



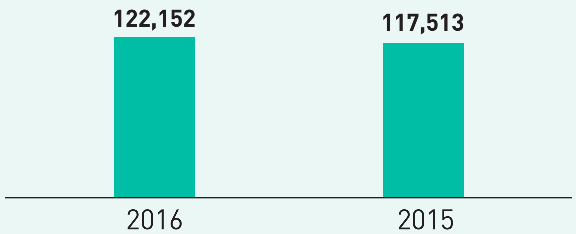


wild bunch

ANNUAL REPORT
2016

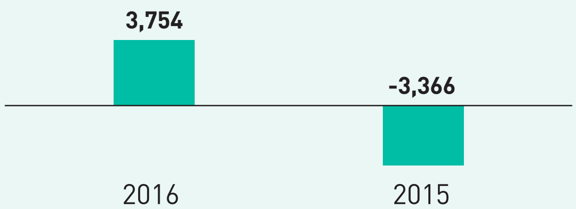
HIGHLIGHTS

REVENUES
in € thousand



GROSS PROFIT
in € thousand

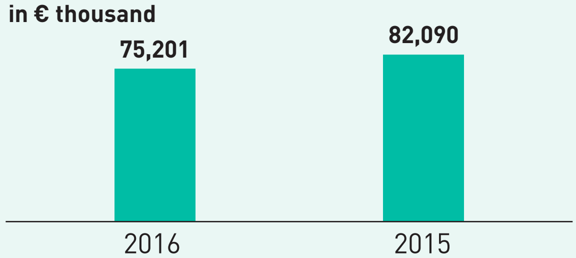
ADJUSTED EBIT
in € thousand



ADJUSTED EARNINGS PER SHARE
in €

CASH FLOW FROM OPERATING ACTIVITIES
in € thousand

NET DEBT
in € thousand



- Further optimisation of the financial structure with gross proceeds of around € 15 million and increased equity of 81.8 million from a cash capital increase.
- Successful refinancing of the 2015 bond issue by placing a new bond issue on schedule a € 16 million bond with a lower coupon to reduce the future interest charge
- Sales increased by 3.9 % to € 122 million, simultaneously gross profit margin slightly improved to 16.4 %
- Positive operating result (EBIT) of € 3.8 million reflects increased profitability of the business
- Wild Bunch AG generates positive cash flow from operating activities of T€ 37,601
- Reduction of net debt to T€ 75,201 as of December 31, 2016

CONTENTS

COMPANY PROFILE

Wild Bunch AG (hereinafter "Wild Bunch" or "The Group") was created by the merger between the German entertainment company Senator Entertainment AG (hereinafter "Senator") and the European film distribution company Wild Bunch S.A. The Group that has its headquarters in Berlin and Paris is a leading independent film distribution and production services company that is listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange.

THE BUSINESS MODEL – ACTIVE IN THE AREAS OF ACQUISITION, FILM AND TV FINANCING, CO-PRODUCTION, FILM DISTRIBUTION AND INTERNATIONAL SALES WITH A PAN-EUROPEAN DISTRIBUTION NETWORK

The Group is a leading innovative independent European film distribution and production services company that is active in the areas of acquisition, film financing, co-production, film distribution and international sales. The company offers a wide range of distribution services. As a major player in international sales via its sales labels Wild Bunch International Sales, Elle Driver and Versatile, but also in direct distribution, the company has built up a worldwide distribution network which includes direct distribution in four countries:

- France with Wild Bunch Distribution SAS and Wild Side Video SAS,
- Italy with BIM Distribuzione s.r.l.,
- Germany with Wild Bunch Germany GmbH and Central Film Verleih GmbH and
- Spain with Vértigo SRL.

With its VOD/SVOD service FilmoTV in France, Wild Bunch also positioned itself in the market of direct electronic distribution early on. Furthermore, Wild Bunch is present in the field of film production with, among others, its brand Senator Film Produktion based in Berlin.

The company continuously supplies the entertainment sector with high-quality content – be it through its long-standing expertise in identifying attractive projects, its global network for filmmakers or its expertise in international film financing. It expanded its activities last year by founding the label Wild Bunch TV. The new label focuses on the co-production and distribution of TV series for the international TV market.

Wild Bunch currently has a total library of over 2,200 movie titles and co-finances and distributes up to an additional 100 new independent films a year. Well positioned thanks to both a wealth of experience widely recognized by the movie business world-wide, as well as a broad, artistically diverse selection of the best of director-led international cinema, Wild Bunch has facilitated the successful international distribution and success of numerous films, such as THE ARTIST, BLUE IS THE WARMEST COLOR, DHEEPAN, DRIVE, FAHRENHEIT 9/11, THE GRANDMASTER, INTOUCHABLES, THE KING'S SPEECH, LITTLE NICHOLAS (LE PETIT NICOLAS), MARCH OF THE PENGUINS, PAN'S LABYRINTH, THE READER, SIN CITY, SPIRITED AWAY, TWO LOVERS, VICKY CRISTINA BARCELONA OR VICTORIA. The company is wholly committed to providing the finest in international cinema to distributors and broadcasters throughout the world.

THE MANAGEMENT – EXPERIENCED MANAGEMENT TEAM

Wild Bunch AG's business activities are managed by an experienced management team. As Chief Executive Officer (CEO), Vincent Grimond brings his many years of experience in management positions in the film industry. He has a global network in the media and entertainment sector and previously served as CEO of StudioCanal and Senior Executive Vice President of Universal Studios. Brahim Chioua is the Chief Operating Officer (COO). He has a long experience in opertational management in the media industry. He has an extensive network of influential producers and filmmakers in France and abroad. Prior to creating Wild Bunch, he was responsible for the worldwide production and distribution of films at StudioCanal. Chief Content Officer (CCO), Vincent Maraval can draw on over 25 years of experience in the acquisition and sales of feature films. He is currently considered as one of the strongest acquisition and distribution professionals worldwide. Max Sturm, is Chief Financial Officer (CFO). Max Sturm joined Senator Entertainment AG in 2013, from Constantin Medien AG where he was Managing Director of sports segment.

THE STRATEGY – TAILOR-MADE PRODUCTS FOR PROFITABLE GROWTH

Wild Bunch has set itself the goal of further expanding its position as a leading independent European film distribution and production services company. It will leverage its strong international network and even more efficient structures made possible by the new Group to further promote its activities, particularly in its core markets, and to provide global film distributors and all movie distribution vehicles, from theaters to digital on-demand services, with first class movies and TV series. Besides further penetration of existing markets, the development of new market segments is an essential element of its growth strategy. In light of the progression of digitalization and consequently the change of linear TV consumption to on-demand TV, the company sees itself as a pioneer in developing innovative solutions for production, distribution and international sales. The company actively designs this drastic paradigm shift and continuously works to accelerate the commercialization of content via digital channels. Tailor-made, attractive content and services for the entertainment sector – this is in brief the way in which Wild Bunch intends to achieve profitable growth in the years to come.


NESTALA OSOBA / MISSING
CEDRIC LEMAÎTRE
MAX COLSON
DANIËL DEHANDTSCHUTTER
JASPER VLOEMANS
CRISPIJN CASLO

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2016 has been an enlightening year.

It has definitely shown Wild Bunch resilience and ability to move forward, even when obstacles and difficulties pile up. And the outcome appears rather satisfactory.

We have made huge headway in our plan to restructure our financings.

With a dual reversal in financial trends, a 20.68 % improvement in gross profit and a 7.7 % decrease in overhead, we have confirmed the shift in profitability.

With significant operational successes, we have validated some of the key strategy choices we made and demonstrated our know-how in the complex business of content publishing.

And throughout the year, we had ample confirmation of the dedication of the whole Wild Bunch team, for which we are absolutely thankful.

After the 2015 merger, we set ourselves three main priorities:

- reshape the liability side of our balance sheet,
- create a seamless organization,
- revert the trend in profitability.

In January 2016, we finalized a € 15 million rights issue which strengthened our equity base.

In March 2016, we refinanced the existing 15 million bond with a new three-year bond, slashing interest rates by over 400 basis points.

These two operations also demonstrated the support and confidence of our shareholder Sapinda, who was instrumental in both.

We also negotiated new rights acquisition credit lines, with one international bank on the one hand, and with a pool of banks in France on the other hand, which have been finalized in the first half of 2017.

We have thus achieved the main part of our financial plan, and can claim we have met our first objective.

But it was a much longer process than expected, widely because of the delay we met in closing the initial rights issue. This global delay has generated financial tensions, which have been detrimental to the company, would it be only as these financial tasks have absorbed a great portion of management time.

In that environment, we had to postpone a substantial part of our integration plan, aimed at creating a unified, fully revamped financial organization, with new homogeneous tools.

While the integration of our German operations was a smooth and swift process, the harmonization of the financial rules and processes proved quite difficult. Despite having kept the Wild Bunch books according to IFRS standards since 2003, we had to change, for the 2015 closing, a lot of the accounting treatments previously applied to our movies. This translated into extra delay, extra costs, inability to present 2015 audited accounts to our lenders and to the market, and more management time consumed. The impact on the market was also brutal, as our share price went down to €.20.

But despite those difficulties, we succeeded in significantly improving our operational results.

A 4 % growth in revenue, a gross margin increasing by 250 basis points to 16.4 %, € 1.9 million savings in overhead and a € 11 million improvement in EBITDA are undisputable evidences of a better performance.

But probably even more important, in this demanding period, when management time was widely allocated to financial considerations, and despite an obvious lack of financial muscle, we have nonetheless initiated some of the key moves we had decided upon, and demonstrated their appropriateness and legitimacy.

The first one is our ambitious move into the segment of publishing and distribution of TV products. Our fledging Wild Bunch TV team encountered a remarkable success with its flag series Medici and fully established the credibility of the Wild Bunch brand among TV producers and buyers. Similarly, we had decided to pursue our efforts on the segment of production of local movies. Germany released two feature films it has produced, Schubert in Love and Pettersson und Findus 2, which proved financially rewarding, despite a disappointing theatrical performance for the former. This underlines the ability of local productions to improve our risk/return ratio, by capturing production margins and relevant subsidies. Wild Bunch Germany intends to build on this business model, both for feature films and TV series, as further productions and coproduction are underway for 2017. But it is the first coproduction of our Spanish subsidiary which has given us the best evidence of how judicious our production approach could be. Associated with Telecinco, a leading free TV channel, our subsidiary Vértigo produced Kiki, a spicy Spanish comedy. Directed by Paco Leon, this film reached 1 million admissions, ranking among the top five of Spanish movies for 2016.

As further evidences of the benefit of being an integrated group, let us underline that Kiki is the Spanish adaptation of an Australian movie which was acquired by our International sales team, which is furthermore now scheduled for a German remake in 2018.

Insiders, our new venture in production services and international sales, had, in 2016, its first real year of activity. Its portfolio for 2016 includes prestigious movies such as Jackie, Loving, which strongly contributed to its image. Insiders is already a success, attracting first-class projects and solid financiers, generating distribution fees with no risk taken on investments which, in any case, would not be within Wild Bunch reach at its current level of financial resources.

Selling our know-how, be it in production services, projects selection or commercialization, is a relevant component of our activity, which will significantly contribute to our financial performance by, de facto, covering a noticeable part of our overhead.

Our efforts to be atop the evolution of the market, and firmly claim for our status of "agent of change", have for sure been hindered by our lack of financial means. Still, we have been quite active in the new field of e-Cinema, and our VOD/SVOD service, FilmoTV, has installed itself deeper in the French electronic distribution landscape. Now present on all the telco distribution platforms, plus all the key OTT platforms, FilmoTV is an amazingly promising base for our development in digital commercialization. It has demonstrated its ability to be profitable and self-standing. Supplementary means will enable FilmoTV to swiftly develop its portfolio of movies, and seriously consider geographical expansion, following the international presence of our Wild Bunch distribution capabilities.

In this field of electronic distribution, we had also decided to put emphasis on our relationship with the growing SVOD services, and use our multi-domestic/multi-content characteristic to increase our revenues with them. This effort translated into an SVOD revenue in 2016 which has doubled compared with 2015, with a great combination of sales of library movies, TV series and recent feature films. This know-how in dealing with digital services, coupled with our positioning among independent producers/distributors, enables Wild Bunch to act as an AGgregator vis à vis those services, and be mandated to sell them third party content. This is yet AGain another example of how our distribution competence can be used as a source of growth opportunities.

These revenue growths, twinned with our consistent efforts to sell to pay TV and free TV, resulting in an 12.1 percent increase in TV revenue, contributed to generating a global revenue 2.4 % higher than in 2015, despite disappointing performances in theatrical releases, in Germany, but even more so in France.

This market remains demanding, theatrical releases remains volatile, and we had more than our share of disappointments. From History of love, which we distributed in France and sold internationally, to Les Naufragés, we had significant blows, which have weighted on our 2016 financial performance.

With a gross margin at 16.4 %, 250 basis points above 2015, and a consolidated EBIT at € 3.8 million which shows a remarkable improvement over 2015 (plus € 6.6 million), our 2016 results are nevertheless consistent with our commitments and expectations.

Last, but very far from being least, Wild Bunch in 2016 also confirmed its second to none ability to identify talents and projects which encounter critical acclaim, and enjoy commercial success.

I, Daniel Blake, won the Cesar of Best Foreign Film and the Palme d'Or in Cannes, while Graduation, the Cristian Mungiu movie, won the best director award. The Red Turtle was nominated for the Oscars in the animation category, enjoyed international success, and received the Special Prize at Un Certain Regard in Cannes. The 4 Oscars and 3 Golden Globes movie Spotlight, acquired by BIM in Italy, reached over 4 million € at box-office and is the 4th best performance for an independent foreign movie in Italy.

This demonstrates that, despite all the hurdles we faced, we remain a first level player in the field of independent movies.

But we know that we must pursue our efforts towards a more balanced portfolio of programs and offerings, and an even more efficient distribution structure, thus shaping the less volatile profitable growth we aim for.

Reviewing our acquisition strategy for mainstream feature films, putting even more emphasis on production, to control some of the programs we distribute and integrate margins, will enable us to improve the risk/return ratio on traditional movies.

Expanding our Wild Bunch TV business, creating, in that field too, links with producers, will also strongly contribute to a well-balanced portfolio of activities.

Such a strong and diversified supply of quality programs, hopefully enhanced by an access to more libraries for commercialization, either through acquisition or distribution deals, will enhance Wild Bunch position as a key European player in the field.

We are twinning that approach with a permanent willingness to lower our break even and increase our efficiency. We shall maintain our cost reduction efforts, and keep on improving our tools and organization.

But our growth strategy, our ability to build up such a player, will also widely depend on accessing appropriate financial resources.

We have operated throughout 2016 with limited purchase power, which will take its toll on the current year and on the rhythm at which we shall progress. With less purchase power, both for movies and TV series acquisition, as well as for external growth, 2017 should be a transition year, significantly depending on the performance of our theatrical releases.

To grow more rapidly, take advantage of the opportunities generated by the permanent changes in the business, and impose itself as one of the key independent players in the European filmed entertainment sector, for feature films, TV series and all other formats of "moving pictures with stories in them", Wild Bunch must increase its financial means, leveraging both on equity and debt.

With a talented team, its second to none access to talents and projects, its unique multi-territory and multi-program presence and its clear view of the path to follow, Wild Bunch has incredible assets on which it can build such a leading group.

You can rest assured the Management is fully dedicated to making this happen.

The Management Board

REPORT OF THE SUPERVISORY BOARD

In the following, the supervisory board reports on its activities in the 2016 fiscal year, including the nature and extent of its activities to monitor the Company's management, discussions within the supervisory board, compliance with the provisions of the German Corporate Governance Code (DCGK), the audit of the financial statements of Wild Bunch AG and the Group.

The supervisory board consists of a sufficient number of independent members in line with the recommendations of the DCGK.

COLLABORATION BETWEEN THE SUPERVISORY BOARD AND MANAGEMENT

In 2016, the supervisory board performed its functions and met its obligations in accordance with the law and the Company's articles of incorporation and bylaws. It continuously monitored the management of the Company, and provided regular support to the management at its strategic direction of the Company in an advisory capacity.

The supervisory board received regular, prompt and comprehensive reports (both written and verbal) from the management. These reports contained all relevant information on the progress of business and the situation of the Group, including the risk situation and risk management. Discrepancies between the actual course of business and the ratified plans were presented, explained and discussed. The management coordinated the Group's strategic direction with the supervisory board and consulted with it on all of the Company's important business transactions – in particular the further integration of the Group's operational entities, the further strategic focus, questions of the initial group consolidation as well as the future funding of the Group. The supervisory board was consulted on all decisions of fundamental importance to the Company.

The management also reported to the supervisory board on the most important financial performance indicators, and submitted business transactions requiring the supervisory board's approval or that were particularly important to the supervisory board in good time for resolution. The management also reported in detail to the supervisory board between meetings on special intentions and projects that were urgently necessary for the Company, and the supervisory board issued a written opinion if required to do so. The chairman of the supervisory board also received regular reports on the current state of business and important transactions at the Company outside the meetings of the supervisory board.

In addition to the activities described separately in this report, the supervisory board performed its monitoring function by receiving and discussing reports from the management, employees and external auditors.

MEETINGS OF THE SUPERVISORY BOARD

The supervisory board was convened seven times in 2016. The participation rate of its members in the meetings of the supervisory board was 86%.

