or implicitly stated in the forward-looking statement. Wild Bunch does not undertake any obligation, and does not intend, to update or revise these forward-looking statements in light of developments that differ from those anticipated.

Due to rounding, it is possible that individual figures in this document do not add up exactly to the totals shown and that percentages shown do not accurately reflect the absolute values to which they relate.

This document is also available in English translation. In case of discrepancies, the German version of the document shall prevail over the English translation.

For technical reasons, there may be differences between the accounting documents contained in this document and those published due to legal requirements.

INDEPENDENT AUDITOR'S REPORT

To Wild Bunch AG, Berlin:

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT

QUALIFIED AUDIT OPINIONS

We have audited the consolidated financial statements of Wild Bunch AG and its subsidiaries (the Group), which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined group management report and management report of Wild Bunch AG for the financial year from 1 January 2020 to 31 December 2020. We have not audited the content of the corporate governance statement referred to in the combined group management and management report in accordance with German legal requirements.

In our opinion, based on the findings of our audit, the consolidated financial statements are

- the accompanying consolidated financial statements, with the exception of the possible effects of the matter described in the section "Basis for the qualified audit opinions", comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to § 315e (1) HGB and give a true and fair view, in accordance with these requirements, of the financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January 2020 to 31 December 2020, and

- the enclosed combined group management and management report, with the exception of the possible effects of the matter described in the section "Basis for the qualified audit opinions", as a whole provides a suitable view of the Group's position. In all material respects, except for the possible effects of this matter, the combined group management and management report is consistent with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Our audit opinion on the combined group management and management report does not extend to the content of the aforementioned corporate governance statement.

In accordance with § 322 (3) sentence 1 HGB, we declare that, with the exception of the limitations of the audit opinions on the consolidated financial statements and the combined group management and management report mentioned above, our audit has not led to any reservations concerning the propriety of the consolidated financial statements and the combined group management and management report.

BASIS FOR THE QUALIFIED AUDIT OPINIONS

The notes to the consolidated financial statements contain the tax reconciliation statement and explanations on the composition of deferred tax assets and liabilities in section 2.8. "Taxes on income". We were not able to obtain sufficient and appropriate documentation and audit evidence regarding the disclosures in the reconciliation and the notes. We were therefore unable to draw conclusions on the adequacy of the detailed disclosures and the offsetting of deferred tax assets and liabilities of the legal representatives. Therefore, we cannot exclude that the details of the reconciliation may be inaccurate or that the offsetting of deferred tax assets and liabilities has been inaccurate. This matter may also affect the presentation and explanation of the financial position in the combined group management and management report.

We conducted our audit of the consolidated financial statements and the combined group management and management report in accordance with § 317 HGB and the EU Regulation on Auditing of Financial Statements (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Auditor's responsibility for the audit of the consolidated financial statements and the combined group management and management report" of our auditor's report. We are independent of the group entities in accordance with European law as well as German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, pursuant to Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services pursuant to Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions on the consolidated financial statements and the combined group management and management report.

MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN ASSUMPTION

We refer to the information in the section "Accounting and valuation principles - going concern assumption" in the notes and in section 4.4.4. "Financial risks" of the combined group management and management report, in which the legal representatives state, among other things, that should the course of business fall significantly short of planned expectations or the planned financing measures not be implemented in time, this would impair the further development of the company and the group and could jeopardise their continued existence, insofar as the resulting financial gaps cannot be closed by other capital measures.

This indicates the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and represents a going concern risk within the meaning of § 322 (2) sentence 3 HGB.

Our audit opinion is not modified with respect to this matter.

PARTICULARLY IMPORTANT AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2020. These matters were considered in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

ASSESSMENT OF THE GROUP'S GOING CONCERN PREMISE BY THE MANAGEMENT BOARD OF WILD BUNCH AG

RELATED INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT

The Group's planning disclosures are included in section 1.4. "Use of judgement and estimation uncertainty - going concern assumption" and as well as in sections 3.3. "Expected development", 3.4. "Management's overall assessment of the Group's development" and 4.4.4. "Financial risks" of the combined group management and management report.

FACTS AND RISK FOR THE AUDIT

In preparing the consolidated financial statements, the Management Board of Wild Bunch AG has assumed that the company will continue as a going concern. This assessment is based on the liquidity planning for the Wild Bunch Group until 30 April 2022 and the business planning for the period 2021 to 2025.

Liquidity planning and medium-term business planning are prepared together for the entire group of companies. Within the framework of liquidity planning, the expected incoming and outgoing payments of the group companies are aggregated on a monthly basis. The business planning is prepared taking into account the existing investment budget and on the basis of assumptions about the achievable evaluation revenues. Liquidity and business planning are characterised by a high degree of uncertainty, as they are based on assumptions about the future that are subject to subjective margins of judgement. In particular, there is a risk that the assumptions underlying the liquidity and business planning cannot be achieved. This would impair the further development of the group and could jeopardise its existence.

AUDIT APPROACH AND FINDINGS

In the course of our audit, we verified the content of the liquidity and business plans prepared by the Group and checked the plausibility of the underlying assumptions. In doing so, we also considered the projected impact of the current coronavirus pandemic.