COMMITTEES

The supervisory board has established the following two committees in order to facilitate the efficient performance of its duties: audit committee and investment committee. The audit and accounting committee convened due to the complexity of the annual statements five times in 2016. The investment committee did not convene.

DISCUSSIONS WITHIN THE SUPERVISORY BOARD

Subject of regular reports from the management and discussions at meetings of the supervisory board and its committees were the performance of the Group's and Company's revenue and earnings, the situation with respect to finance and liquidity, the strategic evolution of the business model and the Group's strategic focus. In the further course of the year, the supervisory board primarily discussed the ongoing preservation of liquidity, investor search, the implementation of restructuring measures and questions associated with these issues as well as the Group's liquidity situation.

The advice provided to the management by the supervisory board also centered around the operational integration of the French, Italian and Spanish business entities, in particular the initial consolidation thereof and its reflection in the annual accounts for the 2015 fiscal, the company's global financing, in particular by issuing a corporate bond with a 3-year term (until 2019) to roll-over a mature bond and by implementation of a tranche capital increase which the supervisory already resolved on in 2015 fiscal from authorized capital in the amount of 10% of the share capital and managements ongoing consultations regards bank financing and investor search.

In addition to the topics already mentioned, the following subjects of discussion at the meetings of the supervisory board deserve particular mention:

1. Advice to the Management regards to the preparation and presentation of the 2015 financial statements, as well as the necessary documentation to the underlying audit items
2. Advice to the Management on strategic investments, in particular also with regard to the financing options for acquisitions;
3. Advice to the Management on the reorganisation of the German entities (in particular regards the future role of Wild Bunch Germany).
4. Advice to the management on the intercompany financing, in particular to finance the businesses of Wild Bunch S.A. and the parent Wild Bunch AG.

RESOLUTIONS OF THE SUPERVISORY BOARD

In the course of its meetings, the supervisory board passed resolutions regards the adoption of the management budget and cashflow for the 2016 fiscal year, adopted motions to amend the rules of procedure of the supervisory board, to approve an intercompany loan to Wild Bunch S.A. in the amount of EUR 10 million and on the issuance of corporate bonds of up to EUR 50 million.

Outside of its meetings, the Supervisory Board has adopted further resolutions, inter alia regards the merger of French companies to streamline the administrative structure, to acquire and/or to divest participations in holdings and to complete comprehensive group financing.

CORPORATE GOVERNANCE

In its meetings, the supervisory board repeatedly addressed issues of corporate governance in the Company. The management and the supervisory board agreed to update the declaration of compliance with the German Corporate Governance Code, and issued the joint declaration of compliance pursuant to Sec. 161 AktG in April 2017. The declaration is permanently available to the public on Wild Bunch AG's Internet page, together with earlier versions of the document. In it, the management and supervisory board declare that the recommendations of the German Corporate Governance Code as of 5 May 2015 have been complied with and will continue to be, with the exceptions referred to in the compliance statement. The management and supervisory board comment on corporate governance in the corporate governance report separately.

COMMENTS PURSUANT TO THE GERMAN ÜBERNAHMERICHTLINIENGESETZ

The supervisory board has examined the information provided in the management report of Wild Bunch AG and the group management report in accordance with Secs. 289 (4) and 315 (4) HGB ("Handelsgesetzbuch"; German Commercial Code), as well as the management's comments in this respect. Please refer to the pertinent comments in the (group) management report. The supervisory board has examined and adopted the information and comments in question and considers them to be complete.

COMPOSITION OF THE SUPERVISORY BOARD

The composition of the supervisory board remained unchanged as against the composition of the supervisory board since 30 June 2015.

COMPOSITION OF THE MANAGEMENT

In the 2016 fiscal year, the management consisted of Vincent Grimond, Brahim Chioua Vincent Maraval and Max Sturm. Vincent Grimond serves as Chairman of the management.

AUDIT OF THE FINANCIAL STATEMENTS OF WILD BUNCH AG AND THE GROUP AS OF 31 DECEMBER 2016

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin were approved as auditors of the consolidated financial statements for the fiscal year from 1 January 2016 to 31 December 2016 as auditors and as auditors for the potential review of interim financial reports prepared before a 2017 AGM by ruling of the local court of Berlin-Charlottenburg on February 6, 2017, pursuant to the application of § 318 (4) sentence 1 German Commercial Code (HGB) i.V.m. Section 37 W para. 5 sentence 2 German Securities Trading Act (WpHG) The subject of the audit activities were the financial statements of Wild Bunch AG and management report for fiscal year 2016, which were submitted by the management and prepared in accordance with the provisions of HGB, and the financial statements and group management report for 2016, which were prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) as well as the provisions of commercial law to be applied in accordance with Sec. 315a (1) HGB. An unqualified audit opinion was issued for the annual financial statements of Wild Bunch AG. The audit opinion for consolidated financial statements was qualified.

The annual financial statements of Wild Bunch AG and the combined management report, as well as the consolidated financial statements for 2016 fiscal year, were submitted to all members of the supervisory board. They were the subject of the meeting of the supervisory board held on 25 April 2017, which was also attended by representatives of the auditors who were on hand to answer questions, and of another meeting hold on 29 September 2017.

The supervisory board acknowledged the result of the audit with approval. According to the conclusive findings of its own review, there were no objections to be raised. The supervisory board approved the financial statements, management report, consolidated financial statements and group management report prepared by the management. This means that the financial statements for 2016 fiscal year have been ratified.

After the 2015 financial year was characterized by a fresh start of the merged group, the economic valuation of the new start in financial year 2016 came to the fore, in particular in connection with the preparation of the financial statements for the year 2015 and the associated initial consolidation. At the company level, the fiscal year 2016 was marked mainly by changes being financial and structural in nature while the focus at the shareholder level was on the completion of a cash capital increase in the amount of 10% of the company's share capital from authorized capital whereby an amount of 8.22% relates to the 2016 fiscal. The realignment of the Company as a result of the now completed merger with the much larger French company Wild Bunch S.A., and the associated expansion of the management, mark a completely new chapter in the Company's history.

At the operational level, the company's earnings have stabilized in the fiscal year 2016 amid lower sales, but continue to undergo among other things the impacts of the volatility of the distribution business, product choices from the past and related value adjustments with regards to film libraries as well as lower purchase prices for TV products. The result is also characterized by the one-off items, particularly as a result of the merger costs. The basis of the merged Company's business will be completely different in the years ahead as a pan-European player.

REVIEW OF THE MANAGEMENT'S REPORT ON RELATIONSHIPS WITH AFFILIATES (DEPENDENCY REPORT)

As a result of a shareholder participation of SWB Entertainment Investment BV, Schipol, Netherlands of more than 45.6% during a limited period in the reporting year, Wild Bunch AG is regarded as being a single shareholder-dependent company. A controlling and profit and loss transfer agreement with SWB Entertainment Investment B.V. or further subsidiaries of the Sapinda Group do not exist.

Accordingly, the Management of Wild Bunch AG has pursuant to section 312 AktG prepared a report on the relationship with affiliated companies for the period of dependency in 2016 fiscal year (dependency report). As far as the dependency report extends beyond the period of actual control, the dependency report is merely optional. The Management submitted the dependency report to the supervisory board in due time.

The company's auditor assessed the specifications of the dependency report and issued the following approval:

"According to the final result of our audit, we do not raise any objections to the dependency report. We hereby issue the following acknowledgment:

Pursuant to our audit and assessment, we confirm that

1. the specifications of the report are correct,
2. the legal transactions presented in the report do not reflect that the consideration of the company was not unreasonably high or disadvantages had been compensated,
3. No circumstances indicate an assessment being materially different from that of the Management regards the measures presented in the report.

Berlin, 29 September 2017

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Kausch-Blecken von Schmeling

Wirtschaftsprüfer

The auditor reported to the supervisory board. The dependency report and the audit report were submitted to all supervisory board members in due time. At their meeting of 29 September 2017, the supervisory board discussed the dependency report in detail with the Management. The auditor also attended the meeting and reported on its audit and the key findings of its audit. The members of the supervisory board came to the conclusion that the audit report meets the legal requirements.

In the course of its own assessment, the supervisory board, no indications for inaccuracy or incompleteness or other objections appeared. The supervisory board thus approved the results of the audit of the interim report by the auditor.

As a result of the supervisory board's own review of the dependency report, no objections are raised to the Management statement on the dependency report.

The supervisory board would like to thank the management, managers and employees for their high levels of motivation and their tremendous individual contributions.

The supervisory board

Berlin, 29 September 2017

Wolf-Dieter Gramatke

Chairman

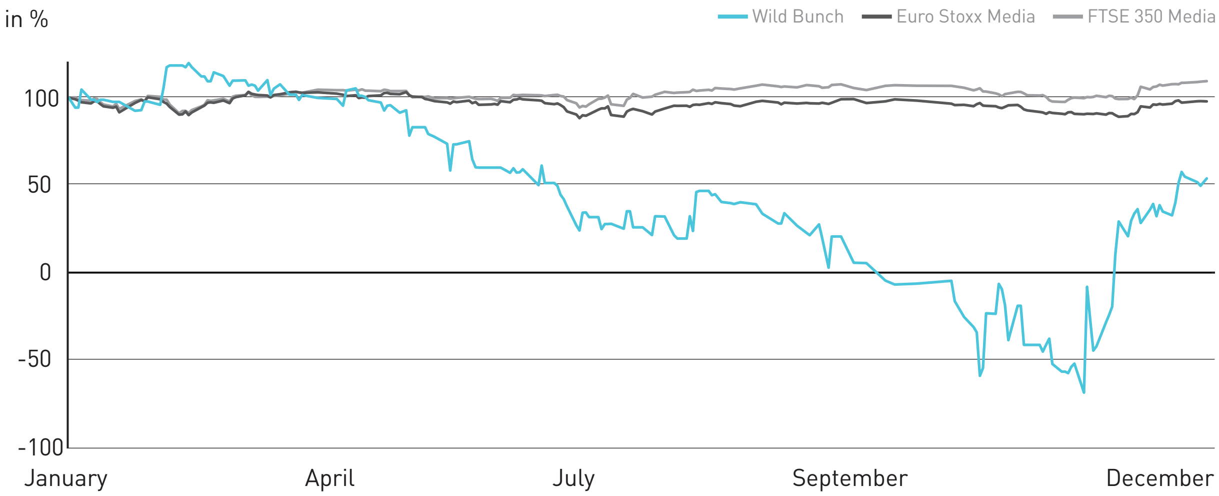
SHARE PRICE PERFORMANCE

The shares of Wild Bunch AG (Senator Entertainment AG until 7 July 2015) have been listed in the Regulated Market ("General Standard") of the Frankfurt Stock Exchange since 25 February 2008. The share of Wild Bunch AG entered fiscal year 2016 on 4 January 2016, at a stock market closing price of € 1.63. Following its highest closing price of € 1.95 on 11 February 2016, the share of Wild Bunch experienced a continuous downtrend in course of the year 2016. Its lowest price in the period under review of € 0.19 was recorded on 21 November 2016. On 30 December 2016, the last trading day of the reporting period, the share price was € 0.50, resulting in market capitalization of € 40.9 million.

KEY DATA

German Securities Code	A13SXB
ISIN	DE000A13SXB0
Ticker symbol	WBAG
Trading segment	Regulated Market (General Standard)
Type of shares	No-par value ordinary bearer shares
Share capital (30 December 2016)	€ 81,763,015
Initial listing	25 February 2008
Market capitalization (30 December 2016)	€ 40.9 million

PERFORMANCE (1 JANUARY – 30 DECEMBER 2016)



CAPITAL MEASURES

Following the financial restructuring plan Wild Bunch AG successfully implemented two important expected capital measures in the financial year 2016.

€ 15.4 MILLION CASH CAPITAL INCREASE

As a result of a cash capital increase of 7,433,000 new shares with a proportionate amount in the share capital of € 1.00 that were issued in three tranches at an issue price of € 2.05 per share, the company generated total gross proceeds of approximately € 15.4 million. The Management Board thus exhausted, with but one share remaining, the option granted by the Annual General Meeting to utilise the approved capital for 2015/I by cash capital increase with the exclusion of subscription rights to the extent of 10 percent of the equity capital. The share capital now amounts to € 81,763,015. The proceeds are intended to strengthen the company's financing structure, to repay liabilities and to further implement the company's growth plans. The new shares are entitled to dividends as of 1 January 2015 and were included in the General Standard of the Frankfurt Stock Exchange for trading in the existing listing in the regulated market segment (ISIN DE000A13SXB0/WKN A13SXB).

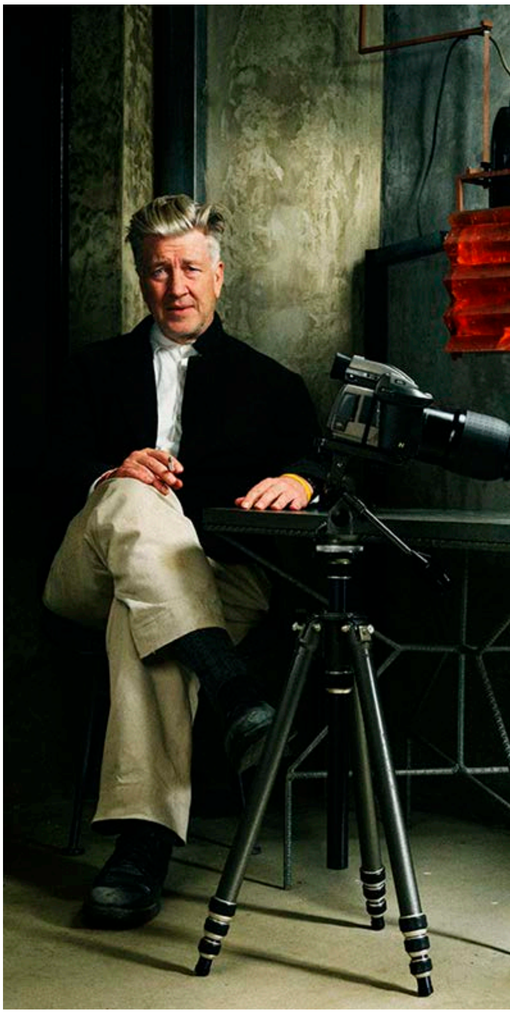
REFINANCING OF THE 2015 BOND

On 24 March 2016, Wild Bunch AG successfully placed a bond offered as part of a private placement. Institutional investors subscribed to bonds with a maturity of 36 months totaling € 16 million. The proceeds are primarily used to refinance the 2015 bond.

INVESTOR RELATIONS

Wild Bunch AG attaches great importance to communicating with investors, analysts and financial journalists, and maintained a continuous exchange of information with its share- and stakeholders through the first half of 2016. In addition to its listing in the General Standard of the Frankfurt Stock Exchange and its related legal obligations, Wild Bunch AG also strives to maintain a continuous exchange with the capital market.




GENERAL INFORMATION ABOUT THE GROUP

MANAGEMENT REPORT FOR THE GROUP FOR FISCAL YEAR 2016

This is a management report for Wild Bunch Group (also referred to as “Wild Bunch” or the “Group”). The comments made below about the Group’s business development as well as its results of operations, net assets and financial position are based on the consolidated financial statements prepared on the basis of International Financial Reporting Standards (IFRSs), as applicable in the EU.

Totals and percentages are calculated on the basis of non-rounded euro amounts, and can differ from a calculation based on amounts reported in thousands or millions of euros.

The comments mainly relate to the Group as of the reporting date of December 31, 2016. Additional explanations are provided for recent developments at various points in order to provide a better understanding of the underlying issues. All significant changes that took place within the Group after the reporting date are also detailed in the report on subsequent events.

All figures refer to the full year 2016. The previous year, the figures of the original Senator companies were only taken into consideration for a period of 11 months due to the merger of the former Senator Entertainment AG with Wild Bunch S.A. on 1 February 2015. This has no significant impact on comparability, however.

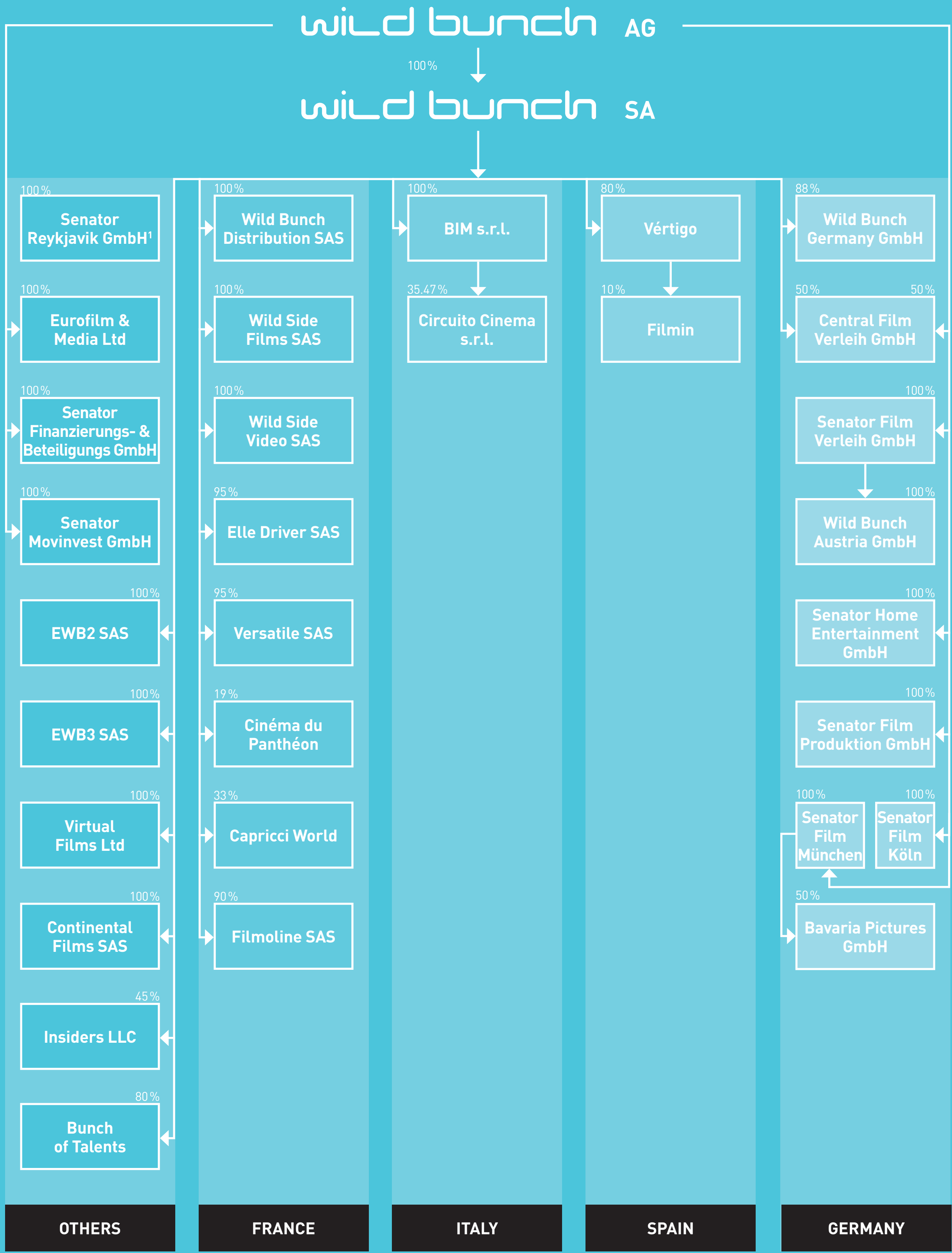
1. GENERAL INFORMATION ABOUT THE GROUP

The structure of Wild Bunch and individual operating segments are described in detail on the following pages.

1.1 STRUCTURE OF THE GROUP AND ITS SEGMENTS

The Group is primarily active in the two segments: “International Sales and Distribution and Film Productions” and “Others.” As the Group parent company, Wild Bunch AG acts as a holding company and is responsible for management, financial management, corporate legal, communication and IT services.

The Group structure as of December 31, 2016, is as follows:



[1] Senator Reykjavik GmbH is a 100 %-subsidiary of Senator Film Produktion GmbH

1.2 BUSINESS MODEL

Wild Bunch is a major independent pan-European film distribution and production services company active in direct distribution in France, Italy, Germany, Spain and Austria; in international sales; in financial coproduction and electronic distribution of movies and TV series. The Group activities cover the whole value chain of distribution, from international sales to theatrical and digital distribution (TV, home entertainment, VOD/SVOD etc.). Characterized by its diverse editorial policy, the company offers a constantly renewed and always innovative slate of films from all over the world by investing in European local movies and in US and international independent movies. Thanks to its international sales activities through the labels Wild Bunch, Elle Driver, Versatile and Insiders, the company is wholly committed to providing international cinema content to distributors and broadcasters throughout the world. Wild Bunch appears to be different, merging the indispensable classical know-how of dealing with talents and generating valuable content with a radically new approach to the market and to the means and ways of maximizing the commercial value of such content. This means aligning the business to accommodate alternative distribution channels AGainst the backdrop of digitization, as well as focusing on the production and marketing of high-quality content in the film and entertainment market.

The company has developed a pan-European distribution network and is currently operating as a direct distribution company in 5 countries: in France with Wild Bunch Distribution SAS and Wild Side Video SAS, in Italy with BIM Distribuzione s.r.l. (hereinafter referred to as "BIM"), in Germany with Wild Bunch Germany GmbH (hereinafter referred to as "Wild Bunch Germany") and Central Film Verleih GmbH, in Spain with Vértigo films SL (hereinafter referred to as "Vértigo") and in Austria with Wild Bunch Austria GmbH.

As part of its strategy, Wild Bunch is driving its geographical and thematic expansion further ahead –particularly by founding the label Wild Bunch TV in September 2015 to promote the coproduction, financing and international distribution of TV series.

Wild Bunch currently has a total library of over 2,200 films and TV series from different genres and distributes up to an additional 100 new independent films per year. The size and quality of its movie library make Wild Bunch an important partner for buyers worldwide, from TV channels to digital platforms.

Wild Bunch has developed alternative approaches of commercialization, widely founded on new electronic distribution vehicles and on a reshaping of sequencing of commercial windows.

Thus, the company has positioned itself on the market of direct electronic distribution via its French VOD/SVOD service, FilmoTV.

Furthermore, Wild Bunch decided to launch the first e-Cinema activities in Europe by offering an alternative distribution means to « event movies » with the objective of enlarging their audience and their economic viability.

Conscious of the growth of VOD contribution throughout the world and of the lack of screen availability in theaters, Wild Bunch proposes these movies, either directly to the different VOD services, or, when allowed by law, simultaneously in VOD and on a limited number of screens.

Besides the further penetration of existing markets, the development of new market segments and innovative solutions for production, sales and distribution, as well as geographical expansion, are thus an essential part of the company's strategy.

1.3 EMPLOYEES

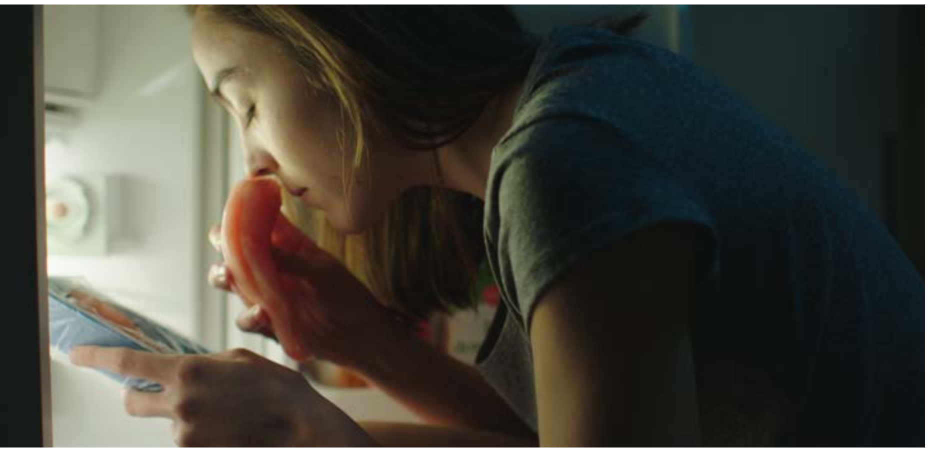
In fiscal year 2016, the Group employed 160 employees on average. This represents a 9.6 % decrease compared to the average number of people employed during the previous year (2015: 177). This illustrates the efforts made by the Group to significantly decrease its overhead over time.

1.4 RESEARCH AND DEVELOPMENT

Wild Bunch AG does not engage in research and development activities in the strict sense. Accordingly, there is no expenditure attributable to research and development.

1.5 MANAGEMENT SYSTEM

The management has designed the internal management system and defined suitable control parameters along the Group's strategy. Important elements of the internal management and controlling system is the regular collection and maintenance of data by the financial controlling as well as the reporting to the management and the supervisory board. The center of the analyzes and reporting shall especially be performance indicators as set out in section 2.2. These analyzes are particularly based on the accounting-related internal controlling and risk management system (see section 5), with a focus on detailed risk assessment and monitoring at the acquisition and exploitation of films. In the financial year, the management commenced with the integration of the accounting processes within the merged group. This is to be completed in 2017.



BUSINESS REPORT

2.1 MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

2.1.1 BUSINESS ENVIRONMENT

The operating activities of Wild Bunch Group focus largely on France, Germany/Austria, Italy and Spain. Therefore, the economic trends in these regions are important to the Group. The Group is also active on the international markets through its international sales activities or through its movie purchases in foreign markets, such as the US.

According to the Institute for World Economy (IfW) in Kiel, Germany, global production increased by 3.1 % in 2016. The global economy is expected to grow by 3.5 % in 2017, while the IfW expects growth of 3.6 % in 2018.

According to Eurostat, the statistical office of the European Union (EU), the gross domestic product (GDP) in the euro zone rose by 1.7 %. For the coming two years, the IfW expects moderate growth, with growth rates of 1.7 % each, even if unresolved structural problems such as the rejected constitutional reform in Italy, the high public debt burden and the crisis in the banking sector curb the economic outlook.

The French economy recorded a significant uptrend at the end of 2016. According to data from the INSEE statistical office, the economy grew by 0.4 % in the fourth quarter compared to the previous quarter. Overall, the second-largest economy in the euro zone increased gross domestic product (GDP) by 1.1 % in 2016. The IfW expects growth of 1.3 % for 2017 and an increase of 1.4 % for 2018.

The German economy also grew strongly at the end of 2016 and started the year 2017 with tailwind. This growth trend is expected to continue. The IfW economists expect 1.9 % growth in gross domestic product (GDP) in 2016, 2 % for 2017 and AGain 2 % for 2018.

According to the Italian statistical office ISTAT, Italy's economy grew by a total of 0.9 % in 2016. However, the chances of overcoming the country's long-term weakness in growth have worsened with the failed constitutional reform and the formation of a transitional government. The IfW forecasts economic growth of 0.9 % for 2017 and growth of 0.9 % for 2018.

Spain recorded strong economic growth in fiscal year 2016. For the year 2016, the economists at the IfW expect the economy to grow by 3.3 %. However, given the persistently high unemployment rate and the lack of structural reforms, growth in 2017 is expected to be only 2.6 % and 2.0 % in 2018, respectively.

The exchange rate between the US dollar and the euro, which can have a significant impact on Wild Bunch's activities, was quite stable. The value of the euro AGainst the US dollar decreased slightly over the course of 2016. While the exchange rate in January 2016 was still at € 0.92/US$, the exchange rate stood at € 0.95/US$ at the end of 2016.

Wild Bunch is also sensitive to the evolution of interest rates. In March 2016, the European Central Bank (ECB) lowered the benchmark interest rate to zero percent. With the record low rate, the ECB intends to promote further economic recovery in the euro zone. After the ECB had reduced the deposit rate to minus 0.3 %, the deposit rate was changed to minus 0.4 % in March 2016 in order to stimulate banks' lending business. After the US central bank Federal Reserve (Fed) raised the key interest rate by 0.25 percentage points on December 14, 2016, the Fed raised the key interest rate by another 0.25 percentage points in mid-March 2017. This is now within the range of 0.75 and 1.0 %.

2.1.2 SECTOR-SPECIFIC ENVIRONMENT

2016 was marked by some major trends:

- A strong increase in demand of quality content
- The rapid growth of digitization of the industry
- The internationalization of the business

In 2016, telecommunications companies, in particular, have shown more and more appetite for content as it becomes a differentiator in their offers. Beyond creating strong demand for products like Wild Bunch's, this leads to consolidation movements in the market: Time Warner (including Warner Bros, Turner and HBO) was acquired by the telecommunications company AT&T, NBC Universal purchased DreamWorks, Lionsgate acquired Starz and 20th Century Fox acquired the pay-TV- broadcaster Sky. French Telcos like Altice and Bouygues Telecom along with the new Studio TF1 are also concentrating on the production and marketing of content.

Wild Bunch was created with the conviction that the filmed entertainment industry was on the eve of major changes. In view of increasing digitization and related changes in the filmed entertainment industry, the development, production, financing, marketing and distribution of filmed entertainment is changing. Several market indicators reflect this trend: according to PwC Media & Entertainment Outlook 2016-2020 ("PwC Media Outlook 2016") SVOD (subscription video-on-demand) is one of the fastest growing market segments. According to the PwC Media Outlook, VOD (video-on-demand) is gradually replacing the DVD in countries protected by copyright violations.

In addition, the filmed entertainment industry is characterized by increasing digitization. This leads to constantly new and varied content offers and new ways of consumption, which, in turn, create new players such as multi-channel networks or SVOD (Subscription Video on Demand) services such as Amazon or Netflix that are becoming increasingly present in Wild Bunch's core markets.

The internationalization of the film business proved to be another market trend, being pushed forward especially by the investment of Chinese companies in well-known players from the US and Europe. The Chinese Dalian Wanda Group, owner of the US-based cinema operator AMC Entertainment, expanded further its network by acquiring the American company Carmike Cinema and the European cinema company UCI, thus becoming the largest cinema chain in the world. As another illustration, Alibaba acquired a minority stake in Amblin Partners, while Tang Media Partner became the majority shareholder of IM Global.

Thanks to its renowned film library with high quality content, its relationship with talents worldwide and its international sales and distribution network, Wild Bunch considers itself well-positioned to benefit from these evolutions. Wild Bunch is also benefiting from its long-time business relationship in China, as evidenced by the distribution of more than 20 Chinese films so far throughout its territories, or by the creation of the China Europe Film Fund (CEFF), which was founded in November 2015 together with China Film and TV Capital (CFATC) and which aims at co-productions and investments in motion pictures with appeal to both the Chinese and European audiences.

2.1.2.1. THEATRICAL DISTRIBUTION

According to estimates by the European Audiovisual Observatory, the number of moviegoers in the European Union increased by 1.6 % in 2016 to 991 million admissions (previous year: 978 million admissions). In 19 of the 24 EU countries covered, the number of moviegoers increased. Also in Wild Bunch's core markets, the uptrend of the previous year continued. Only in Germany did the number of moviegoers decline. According to the 2016 cinema update from UNIC, the umbrella organization for cinema operators in Europe, local film productions could maintain their market share in Wild Bunch's core markets despite the strong competition.

FRANCE

According to the Centre National du Cinéma et de l'Image Animée (CNC) in Paris, 212.71 million ticket sales were registered in 2016, about 3.6 % more than in 2015 (previous year: 206.6 million). France thus has the highest audience response in Europe according to the institute. Last year, productions from the US recorded the biggest response in theaters. In the reporting period, the share of US productions in the French market rose slightly to 52.6 % (previous year: 52.0 %). French films, on the other hand, accounted for 35.3 % of the tickets sold compared to 35.5 % in the previous year with a 3.1 % increase in admissions to 75.2 million in 2016. Revenues at the box office which stood at € 1.3 billion in 2015 grew by 4.2 % to € 1.4 billion in 2016, according to CNC.

GERMANY

Following a record year 2015, the revenues generated in German cinemas were AGain above the one-billion-euro mark according to information provided by the Federal Film Board (FFA) at € 1.0 billion (previous year: € 1.1 billion). According to the FFA, cinemas in Germany recorded a total of 121.1 million admissions in 2016, meaning that 18.1 million (13.0 %) fewer visitors bought tickets than in the previous year (previous year: 139 million). German productions attracted 27.7 million visitors to cinemas, achieving a market share of 22.7 % (previous year: 37.1 %). The most successful films of 2016 were ZOOTOPIA, PETS and FINDING DORY, three American animation films, each with about 3.8 million admissions. The most successful German film was WILLKOMMEN BEI DEN HARTMANNS with 3.1 million visitors. In total, 610 new feature films were released last year in German cinemas (previous year: 600).

ITALY

In Italy, according to UNIC, cinemas admissions increased with 105.4 million tickets sold (previous year: 99.4 million). Box offices in Italy reached € 661.8 million compared with € 662 million in 2015.

SPAIN

The upward trend in Spanish cinemas continued in 2016. After 94.2 million visitors in 2015, the number of tickets sold increased by 7.2 % to 101 million during the period under review according to UNIC. According to European Audiovisual Observatory, revenues in 2016 amounted to € 605.5 million (2015: € 571.6 million).

2.1.2.2 ELECTRONIC DISTRIBUTION AND HOME ENTERTAINMENT

The dissemination of on demand services such as Netflix, Amazon and GooglePlay is boosting revenue growth in the digital video market. IHS Markit expects an increase in the European SVOD market from € 3 billion in 2016 to € 5.2 billion in 2020 and an increase of 50 % in 2016 compared to the previous year. In addition, the data provider expects that the decrease in DVD sales will drive SVOD on the top of the revenue contributors of the Home Entertainment Market. The established VOD / SVOD platforms represent an important target audience for the distribution of Wild Bunch.

According to a report by ARD Börse, Netflix is one of the fastest growing SVOD services. The fast-growing company is now active in 190 countries around the world, including in Wild Bunch's core European markets. One main competitor to Netflix is Amazon with its streaming service Amazon Prime Instant Video, which is also available in all Wild Bunch's core markets.

FRANCE

According to GFK and CNC, revenues of € 940 million were generated in the French video market in 2016 compared to € 1.02 billion in the previous year. In the VOD/SVOD segment, growth continued with a 9.6% increase in revenues to € 344 million (previous year: € 323 million). Nevertheless, revenue growth in the digital video market did not compensate for the decreasing revenue from DVD and Blu-ray sales. After revenues of DVD and Blu-ray sales of € 680 million in the previous year, revenues in 2016 fell by 15.8% to € 596 million.