After intensive discussion of the liquidity and business plans and the assumptions on which they are based with the Executive Board, we have come to the conclusion that the assumptions and plan targets are plausible from today's perspective. Accordingly, the liquidity planning for the Wild Bunch Group does not show any shortfall until the end of the planning period, taking into account the current financial status. We come to the conclusion that the liquidity and business plans are overall subject to risks but are plausible. We consider the Executive Board's assessment of the development-impairing or existence-threatening risks that could result from a significant negative deviation from the liquidity or business planning, e.g. due to the further course of the Corona pandemic, the non-implementation of the planned financing measures or other impairment of the planned business expansion are comprehensible and plausible. In this context, we refer to our explanations in the section "Material uncertainty in connection with the continuation of business activities".

IMPAIRMENT OF GOODWILL

RELATED INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT

The Group's disclosures on goodwill are included in sections 1.4. "Use of judgement and estimation uncertainty", 1.5. "Presentation of accounting policies - Intangible assets and - Impairment of non-financial assets" and 3.1. "Goodwill" of the notes to the consolidated financial statements.

FACTS AND RISK FOR THE AUDIT

In the consolidated financial statements of Wild Bunch AG, goodwill totalling T€ 69,656 is reported, which accounts for around 34 % of the balance sheet total and exceeds the group's balance sheet equity by T€ 39,006. The goodwill is subjected to an annual impairment test by the company in order to determine a possible need for depreciation. Goodwill was unscheduled written down by T€ 54,798 in the reporting year. The result of the impairment test depends to a large extent on how the legal representatives estimate the future cash inflows and derive the discount rates used in each case. Due to the underlying complexity of the valuation and the discretionary scope available in the valuation process, we consider the impairment of goodwill to be a particularly important audit matter.

AUDIT APPROACH AND FINDINGS

As part of our audit, we analysed the process implemented by the legal representatives of Wild Bunch AG as well as the accounting and valuation specifications for determining the recoverable amounts of cash-generating units to which goodwill was allocated for possible risks of error and obtained an understanding of the process steps and the implemented internal controls. We assessed the Group's approach to determining the discount rates and deriving the future profits for compliance with IAS 36.

We analysed the corporate planning underlying the impairment test. We understood the key assumptions regarding growth, planned business development and future profitability. We discussed the planning in detail with the legal representatives of Wild Bunch AG. On this basis, we assessed its appropriateness.

We examined the appropriateness of the other significant valuation assumptions, such as the discount rate, with the support of internal valuation specialists on the basis of an analysis of market indicators. We analysed the parameters used in determining the discount rates with regard to their appropriate derivation and traced their calculation in compliance with the requirements of IAS 36.

In our opinion, the impairment test carried out by the legal representatives of the parent company as well as the valuation parameters and assumptions applied for this purpose are suitable overall for testing the recoverability of the goodwill.

VALUATION OF THE FILM DISTRIBUTION RIGHTS

RELATED INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS AND COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT

The Group's disclosures on film distribution rights as a component of intangible assets are included in sections 1.4. "Use of judgement and estimation uncertainty", 1.5. "Presentation of accounting policies - Intangible assets" and 3.2. "Intangible assets" of the notes to the consolidated financial statements.

FACTS AND RISK FOR THE AUDIT

Intangible assets include film distribution rights amounting to T€ 37,709, which account for around 18 % of the balance sheet total. The film distribution rights form the basis for the business activities of the Wild Bunch Group. The acquisition costs for the film distribution rights are amortised using a net revenue-based method. In addition, the film distribution rights are subjected to an annual impairment test (impairment test in accordance with IAS 36) on the balance sheet date. For this purpose, the budgets of all film rights are regularly updated with regard to the expected market acceptance and the respective recoverable amount from the film rights (value in use) is determined by means of a discounted cash flow method.

The result of these valuations is highly dependent on how the legal representatives estimate the future cash inflows from the exploitations, as well as on the discount rates used in each case. The valuation is therefore subject to significant uncertainties. Against this background, we consider the recoverability of the film distribution rights to be a particularly important audit matter.

AUDIT APPROACH AND FINDINGS

As part of our audit, we have, among other things, reviewed the methodology used to perform the impairment tests and assessed the calculation of the weighted average cost of capital for compliance with the requirements of IAS 36.

In addition, we satisfied ourselves that the future net proceeds from the exploitation of the film rights on which the valuations are based were calculated or planned appropriately. To this end, we performed spot checks to reconcile the contractually agreed exploitation fees with the planned net proceeds and assessed the appropriateness of the assumptions made about future proceeds from further exploitation opportunities. Since the assumptions about future proceeds are highly discretionary, we discussed them intensively with the legal representatives.

In addition, we looked at the parameters used to determine the discount rate and understood the calculation scheme.