GERMANY

The German video market showed stable development in 2016 with revenue of € 1.7 billion, which was only 3% below the previous year's result (2015: € 1.61 billion) according to information from GfK Panel Services Deutschland. While DVD and Blu-ray revenues decreased by 14% to € 1.2 billion (previous year: € 1.25 billion), the digital video market has grown significantly. The main characteristic of the German market in 2016 was the explosion of SVOD revenue with an increase of 43% to € 326 million (previous year: € 228 million). Electronic distribution captured roughly 31% of the total market revenue.

Netflix, Amazon and Maxdome dominate the market in Germany. With the series DARK, Netflix has announced the first German production for 2017. Overall, the electronic distribution and home entertainment market in Germany remains one of the strongest in Europe in terms of revenue.

ITALY

According to the Univideo 2016 Report, total revenues from the Italian video market in 2015 amounted to € 368 million compared to € 350 million the previous year. Thus, the digital video market confirmed its growth trend in 2015, achieving revenues of € 36 million (2014: € 25 million). The digital video market in Italy is to be expanded by the market entry of the video provider Netflix, which has been operating in Italy since October 2015. In addition, the Italian government plans to promote the expansion of broadband technology in the coming years. For 2016, IHS Markit expects the SVOD segment to grow by 112% to € 94.7 million in the Italian video market.

SPAIN

The development in the Spanish video market is characterized by falling demand in the physical video market and the growing response to digital video services. Electronic distribution is thus gaining momentum through the distribution of Netflix (SVOD) and MovieStarTV (VOD/SVOD). According to IHS Markit, the SVOD segment will grow by 124% to € 59.8 million in 2016. At the same time, the sales in the physical video market in Spain have declined. According to GfK, the Spanish video market (DVD and Blu-ray) with revenues of € 84 million declined by 20.8% compared to € 106 million in the previous year.

2.1.2.3 TV

In 2016, the European TV market showed a great adaptation to the new digitized environment: more and more households subscribe exclusively to SVOD more attracted by the "do it yourself" than by linear services, according to the analysis of Ampere Analysis, TV broadcasters target their offers to the various supports (mobile, tablet, TV, etc.) and observing habits of viewers such as so-called binge watching. Thus, the European pay-TV market faces increasingly new competitors who offer SVOD services, such as Netflix and Amazon. However, TV channels remain big contributors to the movie industry and the pay-TV market continues to be strong.

According to the “Digital TV Western Europe Forecasts” report, pay-TV penetration is expected to grow from 56.8% at the end of 2015 to 59.5% in 2021 and the number of pay-TV subscribers will climb from 97.4 million in 2015 by 6.9 million to 104.3 million in 2021.

According to Médiamétrie, in the French TV market, historical channels spent € 120 million on the purchase of 111 new French and European films in 2016 (previous year: € 122 million; 111 films). While the market share of former terrestrial channels fell by 2.5 points to 60.5% in 2016 (previous year: 63.0%), the viewing audience figures of the TNT Channels (DVB-T) remained constant with a market share of 21.2% in 2015 and 2016. Despite the decline in the number of subscribers to 5.25 million (previous year: 5.75 subscribers), Canal+ remains the main financier of new French and European movies with investments of € 200 million, as reported in Les Echos. Although the TV channel’s investment fell, the number of films it purchased still increased to 107 (previous year: 101). Pay-TV providers remain strong players and key customers of Wild Bunch.

According to the Association of Commercial Broadcasters and Audiovisual Services (VPRT), the dual system in Germany generated around € 15.3 billion in revenue (previous year: € 15.2 billion) in 2015. VPRT estimates that total revenues in public broadcasting amounted to some € 5.6 billion (previous year: € 5.9 million) of which about € 4.9 billion (previous year: € 5.1 billion) was generated from television fees, about € 0.3 billion (previous year: € 0.3 billion) from TV advertising and an estimated € 0.5 billion (previous year: € 0.5 billion) from other public TV revenues. In addition, the pay-TV market in Germany generated some € 2.3 billion in 2016, which corresponds to a year-on-year increase of 6% or an increase of € 132 million according to estimates by the VPRT. TV advertising thus generated revenues of € 4.5 billion in the German TV market, including public and private vendors.

In Germany, the dissemination of pay-TV continues with 105 pay-TV channels in 2015 (2015: 86 pay-TV channels), further growth is expected for 2016. In the pay-TV sector, VPRT estimates the number of pay-TV subscribers in the German-speaking region (DACH region) in 2016 to be 8.7 million subscribers (previous year: 7.7 million subscribers), of which nearly 90% or 7.8 million subscribers come from Germany. The steady growth in the number of subscribers in the last few years therefore continued in 2016 as well.

Since July 2016, the general television fee in Italy (Canone RAI) for private TV consumption has been charged as part of the electricity bill. The automatic integration of the television fee into the electricity bill is intended to counter the widespread disregard for the payment of this fee. It is expected that this measure will contribute to an increase in the program budget of Italian public TV broadcasters, in particular RAI - Radiotelevisione Italiana, the state broadcaster in Italy.

According to the current study “Análisis Televisvo año 2016” by the consultancy BarloVento Comunicación, TV consumption declined slightly in Spain in 2016. The average TV time was reduced by four minutes to 233 minutes per day (previous year: 237 minutes).

In the French TV market, historical channels spent € 120 million on the purchase of 111 new French and European films in 2016 (previous year: € 122 million; 111 films). While the market share of the historical channels fell by 2.5 percentage points to 63.0 percent in 2016 (previous year: 60.5 percent), the viewing audience figures of the historical TNT Channels (DVB-T) remained constant with a market share of 21.2 percent (previous year: 21.2 percent). Despite the decline in the number of subscribers to 5.75 million (previous year: 5.25 subscribers), Canal+ remains the first financier of new French movies with i€ 141.7 million (previous year: € 151.2 million) invested in 2016, according to BFM TV.

Although the TV channel's investment fell, the number of films it purchased still increased to 107 (previous year: 101). According to Magna Intelligence, advertising investments in the French TV market amounted to € 3.3 billion (previous year: € 3.2 billion) in 2016.

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According to the current study "Análisis Televisvo año 2016" by the consultancy BarloVento Comunicación, TV consumption declined slightly in Spain in 2016. The average TV time was reduced by four minutes to 233 minutes per day (previous year: 237 minutes). The Spanish TV market is led by the two media groups Mediaset and Artesmedia. The media group Mediaset owns the channel Telecinco (T5) with which the Spanish subsidiary Vértigo co-operated in the coproduction of the comedy KIKI.

2.1.2.4 OTHERS

The global market for filmed entertainment remains to be a very dynamic environment in the reporting period, showing above-average growth in digital services compared to the development of traditional film consumption. Thus, reference is made to the developments presented in the annual report 2015 and the half year report 2016, which essentially have continued in the reporting period.

2.2 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

The primary aim of Wild Bunch Group is to sustainably enhance the company's value. Revenue metrics, gross profit and operating profit (EBIT) are the key control parameter for the Group

Key indicator in € thousand	**2016**	2015
Revenue	122,152	117,513
Gross profit*	20,051	16,615
EBITDA	61,868	50,982
Operating profit (EBIT)	3,754	-3,366

*Revenue plus other film-related income less production costs of services rendered to generate sales

NON-FINANCIAL PERFORMANCE INDICATORS

Above and beyond financial performance indicators, non-financial performance indicators and success factors are of central importance to the company's performance. These are derived from the specific requirements of the business model.

BOX OFFICE FIGURES

In the Group's "International Sales and Distribution and Film Productions" segment, box office business generated by a movie is a key factor of profitability as cinema success generally also affects the subsequent exploitation steps. This component of film exploitation remains volatile, thus the performance of the movies released by Wild Bunch in 2016 follows the same volatility. The theatrical revenues of the movies released by the Wild Bunch Group generated net revenues of € 23 760 thousand.

ACCESS TO RIGHTS

The Group is exposed to competition when acquiring rights to literary works and screenplays, as well as when entering into agreements with successful directors, actors and film studios. For this reason, the Group has established a close working relationship with renowned and experienced screenplay writers, directors and producers in Europe who have significant expertise in the production of cinema films and TV formats.

SPECIAL EXPERTISE AND CONTACT NETWORK

Both technical and content-related expertise are critical, especially in light of the increasing importance of digital sales. The recruitment, promotion and retention of well-trained, expert, committed and creative staff are correspondingly important. An extensive and established network of contacts, as well as close and trusting relationships with business partners, are also critical factors for the success of the Group.

2.3 BUSINESS PERFORMANCE

The business performance of Wild Bunch was characterized by a number of significant events in 2016:

Despite the delay in putting its financial resources in place, Wild Bunch has successfully pursued its development plans, with, for instance, the growth of its TV arm with the delivery of first two TV-projects MEDICI and FOUR SEASONS IN HAVANA, the launch of Insiders, the ongoing emphasis on production and the reduction in its overhead costs (by 9 % to € 22.6 million).

- The Company has continued to restructure its financial resources, unfortunately this is taking more time than expected. On the one hand, Wild Bunch successfully implemented a € 15.2 million cash capital increase end of 2015 and beginning of 2016 and refinanced the corporate bond that was due in March 2016. On the other hand the closing of a new loan facility to finance the operations outside France originally planned in the third quarter of 2016 has been delayed. This had detrimental effects on Wild Bunch's earnings, financial and asset position and thus the capacity to invest in new product
- Wild Bunch's move into the segment of publishing and distribution of TV products was successful in particular thanks to its flag series Medici. Thus, the management estimates that this has established the credibility of the Wild Bunch brand among TV producers and buyers
- Wild Bunch pursued its efforts in the segment of production of local movies. Germany released two feature films it has produced, Schubert in Love and Pettersson und Findus 2, which proved financially rewarding, despite a theatrical performance below expectations. This underlines the ability of local productions to improve Wild Bunch's risk-return ratio by capturing production margins and relevant subsidies. Wild Bunch Germany intends to build on this business model, both for feature films and TV series, as further productions and coproduction are underway for 2017.
  But it is the first coproduction of Vértigo, the Spanish subsidiary, which has given the best evidence of how judicious the production approach could be. Associated with Telecinco, a leading free TV channel, Wild Bunch's subsidiary Vértigo produced Kiki, a spicy Spanish comedy. Directed by Paco Leon, this film reached 1 million admissions, ranking among the top five of Spanish movies for 2016.
- Movies not performing according to management's expectations in 2016 include HISTOIRE DE L'AMOUR and LES NAUFRAGES in France , GRADUATION in Spain as well as GENIUS and TRIPLE 9 in Germany
- Insiders, the new venture in production services and international sales, had in 2016 its first real year of activity. Its portfolio for 2016 included prestigious movies such as Jackie, Loving, which strongly contributed to its image. Insiders is already a success, attracting first-class projects and solid financiers, generating distribution fees with no risk taken on investments
- Wild Bunch has been quite active in the new field of e-Cinema, and the VOD/SVOD service, FilmoTV, has installed itself in the French electronic distribution landscape. Now present on all telco distribution platforms, plus all key OTT platforms, FilmoTV is a promising base for Wild Bunch development in digital commercialization. It has demonstrated its ability to be profitable and self-standing
- In this field of electronic distribution, Wild Bunch put emphasis on its relationship with the growing SVOD services, and use its multi-domestic/multi-content characteristic to increase its revenues with them. This effort translated into an SVOD revenues in 2016 of € 8.7 million which have doubled compared with 2015, with a great combination of sales of library movies, TV series and recent feature films

  This know-how in dealing with digital services, coupled with its positioning among independent producers/distributors, enables Wild Bunch to act as an AGgregator vis à vis those services, and be mandated to sell them third party content

Wild Bunch's "International Sales and Distribution and Film Productions" business segment covers the entire distribution chain for films and includes mainly film marketing proceeds from the areas theatrical distribution, international sales, as well as direct electronic distribution and home entertainment. Revenues in this segment slightly improved in 2016 to € 117.4 million compared to € 114.6 million in 2015.

The business segment "Others" which is attributable to the Company's SVOD-platform and to the commercialization of music rights increased revenues from € 2.8 million in 2015 to € 4.7 million in 2016.

2.3.1 THEATRICAL DISTRIBUTION

A total of 58 films (previous year: 71 films) were released by the Group in France, Germany, Italy and Spain in fiscal year 2016, for a total theatrical revenue of € 23,760 thousand vs € 26,920 thousand in 2015, a decrease which has directly impacted the global performance for the year

Title	Director	Origin	Distribution company	Release date
OUR LITTLE SISTER	Hirokazu Koreeda	Japan	BIM	01/01/16
LA FILLE DU PATRON	Olivier Loustau	France	WBD	01/06/16
LA GIOVINEZZA	Paolo Sorrentino	Italy, France, UK, Switzerland	VERTIGO	01/22/16
LES PREMIERS, LES DERNIERS	Bouli Lanners	France, Belgium	WBD	01/27/16
EIN ATEM	Christian Zübert	Germany, Greece	WBG	01/28/16
REMEMBER	Atom Egoyan	Canada	BIM	02/04/16
CAROL	Todd Haynes	UK, France	VERTIGO	02/05/16
LES NAUFRAGES	David Charhon	France, Belgium	WBD	02/17/16
SPOTLIGHT	Thomas McCarthy	USA	BIM	02/18/16
SUFFRAGETTE	Sarah Gavron	UK	BIM	03/03/16
REMEMBER	Atom Egoyan	Canada	VERTIGO	03/04/16
DIEUMERCI!	Lucien Jean-Baptiste	France	WBD	03/09/16
CHOICE, THE	Ross Katz	USA	WBG	03/10/16
HERBERT	Thomas Stuber	Germany	WBG	03/17/16
MARNIE	Hiromasa Yonebayashi	Japan	VERTIGO	03/18/16
TALE OF THE PRINCESS KAGUYAN	Isao Takahata	Japan	VERTIGO	03/18/16
COMMUNE	Thomas Vinterberg	Denmark	BIM	03/31/16

Title	Director	Origin	Distribution company	Release date
KIKI	Paco León	Spain	VERTIGO	04/01/16
HARDCORE	Ilya Naishuller	Russia, USA	WBG	04/14/16
DEPARTMENT Q: CONSPIRACY OF FAITH	Hans Petter Moland	Denmark, Germany, Sweden, Norway	VERTIGO	04/15/16
LES HABITANTS	Raymond Depardon	France	WBD	04/27/16
MOUNTAINS MAY DEPART	Jia Zhang-Ke	China, France, Japan	BIM	05/05/16
TRIPLE 9	John Hillcoat	USA	WBG	05/05/16
MAN WHO KNEW INFINITY	Matt Brown	UK	WBG	05/12/16
PERICLE IL NERO	Stefano Mordini	Italy	BIM	05/12/16
MAN WHO KNEW INFINITY	Matt Brown	UK	VERTIGO	05/13/16
FIORE	Claudio Giovannesi	Italy	BIM	05/25/16
OUTSIDE THE BOX	Philip Koch	Germany	WBG	05/26/16
TROIS SOUVENIRS DE MA JEUNESSE	Arnaud Desplechin	France	VERTIGO	05/27/16
ILS SONT PARTOUT	Yvan Attal	France, Belgium	WBD	06/01/16
Dr PROKTORS ZEITBADEWANNE	Arild Fröhlich	Norway, Germany	WBG	06/02/16
PROFESSOR LOVE	Tom Vaughan	USA, UK	WBG	06/09/16
PROGRAM (THE)	Stephen Frears	UK, France	VERTIGO	06/22/16
TROIS SOUVENIRS DE MA JEUNESSE	Arnaud Desplechin	France	BIM	06/22/16
RED TURTLE	Michael Dudok de Wit	Japan, France, Belgium	WBD	06/29/16
LOU ANDREAS-SALOME	Cordula Kablitz-Post	Germany, Austria, Italy	WBG	06/30/16
MAY IN THE SUMMER	Cherien Chabis	Jordania, Qatar, USA	VERTIGO	08/05/16
GENIUS	Michael Grandage	UK, USA	WBG SENATOR	08/11/16
MIA MADRE FA L'ATTRICE	Mario Balsamo	Italy	BIM	08/25/16
GRADUATION	Cristian Mungiu	Romania, France, Belgium	BIM	08/30/16

Title	Director	Origin	Distribution company	Release date
NOCTURAMA	Bertrand Bonello	Frankreich, Deutschland, Belgien	France, Germany, Belgium	08/31/16
COMANCHERIA	David Mackenzie	USA	USA	09/07/16
MOLLY MONSTER	Matthias Bruhn, Michael Ekblach, Ted Sieger	Schweiz, Deutschland, Schweden	Switzerland, Germany, Sweden	09/08/16
BLOOD FATHER	Jean-François Richet	Frankreich	France	09/09/16
QUESTI GIORNI	Giuseppe Piccioni	Italien	Italy	09/15/16
LA DANSEUSE	Stéphanie di Giusto	Frankreich, Belgien, Tschechien	France, Belgium, Czech Republic	09/28/16
SING STREET	John Carney	Irland, Großbritannien, USA	Ireland, UK, USA	09/30/16
EINE UNERHÖRTE FRAU	Hans Steinbichler	Deutschland	Germany	10/06/16
L'ODYSSEE	Jérôme Salle	Frankreich	France	10/12/16
SNOWDEN	Oliver Stone	Frankreich, Deutschland, USA	France, Germany, USA	10/14/16
GLEISSENDES GLÜCK	Sven Taddicken	Deutschland	Germany	10/20/16
QUAND ON A 17 ANS	André Téchiné	Frankreich	France	10/21/16
LA FILLE INCONNUE	Jean-Pierre et Luc Dardenne	Belgien, Frankreich	Belgium, France	10/27/16
ROCCO	Thierry Demaizière, Alban Teurlai	Frankreich	France	10/31/16
PETTERSSON UND FINDUS II	Ali Samadi Ahadi	Deutschland	Germany	11/03/16
LA DANSEUSE	Stéphanie di Giusto	Frankreich, Belgien, Tschechien	France, Belgium, Czech Republic	11/04/16
HISTOIRE DE L'AMOUR	Radu Mihailaenu	Frankreich, Kanada, Rumänien, USA	France, Canada, Romania, USA	11/09/16
SING STREET	John Carney	Irland, Großbritannien, USA	Ireland, UK, USA	11/09/16
SCHUBERT IN LOVE	Lars Büchel	Deutschland	Germany	11/10/16

Title	Director	Origin	Distribution company	Release date
SNOWDEN	Oliver Stone	Frankreich, Deutschland, USA	France, Germany, USA	11/24/16
GRADUATION	Cristian Mungiu	Rumänien, Frankreich, Belgien	Romania, France, Belgium	11/25/16
LES ENFANTS DE LA CHANCE	Malik Chibane	Frankreich	France	11/30/16
PATERSON	Jim Jarmusch	USA, Frankreich, Deutschland	USA, France, Germany	12/09/16
A FOND	Nicolas Benamou	Frankreich	France	12/21/16
MEDECIN DE CAMPAGNE	Thomas Lilti	Frankreich	France	12/22/16
COMANCHERIA	David Mackenzie	USA	USA	12/30/16

In France, Wild Bunch released 14 films (previous year: 26 films), including the animation film THE RED TURTLE by director Michael Dudok de Wit (316.000 admissions), L'ODYSSEE by Jérôme Salle (1.132.000 admissions) and A FOND by Nicolas Benamou (636.000 admissions). In the reporting period, total revenues of € 10,654 thousand (previous year: € 13,340 thousand) were achieved by theatrical distribution in France.

A total of 16 films (previous year: 22 films) were released by Wild Bunch Germany, including THE CHOICE by director Ross Katz (133.000 admissions) and PETTERSSON UND FINDUS II by Ali Samadi Ahadi (615.000 admissions) based on the children's book series by the Swedish author Sven Nordqvist. In the reporting period, total revenues of € 3,944 thousand (previous year: € 6,883 thousand) were achieved by theatrical distribution in Germany.

In addition, a total of 17 films (previous year: 16 films) were released by BIM in Italy, including SPOTLIGHT by Tom McCarthy (€ 4,16 million of box-office/683.000 admissions est.), SNOWDEN by Oliver Stone (€ 1,75 million of box-office/271.000 admissions est.) and SUFFRAGETTE by Sarah Gavron (€ 1,60 million of box-office/311.000 admissions est.). In the reporting period, total revenues of € 4,339 thousand (previous year: € 3,700 thousand) were achieved by theatrical distribution in Italy.

In Spain, a total of 19 films (previous year: 16 films) were released in theaters by Vértigo, including Paco León's comedy KIKI (1,062,000 admissions) and CAROL by Todd Haynes (282,000 admissions), LA GIOVINEZZA by Paolo Sorrentino (175.000 admissions) and PATERSON by Jim Jarmusch (88,000 admissions). In fiscal year 2016, total revenues of € 4,518 thousand (previous year: € 2,310 thousand) were achieved by theatrical distribution in Spain.

2016 was marked by the release of quite ambitious films, such as KIKI (1,062,000 admissions), the first production of Vértigo with the Telecinco TV group, SPOTLIGHT in Italy (€ 4.16 million of box-office/683,000 admissions est.) which won numerous awards, among which the Oscar for best movie or L'ODYSSEE in France (1,132,000 admissions) or PETTERSSON UND FINDUS II in Germany (615,000 admissions).

But 2016 was also marked by underperforming movies such as HISTOIRE DE L'AMOUR in France (73,000 admissions), LES NAUFRAGES in France (91,000 admissions), GRADUATION in Spain (15,000 admissions), GENIUS (24,000 admissions) and TRIPLE 9 (76,000 admissions) in Germany.

Thanks to its pan-European distribution network, Wild Bunch distributed or sold internationally some movies on a cross territory basis: GRADUATION by Cristian Mungiu (international sales, distributed in Italy and Spain), THE DANCER (international sales, distributed in Italy and France), REMEMBER (distributed in Italy and Spain), COMANCHERIA (distributed in France and in Spain, nominated at Oscars 2017).

At the current stage of the strategic development of Wild Bunch, the success of the theatrical releases remains an important component of the revenue and profitability of the Group.

2.3.2 INTERNATIONAL SALES

As far as international sales are concerned, Wild Bunch handled international sales activities for 39 movies in 2016 (previous year: 39 movies), including major titles such as BLOOD FATHER by Jean-François Richet, NEON DEMON by Nicolas Winding Refn, THE RED TURTLE Michael Dudok de Wit, LOVING by Jeff Nichols, ABATTOIR by Darren Lynn, SNOWDEN by Oliver Stone, L'ODYSSEE by Jérôme Salle, I, DANIEL BLAKE by Ken Loach (Palme d'or at Cannes Film Festival in 2016). In the reporting period, total sales of € 27,454 thousand (previous year: € 28,259 thousand) were achieved by international sales activities.

Furthermore, Wild Bunch extended its international sales activities by creating the new international sales outfit, INSIDERS and by expanding to TV series with Wild Bunch TV.

OPERATING AGREEMENT ON INSIDERS

In November 2016, Wild Bunch S.A. entered into an operating agreement with co-shareholders, among them Bliss Media and Cinefrance, to create the sales outfit "Insiders," a limited liability company under California Law. Insiders links the demands of producers with the interest of sales service providers.

Wild Bunch owns 45 % of the company and Group CCO Vincent Maraval serves as Director of Insiders, which strategically focuses on independent pictures with budgets above $ 10 million. Since launching, Insiders has has been active in the sale of more than 10 pictures, e.g. Loving (Jeff Nichols), Jackie (Pablo Lorrain) and Wind River (Taylor Sheridan). Insiders was announced in May 2015.

With the concept of Insiders, Wild Bunch strategically focuses on an existing niche in the international sales market, which enables Wild Bunch to access US product in the advanced budget area for independent film (> US$ 10 million). The strategy, which is strictly aimed at the provision of production and sales services for funders of US product, also offers the opportunity to develop further relations with talents and key-persons in the US market and deepening existing ones.

Wild Bunch TV

Wild Bunch TV as a label of Wild Bunch S.A., Paris, was launched in 2015 with the objective to initiate, identify and co-develop TV series, to provide coproduction and financing services to TV series and to distribute and commercialize worldwide an attractive TV catalogue.
Wild Bunch TV started with sales of its two first TV series: MEDICI: MASTERS OF FLORENCE and FOUR SEASONS IN HAVANA. The TV series MEDICI: MASTERS OF FLORENCE, show runner being Frank Spotnitz, was very well received by the international broadcasters, and was sold in over 150 territories. FOUR SEASONS IN HAVANA, the Cuban-Spanish series by Leonardo Padura Fuentes based upon the critically acclaimed novels, has also received great international response and has been sold in more than 50 countries.

2.3.3 DIRECT ELECTRONIC DISTRIBUTION AND HOME ENTERTAINMENT

In the core markets of Wild Bunch, the demand for physical video declined further in the period under review, while VOD/SVOD continues to increasingly contribute to total revenues in the video market.

Wild Bunch sees itself well positioned to benefit from the growing demand and increasing presence of international SVOD services such as Netflix and Amazon. In fiscal year 2016, the Group recorded significant local and global sales to Netflix and also initiated further sales to Amazon. Wild Bunch was well placed to benefit from the growing demand in the digital video market within the reporting period. Accordingly, SVOD/VOD revenues increased significantly by 28.7% to € 11,589 thousand (previous year: € 9,004 thousand) in 2016.

In the TV market (Free and Pay-TV), Wild Bunch increased its revenues by 11.8% to € 31,887 thousand (previous year: € 27,714 thousand) in 2016, which underlines the attractiveness of Wild Bunch's film library.

In fiscal year 2016, a number of films that Wild Bunch had sold to local TV channels recorded high audiences, such as 9 MOIS FERME on France2 in France (audience share 18.9%, with 4,9 million viewers), KIKI on Moviestar+ in Spain and in Italy.

Furthermore, FILMO TV increased its coverage and became available on SFR platform in June 2016. FILMO TV is now available on all French platforms. FILMO TV also signed an agreement with two new US studios: Universal (VOD), Paramount (SVOD) and increased its catalogue to 3 000 titles.

Pursuing its development, FILMO TV launched a new and innovative interface called FilmoGeneric. Thanks to FilmoGeneric, FILMO TV will be able to customize the homepage of its SVOD service for each subscriber. With the objective of increasing customer loyalty, FILMO TV will build a "sur-mesure" service for each user, with an adapted and specific offer.

The company pursued its effort in e-Cinema which remains a fledging business, with the release of 4 diversified movies (previous year: 4 movies), such as 99 HOMES by Ramin Bahrani, who won the Grand Prize of Deauville in 2015, and DEPARTMENT Q: CONSPIRACY OF FAITH, the third part of the thriller saga of the same name. Likewise, the Spanish animated movie adapted from the cult comic MORTADEL & FILEMON by Javier Fesser, which won the award for the best animated movie Goya, and PELE by Jeff Zimbalist and Michael Zimbalist, a US documentary about the famous football player. Despite being a very innovative form of distribution the contribution of e-Cinema to Wild Bunch's consolidated revenues remains limited.

2.3.4 OTHER INFORMATION

SALE OF THE INVESTMENT IN X VERLEIH AG

Effective September 23, 2016, Wild Bunch AG completely sold its interest in X Verleih AG in the amount of 31.38% for T€ 1,775. The sale results in a positive contribution of € 0.4 million in the 2016 financial statements of Wild Bunch AG.

SALE OF THE COMPANY SHARES OF DEUTSCHFILM GMBH

In March 2016, Wild Bunch sold its fifty percent share in deutschfilm GmbH (hereinafter referred to as "deutschfilm"), a joint venture founded by Senator in 2009, to the joint and future general partner Anatol Nitschke. The sale was made for a token price and AGainst complete transfer of rights to Wild Bunch, which were previously held by deutschfilm. The company, which specializes in German-language arthouse cinema, is responsible, among others, for award-winning titles like GOETHE!, DER GANZ GROSSE TRAUM and VICTORIA as a producer or co-producer, and took over the theatrical distribution of German speaking films under the umbrella of Wild Bunch. In the future, Wild Bunch will concentrate its production business for the German market in Senator Film Produktion GmbH and Bavaria Pictures GmbH. Wild Bunch still has access to deutschfilm projects thanks to a first look agreement. Together with Wild Bunch Germany, deutschfilm already released the boxer drama HERBERT by Thomas Stuber to theaters in March 2016.

AWARDS AT FILM FESTIVALS

Wild Bunch movies received AGain a wide range of awards in 2016 including : Ken Loach won the PALME D'OR for his movie I, DANIEL BLAKE (coproduced by Wild Bunch and internationally sold by Wild Bunch), the movie also won the Cesar of Best Foreign Film and Cristian Mungiu won the BEST DIRECTOR prize ex-aequo for BACALAUREAT (coproduced by Wild Bunch, internationally sold by Wild Bunch and distributed by BIM and Vértigo), Michael Dudok de Wit received the Special Prize of Un Certain Regard for THE RED TURTLE (coproduced by Wild Bunch, internationally sold by Wild Bunch International Sales and distributed by Wild Bunch Distribution, BIM andWild Bunch Germany) I AM NOT MADAME BOVARY, the Chinese movie by Feng Xiaogang received the Fipresci Prize at TIFF, the Best Actress Award at San Sebastian and the best Director and Public Prize at Taipei.

2.3.5 OVERALL ASSESSMENT OF THE DEVELOPMENT OF BUSINESS

Wild Bunch is one of the leading film distribution companies on the European market that can exercise purchasing and market power due to its strategically sufficient size, and can react to the rapid changes in the exploitation of film rights. Fiscal year 2016 was characterized by the further financial restructuring and the ongoing management of the merger leading to a reduction of net debt to € 75.2 million which is € 6.9 million lower compared to net debt end of 2015. Overall, however, Wild Bunch succeeded in further implementing its strategic redeployment, illustrated by the development of Wild Bunch TV, Insiders, as well as the increase of its sales to electronic platforms, efforts in production activities and ongoing presence in e-Cinema.

2.4 EARNINGS, ASSETS AND FINANCIAL POSITION OF THE GROUP

ACTUAL DEVELOPMENT IN COMPARISON WITH THE FORECASTED BUSINESS PERFORMANCE

In 2016, sales revenues of € 122 million (previous year: € 118 million) exceeded the management's forecast of revenues of € 110 million. The improvement was driven by the performance of VOD/SVOD (+22 %), TV (+13 %) and production whereas video (-29 %) international sales (-3 %) and theatrical distribution (-12 %) remained below expectations. EBIT amounted to € 3.8 million (previous year: € –3.4 million) and was thus in line with expectations.

In addition to the capital and financing measures already carried out during the valuation adjustment period, no further significant changes occurred in the area of debt besides those projected. Net debt improved to € 75,201 thousand (previous year: € 82,090 thousand).

2.4.1 EARNINGS POSITION OF THE GROUP

In the 2016 fiscal year, Wild Bunch increased its revenues by 3.9 % to € 122,152 thousand (previous year: € 117,513 thousand) according to its IFRS consolidated financial statements.

Group sales revenues were distributed among the individual segments as follows: The Group achieved sales revenues of € 117,416 thousand (previous year: € 114,667 thousand) in the International Sales and Distribution and Film Productions segment in fiscal year 2016.

Theatrical distribution with € 23,760 thousand or 20.2 % (previous year: € 26,720 thousand or 23.2 %), international sales with € 27,454 thousand or 23.4 % (previous year: € 28,259 thousand or 24.6 %) and electronic direct distribution, home entertainment and TV with a combined € 55,692 thousand or 47.4 % (previous year: € 54,786 thousand or 47.8 percent) as well as film productions with € 4,345 thousand or 3.7 % (previous year: € 248 thousand or 0.2 %) all contributed significantly to sales revenues. In addition, the Group generated revenues of € 4,737 thousand (previous year: € 2,846 thousand) in the Others segment, which is attributable to the SVOD-platform.

By region, revenues of Wild Bunch were distributed as follows in fiscal year 2016: France accounted for the company's largest share of sales of € 41,718 thousand or 34.2 % (previous year: € 39,226 thousand or 33.4 %). Business activities in Germany accounted for € 31,382 thousand or 25.7 % (previous year: € 35,532 thousand or 30.2 %) of total revenues. In addition, € 9,973 thousand or 8.2 % (previous year: € 4,969 thousand or 4.2 %) were generated in the core markets Spain, and € 10,672 thousand or 8.7 % (previous year: € 8,986 thousand or 7.6 %) in Italy. Revenues in the rest of the world were € 28,407 thousand in the period under review, which corresponds to a share of 23.3 % of total revenues (previous year: € 28.800 thousand or 24.5 %).

Cost of sales amounted to € 111,832 thousand in fiscal year 2016 (previous year: € 108,694 thousand). The Group's costs of sales include, in particular, costs related to the distribution of films of € 29,383 thousand (previous year: € 33,661 thousand), amortization of film rights of € 57,988 thousand (previous year: € 53,473 thousand) as well as licensors' shares of € 16,901 thousand (previous year: € 14,459 thousand). As a result, the Group's gross profit for 2016 amounted to € 20,051 thousand (previous year: € 16,615 thousand).
This resulted in a gross profit margin of 16.4 % (previous year: 13.3 %).

Both the revenues and costs, which are taken into account for the determination of the gross profit margin, contain some individual foreign currency items (mainly US dollars). The earnings position was effected in the amount of a net expense of € –769 thousand (previous year: € 1,083 net income) from these foreign currency items in fiscal year 2016 against the background of moderate US dollar/euro fluctuations.

The other operating income of the Group amounted to € 7,649 thousand in fiscal year 2016 (previous year: € 5,914 thousand), resulting mainly from the reversal of provisions in the amount of € 1,685 thousand (previous year: € 2,300 thousand), derecognition of liabilities of € 3,556 thousand (previous year: € 492 thousand) and of bad debt allowances of € 638 thousand (previous year: € 580 thousand).

The Group's administrative expenses decreased to € 22,618 thousand (previous year: € 24,505 thousand), which is attributable to lower personnel costs of € 13,885 thousand (previous year: € 14,544 thousand) due to the Group's restructuring measures and reduced depreciation and amortization in the amount of € 236 thousand (previous year: € 307 thousand). Accordingly, the administrative expenses ratio measured in terms of revenues improved to 18.5 % (previous year: 20.9 %). At € 1,328 thousand (previous year: € 1,389 thousand), the Group's other operating expenses in fiscal year 2016 increased compared to the previous year. These were due to greater currency losses of € 1,225 thousand (previous year: € 393 thousand) and other expenses of € 89 thousand (previous year: € 759 thousand) during the reporting period.

Earnings before taxes in the reporting period improved significantly to € –343 thousand (previous year: € –9.531 thousand). Consolidated earnings before interest and taxes (EBIT) were also significantly higher at € 3,754 thousand (previous year: € –3,366 thousand) in fiscal year 2016, which is in line with the expectations for fiscal year 2016.