In our opinion, the impairment tests carried out by the legal representatives of the parent company as well as the valuation parameters and assumptions applied for this purpose are suitable overall to test the recoverability of the film distribution rights.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information includes:

- the corporate governance statement pursuant to §§ 289f and 315d of the German Commercial Code (HGB), to which reference is made in the combined group management and management report
- the assurance of the legal representatives pursuant to § 297 para. 2 sentence 4 and § 315 para. 1 sentence 5 of the German Commercial Code (HGB) in the section "Assurance of the legal representatives" of the annual report 2020
- the Corporate Governance Report in accordance with No. 3.10 of the German Corporate Governance Code in the section "Corporate Governance Report" of the Annual Report 2020
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined group management and management report as well as our auditor's report

The Supervisory Board is responsible for the following other information:

- the Report of the Supervisory Board in the Annual Report 2020

Our audit opinions on the consolidated financial statements and the combined group management and management report do not cover the other information and, accordingly, we do not express an opinion or any other form of conclusion on it.

In connection with our audit, we have a responsibility to read the other information and, in doing so, assess whether the other information:

- are materially inconsistent with the consolidated financial statements, the combined group management report and management report or our knowledge obtained in the audit; or
- otherwise appear to be materially misrepresented.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to § 315e Abs. 1 HGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for accounting on a going concern basis unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined group management report and management report that as a whole provides a suitable view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of the combined group management and management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the combined group management and management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the combined Group management and management report.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined group management and management report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the consolidated financial statements and with the findings of our audit, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the combined group management and management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and EU-APrVO and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and combined group management and management report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore

- Identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements is higher in the case of non-compliance than in the case of misstatements, as non-compliance may involve fraud, forgery, intentional omissions, misleading representations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of the arrangements and actions relevant to the audit of the combined group management and management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the combined group management and management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to § 315e Abs. 1 HGB.
- obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the group to express opinions on the consolidated financial statements and the combined group management and management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- we assess the consistency of the combined group management and management report with the consolidated financial statements, its compliance with the law and the understanding of the group's position given by it.
- We perform audit procedures on the forward-looking statements made by management in the group management report. On the basis of sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE IN ACCORDANCE WITH § 317 (3B) HGB

AUDIT OPINION

In accordance with § 317 (3b) HGB, we have performed a reasonable assurance engagement to obtain audit evidence about the amounts and disclosures in the attached file [391200011MR2KPMKTD13-2020-12-31. zip] (MD5 hash value: [f86bbef0964e2eefc7141b49e75003a8]) and prepared for the purpose of disclosure comply in all material respects with the requirements of § 328 (1) HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the consolidated financial statements and the combined group management and management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined group management and management report contained in the attached file referred to above and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of § 328 (1) HGB. We do not express an opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond this opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management and management report for the financial year from 1 January 2020 to 31 December 2020 contained in the preceding "Report on the audit of the consolidated financial statements and the combined group management and management report".

BASIS FOR THE AUDIT OPINION

We conducted our audit of the reproductions of the consolidated financial statements and the combined group management and management report contained in the above-mentioned attached file in accordance with § 317 (3b) of the German Commercial Code (HGB), taking into account the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to § 317 (3b) of the German Commercial Code (HGB) (IDW EPS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility thereafter is further described in the section "Auditor's responsibility for the audit of the ESEF documentation". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1).

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

Management is responsible for the preparation of the ESEF documents including the electronic reproductions of the consolidated financial statements and the combined group management report and management report in accordance with § 328 para. 1 sentence 4 no. 1 of the German Commercial Code (HGB) and for the distinction of the consolidated financial statements in accordance with § 328 para. 1 sentence 4 no. 2 of the German Commercial Code (HGB).

Furthermore, the company's management is responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of § 328 (1) HGB.

The legal representatives of the Company are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined group management and management report as well as other documents to be disclosed to the operator of the Federal Gazette.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of § 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore

- we identify and assess the risks of material non-compliance with the requirements of § 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- we obtain an understanding of internal control relevant to the audit of the ESEF in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the technical specification for that file as set out in Delegated Regulation (EU) 2019/815 as applicable at the reporting date.
- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited combined group management and management report.
- we assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering.

OTHER INFORMATION ACCORDING TO ARTICLE 10 EU-APRVO

We were elected as auditors by the Annual General Meeting on 30 September 2020. We were appointed by the Supervisory Board on 26 November 2020. We have been the auditor of Wild Bunch AG since the 2017 financial year.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Supervisory Board pursuant to Article 11 EU-APrVO (audit report).

NOTE ON THE SUPPLEMENTARY AUDIT

We issue this opinion on the consolidated financial statements, the combined group management report and management report and the ESEF documents based on our audit completed in accordance with professional standards on 30 April 2021 and our supplementary audit completed on 1 June 2021, which related to the ESEF documents now submitted.

AUDITOR IN CHARGE

The auditor responsible for the audit is Frank Pannewitz.

Berlin, 30 April 2021/ limited to the ESEF documents mentioned in the supplementary audit note: 1 June 2021

Mazars GmbH & Co KG

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft

Udo Heckeler	Frank Pannewitz
German Public Accountant	German Public Auditor

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2021

Photos

Title

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