Financial income amounted to € 1,107 thousand (previous year: € 2,205 thousand), which resulted mainly from net currency gains of € 916 thousand (previous year: € 2,191 thousand) and interest income of € 48 thousand (previous year: € 14 thousand). On the other hand, the Group's financial expenses amounted to € 5,313 thousand (previous year: € 7,637 thousand) due to interest expenses of € 4,489 thousand (previous year: € 5,754 thousand).

Tax income amounted to € 1,146 thousand (previous year: € 2,278 thousand) consisting of corporate income tax of € –2,066 thousand (previous year: € –1,250 thousand) and deferred tax income of € 2,231 thousand (previous year: € 1,841 thousand).

In fiscal year 2016, the Group's earnings amounted to € 803 thousand (previous year: € –7,253 thousand). With a total of 81,597 average outstanding shares of Wild Bunch AG as of December 31, 2016 (previous year: 72,560,774), this corresponds to earnings per share (basic/diluted) of € 0.01 (previous year: € –0.10).

OVERVIEW OF SIGNIFICANT GROUP FIGURES

in € thousand	**2016**	2015
Sales	122,152	117,513
Total income	131,883	125,309
Gross Profit	20,051	16,615
EBIT	3,754	–3,366
Consolidated net income	803	– 7,253
EPS (€)	0.01	– 0.10
Net financial debt	75,201	82,090

2.4.2 EARNINGS BY SEGMENT

The following table shows the earnings situation of the segments:

in € thousand	International Sales and Distribution and Film Productions		Others		**Total**	
	2016	2015	2016	2015	**2016**	**2015**
Revenues	**117,416**	**114,667**	**4,737**	**2,846**	**122,152**	**117,513**
Film-related income	8,621	6,941	1,110	854	9,731	7,795
Cost of sales	– 107,882	– 105,232	– 3,950	– 3,461	– 111,832	– 108,694
Segment profit / loss	**18,155**	**16,376**	**1,897**	**239**	**20,051**	**16,615**
Other operating income					7,649	5,913
Administration costs					– 22,618	– 24,505
Other operating expenses					– 1,329	– 1,389
Operating profit / loss					**3,754**	**– 3,366**
Financial income					1,107	2,205
Finance costs					– 5,313	– 7,637
Share of profit of associates or joint ventures					108	– 734
Profit / loss before tax					**– 343**	**– 9,531**

2.4.3 ASSETS POSITION OF THE GROUP

As of December 31, 2016, the Group's balance sheet total amounted to € 315,808 thousand (previous year: € 335,220 thousand). On the assets side, long-term assets amounted to € 230,070 thousand as of December 31, 2016 (previous year: € 240,887 thousand). This includes intangible assets in the amount of € 95,593 thousand (previous year: € 106,025 thousand). The majority of this is related to the exploitation of film rights, which are expected to be exploited in the coming months and years, and will thus contribute to revenues. The decrease compared to the previous year is a result of the delay of the closing of a new loan facility and thus reduced investment levels. The Group's long-term assets also include goodwill of € 124,454 thousand (previous year: € 124,454 thousand).

As of December 31, 2016, property, plant and equipment amounted to € 1,274 thousand (previous year: € 1,441 thousand). Other financial assets totaling € 913 thousand (previous year: € 1,140 thousand) are essentially the result of deposits in the amount of € 298 thousand. Deferred tax assets amounted to € 4,899 thousand as of December 31, 2016 (previous year: € 4,475 thousand).

The Group's current assets amounted to € 85,738 thousand (previous year: € 94,333 thousand) as of the balance sheet date in 2016. At year end 2016 the reduction in current assets compared to the previous year reflects a lower level of working capital with current liabilities showing a similar trend. A substantial portion of the current assets was accounted for by trade receivables and other receivables in the amount of € 42,090 thousand (previous year: € 50,534 thousand).

There are also other current assets in the amount of € 33,743 thousand (previous year: € 32,567 thousand), which mainly result from sales tax receivables as well as receivables from subsidized institutions. Cash and cash equivalents totaled € 7,170 thousand (previous year: € 8,639 thousand) as of the balance sheet date in 2016.

After the merger of Senator Entertainment AG (renamed Wild Bunch AG) and Wild Bunch S.A. in 2015, the Wild Bunch Group has a solid equity base. As of December 31, 2016, equity amounted to € 87,736 thousand (previous year: € 75,090 thousand). The increase in equity mainly is a result of the cash capital increase in January 2016 amounting to € 12,385 thousand. This corresponds to an equity ratio of 27.8% (December 31, 2015: 22.4 %).

As of December 31, 2016, total liabilities amounted to € 228,072 thousand (previous year: € 260,131 thousand). As of December 31, 2016, the sum of non-current liabilities amounted to € 64,214 thousand (previous year: € 35,463 thousand), resulting in particular from the successful private placement of a new € 16 million bond. Long-term financial liabilities increased to € 56,198 thousand (previous year: € 26,495 thousand). Further information on maturity and securitization of the financial liabilities is provided in the notes. Deferred tax liabilities totaled € 6,081 thousand (previous year: € 7,892 thousand).

Current liabilities as of December 31, 2016, amounted to € 163,857 thousand (previous year: € 224,668 thousand). These include current financial liabilities of € 26,173 thousand (previous year: € 64,234 thousand), whereby the change compared to the previous year resulted from a change in the maturity profile (further information provided in the notes section 30). Liabilities for goods and services and licensor remunerations amounted to € 71,216 thousand (previous year: € 85,335 thousand), the decrease is mainly a result of lower supplier accounts payable at 31 December, 2016).O other current liabilities amounted to € 62,113 thousand (previous year: € 61,221 thousand) and include prepaid incometax and social liabilities as well as liabilities to film subsidizing bodies.

2.4.4 FINANCIAL POSITION OF THE GROUP

In fiscal year 2016, Wild Bunch AG generated positive operating cash flow of € 37,793 thousand (previous year: € 36,346 thousand). This development is despite an improvement in the year-end results mainly attributable to the negative impact of the change in working capital mainly resulting from a decrease of supplier payables and deferred income.

Cash flow from investing activities amounted to € –43,126 thousand in fiscal year 2016 (previous year: € –38,071 thousand). This increase resulted from higher payments for investments in film exploitation rights, other intangible assets and property, plant and equipment in the amount of € 50,259 thousand (previous year: € 47,806 thousand). In doing so, the company invested primarily in film exploitation rights, which are expected to be exploited over the individual value chains in the coming months and years.

Cash flow from financing activities was positive with a cash inflow of € 3,863 thousand (previous year: € 3,920 thousand). While the cash capital increase generated a positive cash flow of € 12,385 thousand, the decrease in financial liabilities translated into a cash outflow of € –37,890 thousand. In order to optimize the financial structure and to repay existing liabilities, Wild Bunch issued a 16 million euro bond, whose proceeds were used to refinance the maturing 2015 bond and raised further loans in the amount of € 13,336 thousand. Please refer to the detailed disclosures in the notes for the provisions and structure of the maturity of the financial liabilities and material financing measures for fiscal year 2016 as well as in the valuation adjustment period.

The Group's cash and cash equivalents totaled € 7,170 thousand (previous year: € 8,639 thousand) as of December 31, 2016. Unutilized bank credit lines amounted to € 800 thousand as of the balance sheet date (Previous year: € 5.139 thousand).

The equity ratio amounted to 27.8% (previous year: 22.4 %) and the proportion of medium and long-term financing in total financing was approximately 28.2 % (previous year: 29.2 %).

For further details, please refer to sections 2.5 ("Comprehensive Financial Statements") in particular to the notes' remarks concerning the liquidity position in 4.1.3 ("Financial and Tax Risks").

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

Financial management at Wild Bunch Group is organized centrally at the Group level. The Group pursues value-based financing principles to ensure liquidity at all times and to minimize financial risks.

Financial management also includes currency management to limit the impact of interest rate and currency fluctuations on net income and cash flow. As at the balance sheet date 31 December 2016, Wild Bunch AG did not hold any foreign currency options and swaps for currency hedging (previous year: € 1,940 thousand).

Furthermore, Wild Bunch aims for a balanced maturity profile. The key figures for the financial management of Wild Bunch are the key figures sales, gross profit, earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings before interest and taxes (EBIT).

No dividend payment is currently planned.

2.5 SUMMARY OF BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION OF THE GROUP AND WILD BUNCH AG

After the merger of Senator Entertainment AG and Wild Bunch S.A. in 2015 (establishing Wild Bunch AG), the fiscal year 2016 continued to be characterized by the financial restructuring and the ongoing management of the integration of the company units. The financial structure was significantly improved with gross issue proceeds of € 15.2 million from a cash capital increase out of which € 12.4 million were paid-in in 2016. In addition, the private placement of bonds totaling € 16 million, with a three-year maturity on March 24, 2016, contributed to strengthening and stabilizing the corporate financial position.

Furthermore, the interest rate of this bond, at 8.5%, is some 400 basis points below the interest rate of the 2015 bond it refinanced, inducing a decrease in financial charges for years to come.

As a pan-European film company with a distinctive image and a broad portfolio of activities ranging from global distribution to direct electronic distribution, Wild Bunch sees its strategic approach confirmed in light of the business performance in 2016. The company was able to further advance its operational activities, as planned, in particular the production and distribution of films in the areas of cinema, TV and home entertainment. Group revenues in fiscal year 2016 rose to € 122,152 thousand (previous year: € 117,513 thousand) whereby both segments contributed to the increase in revenues almost equally. In terms of profitability, the company was in line with expectations with earnings before interest and taxes of € 3,754 thousand. With positive cash flow from operating activities of € 37,793 thousand (previous year: € 36,346 thousand) and cash of € 7,170 thousand (previous year: € 8,639 thousand) and reduced net debt of € 75,201 thousand (previous year: € 82,090 thousand), the company has at present a stable liquidity position (regards see section 4.1.2) and an equity ratio of 27.8% (previous year: 22.4%).

Overall, Wild Bunch is well positioned to achieve further synergies and to take advantage of the high growth potential that the international film market holds. The course of business in fiscal year 2016 has made the high dynamics of change that the film industry currently faces quite clear.



FORECAST REPORT

3. FORECAST REPORT

3.1 TRENDS IN THE MARKET ENVIRONMENT

According to the consulting firm PwC's estimates in its Media & Entertainment Outlook 2015-2019 ("PwC Media Outlook 2015"), the entertainment and media industry should be able to continue its growth trend in the years to come. Total revenue on the global film market is anticipated to grow by 4.1 % (CAGR) through 2019 to around USD 105 billion. Strong growth is expected for the emerging Chinese and Latin American markets in particular accompanied by a further upward trend in established markets around the global market leader, the US.

Despite competition from other forms of entertainment and easy access to digital content, the PwC Media Outlook 2016 predicts annual growth in revenue of 6.0 % at cinema box offices in the global cinema market to reach USD 49.32 billion in 2020. Along with the continued dominance of Hollywood blockbusters, national film productions are expected to achieve increasing resonance in cinemas. In addition to the sustained growth in revenue at the cinema box office, electronic consumption of video on demand will be a particularly significant driver of growth. PwC in its PwC Media Outlook 2016 predicts that due to the electronic consumption of video content average annual revenue growth of 11.5 % will be recorded by 2020. According to the forecast, video and streaming services are on the way to gaining in importance in many markets. This trend can also be observed in the key markets for Wild Bunch – but to varying degrees.

According to the PwC Media Outlook 2015, electronic sales of video content are expected to replace the rental of physical videos (on DVD and Blu-ray media) as the second largest source of revenue in the years ahead. While a 5.8 % annual decline in revenue is predicted for physical video content, the experts anticipate fast growth of 19 % per year for streaming services through 2019. This upheaval in the traditional video business will be further accelerated by the decrease in conventional video stores and the increasingly large selection of streaming services. Consequently, PwC expects an annual decline in revenue for physical videos of 5.8 % to USD 22.8 billion by 2019. The study indicates that the growth of "over-the-top" (OTT) video services will also have an effect on the distribution of advertising proceeds. Accordingly, it can be expected that television viewing for traditional networks will partly shift to digital alternatives. Altogether, it is expected that TV advertising worldwide will increase by 4.1 % annually to USD 204.1 billion in 2019, while land-based and multi-channel advertising revenues are anticipated to grow by 2.8 % and 5.1 % respectively. Significant annual growth of 19.8 % is predicted for TV advertising revenues generated online worldwide, though worldwide growth of advertising revenues has slowed.

The worldwide smartphone boom accompanying digitization provides new opportunities and at the same time wide-ranging challenges for film enterprises. According to the PwC Media Outlook 2015, the number of smartphone connections will increase from 1.9 billion in 2014 to 3.9 billion in 2019. For movie & TV series providers, this means that in the future content production and distribution must place a greater focus on access via mobile devices.

Altogether, the growing global film market and increasing demand for Pay-Tv and video on demand will offer long-term growth opportunities for the Group. In fiscal year 2016, Wild Bunch pursued the objective of benefiting from these growth trends in the international markets.

3.2 GROUP FOCUS IN FINANCIAL YEAR 2017

Wild Bunch remains ambitious for the future. In the months and years to come, the Company wants to continue with its growth and assert itself as a leading pan-European Group on the global filmed entertainment market. The Company plans to complete its financial restructuring over the course of fiscal year 2017 and thus be in a position to finalize some of the operations aiming at expanding its geographical presence, increase its presence in the sector of TV programs and expand its footprint

as an SVOD operator in Europe and optimize its portfolio of rights.

The operational measures aiming at improving its efficiency and lowering its costs will contribute to the improvement of its financial performance. Wild Bunch will also maintain its efforts to commercialize its sizable library, taking advantage of the appetite of the new digital services.

3.3 EXPECTED DEVELOPMENT

2017 will be above all a year of intensification in Wild Bunch efforts to increase the diversity of its portfolio, and lower its level of costs.

Despite the limited financial resources at its disposal throughout 2016, Wild Bunch intends to increase its footprint in TV programs, with Wild Bunch TV, and its presence in production in its direct distribution territories.

Exploiting its library at best, especially by developing further its connections with electronic distribution services, will also be a priority.

Theatrical releases this year will still be quite important.

At the same time, Wild Bunch will pursue its rationalization policy, simplifying its structures, harmonizing its tools, and reviewing its organization. This policy will bear its first fruit in 2018.

Wild Bunch plans to release a total of 61 films in theaters in France, Germany, Italy and Spain. Some films will be released in multiple markets by the Wild Bunch distribution network, such as RODIN by Jacques Doillon (sold by Wild Bunch and to be distributed by Wild Bunch Germany and Wild Bunch Distribution), SENSE OF AN ENDING, the UK movie directed by Ritesh Batra (to be distributed by Wild Bunch Germany, BIM, Vértigo and Wild Bunch Distribution), EUPHORIA by Lisa Langseth (to be distributed by Wild Bunch Germany and BIM) and FELT by Peter Landesman (to be distributed by Wild Bunch Germany and BIM).

CINEMA RELEASES BY COUNTRY:

FRANCE:

- Wild Bunch Distribution plans to release 15 films in French cinemas, including RODIN by Jacques Doillon, a biopic about the famous French sculptor, and STARS 80 LA SUITE by Frédéric Auburtin and Thomas Langmann, the French comedy starring 80s music stars, the film will be released parallely to the new French tour of 80's stars, 10 years after their first tour which was a great success. In addition, the publication of THE JANE DOE IDENTITY by André Ovredal, a British-American fantasy film, and the French thriller KO by Fabrice Gobert are planned or YO-KAI WATCH created by LEVEL-5 studio, the animated movie based out of the famous Japanese franchise (video games, series, manga etc.), the playgrounds phenomenon.

GERMANY:

- Wild Bunch Germany plans 19 cinema releases, including DR KNOCK by Lorraine Lévy, a French comedy starring Omar Sy, the German comedy LOMMBOCK by Christian Zübert, the sequel to LAMMBOCK, and MARCH OF THE PENGUINS 2 – THE CALL, the new documentary by Luc Jacquet

ITALY:

- BIM plans 15 cinema releases in Italy, including BREATHE by Andy Serkis, a UK drama based on a true story, RADIN by Fred Cavayé, a French comedy starring Dany Boon and the animated movie created in Ghibli studios and acclaimed in worldwide festivals, RED TURTLE by Michael Dudok de Wit

SPAIN:

- Vértigo plans 12 cinema releases in Spain, including the French comedy ALIBI.COM by Philippe Lacheau, the met a big success in French theatres (3.4 million admissions), the Spanish movie, acclaimed by the critic, SELFIE by Victor Garcia Leone, the new film directed by Michel Hazanavicius (THE ARTIST), LE REDOUTABLE, a biography, drama, romance based on a period of Jean-Luc Godard's life and RACER AND THE JAILBIRD by Michael R. Roskam

e-CINEMA RELEASES IN FRANCE

The company will pursue its efforts in e-Cinema with the release of movies such as the Spanish war movie ZONA HOSTILE, or the UK shark movie 47 METERS DOWN. In 2016, Wild Bunch, released 4 movies via e-Cinema.

INTERNATIONAL SALES:

As far as international sales are concerned, 51 movies should be delivered in 2017, including major titles such as RAW by Julia Ducournau, ISMAEL'S GHOSTS by Arnaud Desplechin, MARCH OF THE PENGUINS 2 by Luc Jacquet, RACER AND THE JAILBIRD by Michaël R. Roskam, REDOUTABLE by Michel Hazanavicius, RODIN by Jacques Doillon, sold by Wild Bunch, or JACKIE by Pablo Larrain, KINGS by Denize Gamze Ergüven, UNDER THE SILVER LAKE by David Robert Mitchell sold by Insiders, or 7.19 AM by Jorge Michel Grau or BELOW HER MOUTH by April Mullen, sold by Elle Driver, and SAFE NEIGHBORHOOD by Chris Peckover sold by Versatile.

TV SERIES DISTRIBUTION

Wild Bunch TV pursued its development and is now selling three new TV series: the Belgium-produced bittersweet 7x52' drama series TEAM CHOCOLATE created by Marc Bryssinck and Filip Lenaerts which was selected by Series Mania 2017 to the Panorama Section, accompanied by two Israeli TV series MAMA'S ANGEL (10x45') created by Keren Weissman and THE EXCHANGE PRINCIPLE (10x45') created by Noah Stollman and Ori Weisbrod.

3.4 OVERALL STATEMENT BY THE MANAGEMENT BOARD ABOUT THE GROUP'S DEVELOPMENT

Wild Bunch attempts to remain at the forefront of innovation in the filmed entertainment business in particular through further strengthening its business in the growth areas of VOD/SVOD and e-Cinema.

Its pan-European presence, and the actions taken to widen its portfolio and benefit from the ongoing digital revolution, are precious assets for its future success. 2017 should give more evidence of Wild Bunch ability to adapt to this changing environment, and to preempt opportunities thus generated. This should translate, for instance, into growth in revenues from Wild Bunch's TV operations, or increased activity with the electronic distribution services.

But, as the financial resources to buy movies were limited throughout 2016, the Group's portfolio of fresh programs for 2017 is not as well stocked as in previous years.

As an impact, management expects the total revenue for 2017 to be slightly lower than in 2016. This decrease in revenue should be compensated by a globally improved performance of the portfolio, inducing an increased gross margin and an EBITDA margin of over 35 %. The management expects a gross profit of € 23.9 million. This improvement will ultimately depend on the performance of the theatrical releases for the year. At the currently expected performance for new films, the targeted EBIT for year 2017 is estimated slightly above the 2016 figure (€ 3,8 million).

Following the closing of its credit lines in April 2017, Wild Bunch will be able to return to an appropriate level of rights acquisitions (planned investment level of € 45 – € 50 million), beefing up its 2018 pipeline compared with 2017, and creating the conditions of significant revenue growth in 2018.


Please

REPORT ON OPPORTUNITIES AND RISKS

4. RISKS AND OPPORTUNITIES REPORT

4.1 RISKS REPORT

BASIC METHODOLOGY OF RISK SPECIFICATION

Basic envisaged method of risk assessment

Risks are assessed on the basis of the probability of their occurrence and the potential financial risk. The arithmetic mean of the sum of the probability of occurrence and the risk of damage then renders a relevance of the overall risk.

For the Risk Assessment the following Classes of Entry Probabilities were considered:

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

Furthermore, for the risk assessment the following damage classes were used:

Class	Effect	
1	€ 0,01 million – € 0,5 million	Relevant
2	>€ 0,5 million	Important

Risks attributable to damage class 2 and which have a probability of occurrence of class 3 or 4 are classified as material risks and are presented individually. The process of risk assessment and risk classification has not yet been fully completed. The conclusion of this measure is set for the second half of 2017.

In the following, risks are typically presented in the order of their priority for the Group. Otherwise there is no quantification on a risk by risk basis.

4.1.1 MARKET AND BUSINESS RISKS

THE BUSINESS MODELS ARE DEPENDENT ON CATERING TO CUSTOMERS' TASTES AND THE WAY IN WHICH CONTENT IS CONSUMED, AND REACTING QUICKLY TO CHANGES

- Due to technical possibilities for producing illegal copies of movies and the lack of legal protection AGainst breaches of copyright, there is a risk of lost sales
- Market changes in the home entertainment area are characterized in particular by advancing digitalization combined with an increase in additional offers and distribution areas, and this entails constantly changing patterns of media use

Wild Bunch is attempting to anticipate future trends through targeted market research and analyses of use. The appeal of the products is enhanced by developing consumer friendly programming and source material. The effects of piracy are reduced by means of lobbying, awareness campaigns, and systematic prosecution of violations with the goal to mitigate sales losses. The management expects that new legislative framework conditions will lead to an improvement in the net risk exposure.

ACCESS TO LICENSES AND SOURCE MATERIAL

- Access to and acquisition of rights to literary works, exploitation rights and screenplays, as well as the conclusion of contracts with successful directors, actors and licensors are important factors for the coproduction and the acquisition of movies and TV series. Wild Bunch AG production entities therefore have been working closely with renowned and experienced screenwriters, directors and producers with extensive expertise in producing movies as well as excellent reputation with public film funding institutions at home and abroad
- Third-party productions are generally acquired on individual film markets. Various prices are paid here depending on the particular project and the specific market. Usually, the film has not yet been made at this point, so the rights are sold on a screenplay- or even sketch-basis in advance for financing.

It could take up to two years from acquisition to actual delivery of the film. Here, films bought at a high price can adversely affect the Group's business, financial position and results of operations if they are a complete failure

Firstly, these risks are monitored through the distinct and extensive experience of the employees responsible for purchasing rights and licenses at the relevant subsidiaries. Secondly, the development of alternative formats and in-house productions is being expanded so as to create a certain degree of independence from third-party rights. Wild Bunch AG plays an important role as a leading independent pan-European film coproducer and distributor. Third-party productions are sold in advance for financing purposes before the film is completed. It often takes several years from acquisition to actual delivery of the film. To reduce the financial risk of individual projects, certain rights are normally sold in advance (so-called "pre-sales"; e.g. video and TV)

WILD BUNCH IS IN INTENSE COMPETITION REGARDING SALES OF ITS PRODUCTS

The Group's sales planning assumes certain market shares, audience figures and proceeds from the different stages of exploitation. If these assumptions are not met, the planned sales may not be achieved. There is also a risk that it may not be possible to adapt the cost structure in a timely manner. The following factors are notable in this context:

- Market changes in the movie-theater or the home entertainment sector, such as falling audience figures and growing competition, could be linked with a drop in prices for productions and licensed products. The expiry of framework agreements or a deterioration in the economic situation of licensees can lead to falling sale prices for licenses and thus threaten the intrinsic value of the film stock
- A strong competitive environment could result in decreasing margins in theatrical distribution business

The Group's diversification in unrelated products and markets reduces the risk of competition in an individual area/segment. Because market shares and audience figures in particular are key factors for the amount of revenue that can be generated, Wild Bunch endeavors to gain possession of attractive program content for TV stations and other platforms and for its movies and TV series in order to increase its competitiveness and to raise the profile and enhance the appeal of products through higher expenses for marketing them.

WILD BUNCH IS DEPENDENT ON CUSTOMERS AND BUSINESS PARTNERS

- For direct distribution, there is a dependence on the major German, French, Italian or Spanish TV broadcasters, IPTV providers, VOD/SVOD platforms and, DVD retailers. A considerable part of minimum guarantee invested is covered by sublicensing distribution rights of movies and TV series. The attainable margins could be lower than planned due to a strong position held by these broadcasters or platforms.
- For international sales, there is a dependence on good business relationships with distributors acquiring movies throughout the world and; especially full respect and implementation of signed contracts, which means: accepting material on delivery, duly payments of instalments and appropriate marketing campaign and action on the release of the movie.

Early termination of individual agreements could lead to higher costs in searching for new partners and establishing new structures. Relationships with customers and business partners represent a key management task. Compliance with contractual arrangements and the quality of goods supplied and services performed are reviewed on a regular basis.

The global economic situation of a country can quickly influence the health of the distributors acquiring movies (devaluation of the local currency, bankruptcy risks etc.)

4.1.2 OPERATING RISKS

FILM PURCHASING RISKS

- A high level of competition continues to exist more than ever for attractive movies. Both a quantitative (relating to the level of license payment to be paid) and a qualitative risk (attractiveness of the film for distribution) exist for film purchasing
- The Group's purchase approval process has a risk-mitigating effect in this particular context. Benchmarked-based purchasing calculations are applied in this context to help improve forecasting quality. The Company also seeks to additionally reduce the risk of film purchasing already at the time of purchasing through TV pre-sales and DVD revenue advances

DEPENDENCE ON SUBSIDIES

- An unfavorable change in subsidy policies or (partial) non-granting of planned subsidies could result in a financing shortfall for the Company´s productions and coproductions that would need to be covered by other funds, or through a modification of the medium-term production planning, thereby negatively affecting individual films' earnings contributions
- Another risk for the Company is that certain conditions for payments and utilization are not complied with. An infringement of such regulations might dire an obligation to repay the corresponding subsidies

4.1.3 FINANCIAL, ACCOUNTING AND TAX RISKS

As part of its business activities, the Group is subject to a range of financial, liquidity and interest rate risks in financial terms.

LIQUIDITY RISKS AS A GOING CONCERN

- The Group needs liquid funds to meet its financial liabilities, which it generates partly from ongoing business and partly from financing.

  For that matter, the Group keeps a permanent dialogue with financial establishments in Europe and abroad, to try to guarantee access to financial resources commensurable with its targeted investments.this within a certain period. Wild Bunch is exposed to such default risks and thus, indirectly, liquidity risks as part of the financing Wild Bunch uses. This is particularly the case because in complex financing certain requirements that are economically and objectively attributable to the borrower are not only placed at the time of the conclusion of the credit line, but a contractually defined economic constitution must also be maintained by the borrower over the duration of the term. During the term of agreement, this is monitored at regular intervals by checking the compliance with certain financial covenants. A significant deterioration in the company's assets, financial and earnings position as a result of the review of the financial covenants can therefore lead to default and entitle the issuer to terminate the credit agreement.
- Liquidity risks arise if the Group's payment obligations cannot be met, or cannot be met in due time by existing liquidity or the respective credit lines. The largest liquidity risk for the Group arises due to a lack of access to liquid funds. This is particularly the case if guarantee or framework credit agreements are denied, terminated or not renewed by banks or investors.

The possibility of a cancellation of payment from a framework credit agreement exists when Wild Bunch cannot definitively and permanently meet certain closing conditions and/or disbursements issued by a financing bank. The possibility of terminating a credit line exists throughout the term of the credit line, provided that the borrower is in the **"default"** condition and cannot resolve this situation within a certain period. Wild Bunch is exposed to such default risks and thus, indirectly, liquidity risks as part of the financing the Company uses.

This is particularly the case because in complex financing, certain requirements that are economically and objectively attributable to the borrower are not only placed at the time of the conclusion of the credit line, but a contractually defined economic constitution must also be maintained by the borrower over the duration of the term. During the term of the agreement, this is monitored at regular intervals by checking the compliance with certain **financial covenants**. A significant deterioration in the company's assets, financial and earnings position as a result of the review of the financial covenants can therefore lead to default and entitle the issuer to terminate the credit agreement.

The refusal to grant new or the cancellation of existing guarantee or framework credit agreements would result in the fact that Wild Bunch would also be required to borrow additional capital on the capital market or from banks in order to finance new projects or to refinance existing financial liabilities in the short or medium term.

There is therefore a risk that, in the event of deterioration in the Group's economic situation, additional resources may not be available or may not be available to a sufficient degree, or only be available with less favorable terms. If Wild Bunch cannot repay these loans at maturity, there is a risk that the respective lenders will pledge the collateral provided by Wild Bunch.

As a key component to it's financing, the Wild Bunch Group entered into a loan agreement with a bank in April 2017 (see Subsequent Events Report of the Notes). During the term of this financing, gaining full access to the funds from the loan will depend on the fact that Wild Bunch on a monthly and quarterly basis will be reporting and be able to meet certain economic key ratios provided for in the framework credit agreement.

In order to match the reporting requirements of this contract, the Management Board has initiated restructuring of the finance system which is expected to be accomplished in 2017. The financial covenants relate primarily to the following key performance ratios: EBITDA ratio or consolidated EBITDA in relation to revenue, the liquidity ratio or the volume of accessible sources of financing compared to the expected financing requirements, the leverage ratio, that is the ratio of net debt to consolidated EBITDA and a guarantee of a minimum value for the Company's balance sheet equity. The Management Board assumes that the aforementioned financial covenants will be adhered to on the basis of the development of the Company as set out in the business plan, thus avoiding liquidity risks for the Company. This is particularly the case since the Management Board has succeeded in enforcing financial covernance in the financing negotiations, which can be assumed to be consistent with the plans. At the same time, however, the Management Board cannot completely rule out the fact that compliance with the EBITDA ratio and the equity margin is particularly subject to certain risks. In order to achieve the EBITDA ratio, the full implementation of planned investments in 2017 is necessary, which in turn depends on sufficient company access to liquidity. A risk that the EBITDA ratio will not be met arises for Wild Bunch, in particular, if the consolidated EBITDA is less than 35 % of the sales revenues in the period under review in a 12-month rolling backward view. Regarding minimum equity, there is a risk that the Company's hidden reserves (goodwill) will not contribute to the total value of the Company to the extent that the Management Board expects and an impairment loss must be recognized which would have an impact on the Group's equity. In this context, significant unscheduled depreciation on the goodwill could lead to the equity minimum being undercut. Nevertheless, Wild Bunch AG can react to covenant-threatening changes in equity by implementing capital measures from authorized capital. The latter, however, presupposes the successful approach and the interest of investors. Such capital measures are free in terms of form up to 10 % of the share capital and therefore possible on short-term notice.

In case of the occurrence of a breach of the financial covenant ("default"), there is a threat to liquidity for the Wild Bunch Group that is endangering the company´s continued existence.

After the infringement has been established, an agreement regime ("acceleration") takes effect, according to which the borrower is given the possibility to prevent further payment of funds and pay the financing as a whole. Usually, however, this is only ultima ratio, if and as far as adjustments to financing (partly with a disadvantageous cost structure for the borrower), previous amicable attempts at solving the problem do not lead to success with the creditors.

In addition, the continuation of the Group requires that over the period before September 30, 2018, additional funds of € 50 million to € 60 million be raised from an expansion of the financing with Bank Leumi or another Financing primarily to refinance the existing loan liabilities of the French companies.

SUMMARY OF RISKS THAT COULD ENDANGER THE COMPANY

The Group concluded a framework credit agreement of up to € 30 million in April 2017. This loan may become due by the bank in the event of a breach of AGreed financial covenants (including EBITDA ratio and minimum equity). According to the current plan, the Management Board expects that the financial covenants will be fulfilled. In addition, there are other contractual reporting obligations, whose violation would give the bank the right to declare the loans granted due and payable. These contractual reporting requirements also include the submission of unqualified consolidated financial statements for the 2016 financial year. However, in the event of a deterioration in the economic situation of the Group, there is a risk that the covenants cannot be complied with. Furthermore, it cannot be excluded that the consolidated financial statements for fiscal year 2016 will not be issued with an unqualified audit opinion and the bank will exercise its right to demand immediate repayment of the loan. The management estimates this risk to be low, since the bank itself has knowledge of the limitation of the audit opinoin for a period of time. However, in a case in which the credit is due the continuation of the Group depends on a short-term successful procurement of additional fundsfrom other sources to the extent required.

In addition, the continuation of the Group requires that in the period up to September 30, 2018, additional funds of € 50 million to € 60 million predominantly to be used to refinance the existing loan liabilities of the French companies as part of an expansion of the financing with Bank Leumi or another financing.

RISK FROM DEFAULT OF BOND 2016/19

Securities issued by Wild Bunch AG amount to 18 million euros. During the term of the bond, Wild Bunch AG will pay interest on the issued bonds at the end of each quarter. The terms of the bond provide that the bondholder has a right of termination of the bond in the event of a payment of interest not in accordance with the terms. In this case, bondholders have the right to terminate the bond so that it would need to be refinanced. The management considers the risk of interest default and termination of the bond in case of a default or its non-repayment to be extremely low given that all previous interest payments have been paid in full and without delays. However, it cannot be completely ruled out that the risk of termination of the bond due to defaults increases or materializes at a later time.

IMPAIRMENT OF ASSETS

- As of the reporting date, the Group holds significant financial and non-financial assets such as film assets
- Impairment tests are conducted annually for the goodwill, the film assets and certain financial assets of the Group, and if indications of impairment exist also intrayear. If market values are unavailable, such asset valuations include management estimates and assumptions. Such estimates and assumptions are based on the information available at any given time
- Actual developments that are frequently outside the scope of the Company's influence can differ from the assumptions that are made, thereby requiring that impairment losses also be applied to assets in the future, and necessitating adjustments to carrying amounts. This can negatively affect earning

CURRENCY RISKS

- Currency risks exist particularly in relation to the US dollar, because most of the film rights acquired on international film markets are paid for in US dollars. The revenue from the exploitation of the rights is mostly generated in euros, on the other hand
- Fluctuations in the euro to US dollar exchange rate can affect the results of operations, resulting in both exchange-rate gains and exchange-rate losses

CREDIT RISKS

- A credit risk exists if a debtor cannot pay a receivable, or cannot pay it in due time. A credit risk includes both direct counterparty default risk and the risk of a downgrade in credit rating
- Potential default risks relating to receivables are continuously taken into account through regular evaluation, and the set-up of valuation adjustments where necessary

INTEREST RATE CHANGES

- Interest rate fluctuation risks primarily relate to financial liabilities. The Group currently has variable interest short- and long-term financial liabilities in the amount of € 60.158 thousand (previous year: € 64.701 thousand)
- If interest rates were to rise, the Group might be obliged to pay higher interest in some cases

RISKS IN CONNECTION WITH FUTURE TAX FIELD AUDITS

- Wild Bunch AG is of the opinion that tax returns prepared within the Group were issued on a complete and correct basis. Nevertheless, the risk exists that additional tax charges might arise due to differing view of matters by tax authorities. Deviating tax assessments might negatively affect the results of operations

4.1.4 LEGAL RISKS

RISKS FROM LEGAL DISPUTES

As an international enterprise, Wild Bunch is exposed to a number of legal risks. These particularly include risks relating to copyright law, company law, securities trading law. The outcomes of currently pending and future legal proceedings often cannot be reliably predicted, meaning that, among others, court rulings or decisions by public authorities may result in expenses that are not covered, or not fully covered, by insurance policy benefits and could have a negative impact.

INFRINGEMENTS OF COPYRIGHT LAWS

- The technical capabilities to create illegal film copies can result in the infringement of copyright laws
- Internet piracy in combination with sophisticated technologies could result in losses unless appropriate countermeasures are put in place

RISKS FROM GRANTING GUARANTEES

In 2008, the then Senator Group sold a film rights package to MPG Secure Two LLC ("MPG II"). MPG II entered into a loan to finance the acquisition of film rights. Senator Entertainment AG and various subsidiaries have given different guarantees related to financing, for example, to settle the exploitation of film rights. At present, it cannot be fully excluded that payments under the guarantees will be demanded from companies of the Group. This could have a significant impact on the net assets, financial position and results of operations of the Group. The management however does not expect that any claims AGainst the Group arise.

REGULATORY RISKS

The business activities of Wild Bunch as a pan-European company are the subject of regulation and the legal framework in the legal systems applicable to the business of the Group companies and at European level. Unforeseen changes in the regulatory or legal framework can also have an impact on the company's individual business activities.

The operational business activities of Wild Bunch are therefore particularly exposed to regulatory risks, as far as these relate to the production and distribution of movies and media content. The company is represented by its executives and employees in interest and professional associations in order to achieve the best possible consideration of its interests.

In Germany, for example, a change in copyright contract law becoming effective in March 2017 led to a higher participation of creatives in the commercial success of film productions, as long as success proves to be above-average. To substantiate possible claims, the creatives are also given the right to be informed by the movie distributers on movie proceeds, which could lead to higher administrative expenses.

It is important to underline that the protection of local cultural goods, including Filmed Entertainment, and of local corporations involved in the sector, has been an important and continuous objective of the national and European regulations.

In summary, regulatory risks or risks arising from the legal realm are considered as minor and as manageable when encountered.

RISKS FROM ADMINITRATIVE PROCEEDINGS

In the context of the publication of the half-year report 2016 as of March 21, 2017 and regards the publication of the annual report 2016, the management currently cannot rule out the risk of the imposition of administrative penalties by the Bundesanstalt für Finanzdienstleistungsaufsicht (BAfin) AGainst Wild Bunch AG.

4.2. REPORT ON OPPORTUNITIES

4.2.1 OPPORTUNITY MANAGEMENT

Analogous to risk management, the Wild Bunch Group management pursues with its objective of executing its strategic and operational goals both quickly and efficiently through concrete activities. Opportunities can arise in all areas. Identifying and making targeted use of these is a job for our management that also has an impact on everyday decisions. Comprehensive market research is an important component of this structured approach.

4.2.2 INFORMATION ON INDIVIDUAL OPPORTUNITIES

Based on the definition contained in the risk report, the Group defines an opportunity as a possible future development or occurrence that can lead to a positive change in the forecast or in the company's objectives. This means that events that have already been taken into consideration in the budget or in medium term planning do not represent opportunities according to this definition and are not discussed in this report.

WILD BUNCH GROUP SEES OPPORTUNITIES IN THE EXPLOITATION AND DEVELOPMENT OF LICENSES, FORMATS AND CONTENTS THAT IT HAS ALREADY SECURED AND IN INTEGRATING THESE INTO A STRONG INTERNATIONAL NETWORK

In light of the new Group structure, the Wild Bunch Group, which became a leading pan-European film company owns a large number of utilization and/or marketing rights – mainly film rights and contents – which in some cases extend significantly beyond the planning period. These form the foundation for generating revenue well beyond the planning period. The Group's image and its continuous efforts to maintain and expand its international network will also contribute toward future access to these rights.

The exploitation of these rights can increase the attractiveness and thus the range of distribution platforms to an even greater extent than initially expected. This, in turn, would result in future revenues that are higher than planned.

THE WILD BUNCH GROUP SEES OPPORTUNITIES TO STRENGTHEN ITS MARKET POSITION BY ENGAGING IN NEGOTIATIONS WITH RIGHT HOLDERS, PRODUCERS, ACTORS AND CUSTOMERS, FOR EXAMPLE

As a result of the successful merger between Wild Bunch and Senator and the much stronger market position that has thus been gained, synergies can be achieved that are even higher than planned. This applies to purchasing, costs and financing, in particular. Due to the significant increase in the company's size and its international presence, for instance, rights and contracts with rights holders can possibly be acquired under terms that are more advantageous than initially expected due to a stronger negotiating position. This also means that a wider and stronger access to talents could open up business opportunities that are not yet being taken into account in current planning.

THE WILD BUNCH GROUP SEES OPPORTUNITIES IN THE INCREASING DIGITISATION AND THE RELATED CHANGE IN MEDIA USE

The media consumption habits are also changing due to increasing digitisation. For instance, PwC in its Media Outlook 2015 estimates that the electronic distribution of video content will replace purchases and rentals of physical videos (DVDs and Blu-rays) as the second largest source of revenue in the years to come. The Wild Bunch Group continuously develops its business model and is working on establishing alternative direct distribution means thanks to the increasing digitisation pressure through e-Cinema, the new distribution mean that is devoted to "event movies" or the French VOD/SVOD service FilmoTV. In addition, the Group has actively developed new ways of licensing and marketing its rights that offer new digital marketing opportunities thanks to agreements with digital sales partners, including productions for international and national providers such as Netflix. The pan-European positioning of movies and TV series, as well as its strong and well-known brand, lends Wild Bunch a strong position in the media.

THE WILD BUNCH GROUP SEES OPPORTUNITIES DUE TO THE RENEWED STRONG APPEAL OF TELEVISION SERVICES FOR VIEWERS, USERS AND ADVERTISERS

From the customer perspective, television remains a stronghold of filmed entertainment media. Today, the high attractiveness of television is characterised not only by the fact that advertisers achieve a wider reach within a short period of time and can increase their awareness level, but also that television has reinvented itself and succeeded to evolve from linear to non-linear programming attracting and serving a younger, more flexible and independent audience who is in constant demand for fresh product. With limitless possibilities of individualised advertising, television when broadcasted online, combines the broadcasters' capacities of intensified advertising with the audience's needs for a wider range of better quality product. The higher levels of advertising income should further increase the networks acquisition activities to satiate the audience's appetite for new product. The management sees that significant opportunities could arise from the launch of Wild Bunch TV, an inhouse co-production and marketing unit for international television series, which is dedicated to serve the demands of the growing television services market. After already successfully producing and selling two TV series of obvious international appeal, the management sees opportunities to also promote other TV series which are developed by this unit beyond planning.

THE WILD BUNCH GROUP ALSO SEES OPPORTUNITIES IN THE FURTHER INTERNATIONALIZATION OF ITS BUSINESS

The Wild Bunch Group is currently present in most of the important European film markets (Germany/Austria, France, Italy and Spain). Besides further penetration of these core markets, expansion into new markets offers opportunities that may be higher than the company currently plans. Other significant opportunities could arise from developing fast growing regions like China, India or South America. Depending on how these possible market entries take place, these measures could lead to higher sales than planned. With the establishment of the China Europe Film Fund (CEFF) last year and thus creation of unique conditions for the development and financing of Sino-European co-productions, attractive conditions have been created in the key Chinese market that could result in additional growth opportunities.

THE WILD BUNCH GROUP SEES OPPORTUNITIES IN FURTHER COLLABORATIONS AND MERGERS

Significant synergies and enhanced or accelerated internationalization of operations could result from acquisitions and mergers that are not yet included in the current planning, for example. Furthermore, the scope and utilization of the existing film library could be strengthened through new distribution channels as a result of M&A transactions. The experience of the Group's management and its reputation allow the company to play an active role in the consolidation of international film distributors and producers.

4.3 OVERALL RISK ASSESSMENT

Based on available information and assessments, in particular the assessment of the probability of occurrence of risks, their maximum amount of damage and the effect of the countermeasures in force, the Management Board of Wild Bunch AG comes to the conclusion that, besides the risks that jeopardise its existence that are discussed in section 4.1.3, no risks are currently known that have threatening character to the general existence of the Group. This applies to individual risks as well as their entirety provided that the impact of the combined risks can be simulated or otherwise estimated.

Nevertheless, should expected earnings contributions from acquired and yet to be acquired film exploitation rights not develop as planned and Wild Bunch subsidiaries' operations fall significantly short of expectations, the continuation of the company in the current scope of business will depend to a large extent on the acquisition of additional funds beyond those listed under 4.1.3 that exceed the necessary € 50 to € 60 million that are necessary to refinance the existing credit obligations of the French Companies.

The Management Board is convinced that the measures taken cover the risks to an economically justifiable extent and that the risk-bearing capacity of the Group is adequate.

The Management Board sees the greatest opportunities in the further integration of the Group, deriving synergies, reducing overheads, exploiting growth potentials and stabilising income.

In addition, prospects arise from working with screenwriters, directors and producers both domestically and abroad as well as access to attractive contents and licenses, intensified cooperation with talented individuals and an expansion of the business model through the internationalisation of production and marketing activities as well as possible further strategic acquisitions.


ORGAU

CORPORATE GOVERNANCE

5. SIGNIFICANT CHARATERISTICS OF THE INTERNAL CONTROL SYSTEM AND THE RISK MANAGEMENT SYSTEM

RISK MANAGEMENT SYSTEM

Wild Bunch is exposed to a variety of risks and opportunities. These can have both positive and negative effects on the Group's assets, financial position and earnings position. The risk management system applies to all areas of the Group. Strategic and operational events and measures that have a significant impact on the existence and the economic situation of the Company are considered risks. They also include external factors, such as the competitive situation, regulatory developments and other factors that can jeopardize the achievement of the Company's objectives. The main opportunities and risks are listed above.

The objective of Wild Bunch's Management Board for 2016 was to streamline risk and opportunity assessment across the Group by a standardized and group-wide risk management system, whose implementation process is still ongoing and planned to be finalized in 2017. Risks are only incurred to the extent that these have no foreseeable particularly negative effects on the Company's development. All employees are expected to consider their actions in order to prevent risks that could jeopardize the Company's existence.

The risk management system of the Wild Bunch Group is essentially based on detailed risk assessment and risk monitoring during the acquisition and exploitation of film rights. Extensive analyses of the usability and profitability of film rights over the entire utilization chain, detailed assessments of revenues and direct costs at the individual stages of the utilization chain as well as target/actual comparisons for risk monitoring are used. Liquidity management and ensuring compliance with financial targets are monitored at the level of the Management Board, which reports regularly to the Supervisory Board. Liquidity and cash flow projections are prepared by the individual cash pools of the group on a regular basis and consolidated on group level using customized Excel-based tools. In 2017 the company plans to implement improved tools on a group level and to enhance the underlying process. Furthermore, the Wild Bunch Group monitors risks at the level of individual subsidiaries through ongoing reporting by local management to the Management Board.

A complete unification of key components of the risk management system of the entire Wild Bunch Group to improve its effectiveness is planned for 2017.

INTERNAL CONTROL SYSTEM

The aim of the accounting-related internal control and risk management system is to ensure that all events and transactions are reported completely within the financial accounting function, are recognized and measured correctly, and are presented in the financial reporting of Wild Bunch AG and of its subsidiaries in accordance with statutory and contractual requirements, as well as internal guidelines. The precondition for this is that statutory and internal company regulations are complied with throughout the Group. Despite appropriate and functioning systems, it must nevertheless be noted that complete certainty cannot be ensured in the identification and management of risks.

Financial accounting processes within the Wild Bunch Group are centralized at its headquarters in Paris and in Berlin. In Paris, certain central functions are undertaken for the subsidiaries of Wild Bunch S.A., Paris. In Berlin, Wild Bunch AG's financial accounting department is centrally responsible for the accounting of the German subsidiaries and the preparation consolidated financial statements are consolidated.

The Wild Bunch Group uses SAGE as an ERP system in Paris and SAP R/3 in Berlin respectively. The Wild Bunch Group also uses the Opera system for the consolidation of individual Group companies. In addition, data derived from other IT systems are monitored for their correct transfer and processing. The IT systems used in financial reporting are safeguarded AGainst unauthorized access. The Wild Bunch Group has authorization concepts that are regularly updated and monitored.

The financial accounting department prepares on a regular basis individual financial statements for all subsidiaries of the Wild Bunch Group according to local GAAP and reports consolidated IFRS financial information to the management board on a semi-annual-basis. 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 essential elements of accounting (including film assets and provisions) are the bases for journal entries made in spreadsheets. For the 2017 financial year, the management plans to introduce IT databases for these areas.

Following the merger of formerly Wild Bunch S.A. and Senator Entertainment AG to Wild Bunch AG, the management commenced with the harmonization of the accounting processes within the merged group. In this regard, changes to the accounting methods of Wild Bunch S.A. became necessary as well as recognition errors in the past have been identified that resulted in a retroactive adjustment of the Group figures pursuant to IAS 8 in the consolidated financial statements of Wild Bunch AG for the 2015 financial year. This was due to the different accounting methods that were used under a non-capital-market-oriented framework in 2014 in parts of the Wild Bunch Group. The harmonization of the accounting procedures was initiated in 2015 but application of the group wide accounting procedures in the day to day accounting needs to be improved in the next year.

Due to the above circumstances as well as due to complex representation and consolidation issues related to the reverse acquisition the finalization of the accounting process for the 2015 and 2016 financial year was delayed.

The controlling department regularly reviews recorded expenses and income, i.e., payments made and received, at the level of individual film exploitation rights.

Wild Bunch AG runs an appropriate system of internal guidelines covering compliance topics, authorization concepts for orders and the conclusion of contracts, signing authorizations and internal financial accounting guidelines. The significant processes are documented in the form of flow diagrams, and contain a description of process-integrated monitoring measures. These guidelines and documents are updated regularly.

In addition, the supervisory board regularly concerns itself with important accounting questions, and the related internal controlling and risk management system.

6. TAKEOVER LAW DISCLOSURES PURSUANT TO SECS. 315 (4) HGB

Pursuant to Sec. 315 (4) HGB, public stock corporations that utilize organized markets in the meaning of Sec. 2 (7) WpÜG ["Wertpapiererwerbs- und Übernahmegesetz": German Securities Purchase and Takeover Act] through voting-entitled shares that they issue, must make the following disclosures in the management report:

- **Composition of issued capital:** The share capital of Wild Bunch AG amounts to € 81,763,015 and is divided into 81,763,015 no-par value bearer shares. Differing share classes do not exist. Please refer to the notes of the consolidated financial statements for Wild Bunch AG as of 31 December 2016 financial year for information about contingent and authorized capital.
- **Restrictions affecting voting rights or the transfer of shares:** The management board is not aware of any restrictions affecting voting rights or the transfer of shares.
- **Direct or indirect interest in the capital exceeding ten percent of voting rights:** The shares in Wild Bunch AG, which exceed ten percent of the voting rights, are included in the notes to the financial statements of Wild Bunch AG as of 31 December 2016, which is available on the website www.wildbunch.eu/investors/publications/. At www.wildbunch.eu/investors/the-share/current voting rights notices are published pursuant to the provisions of the Securities Trading Act.

- **None Holders of shares with special rights endowing controlling authorizations:** Special rights endowing controlling authorizations do not exist.
- **Type of voting rights control if employees participate in the capital and do not directly exercise their control rights:** The management board is not aware that employees participate in the capital and do not directly exercise their control rights.
- **Statutory regulation and provisions of the company bylaws concerning the appointment and removal from office of management board members, and concerning modifications to the company bylaws:** The appointment and removal from office of management board members is performed on the basis of Secs. 84, 85 AktG. Amendments to the company bylaws are based on Secs. 179, 133 AktG, whereby the supervisory board is also authorized to approve amendments to the company bylaws that affect only their wording.
- **Authorizations of the management board, especially relating to their capacity to issue or repurchase shares:** The management board of Wild Bunch AG has been authorized by various annual general meetings to acquire treasury shares in total up to 10 % of the share capital at the time of the resolution. The resolution was renewed for the period up to 29 June 2020 by the annual general meeting 2015. Treasury shares were purchased at various times during fiscal year 2000. As of the reporting date, Wild Bunch AG reports 2,415 treasury shares with a nominal value of € 2,415 or approximately 0.0003 per cent of the share capital. A resolution of the annual general meeting 2015 repealed the existing authorized capital 2012/I, insofar as it has not been exercised by this time and at the same time approved new authorized capital, whereby the management is authorized, subject to the approval of the supervisory board, to increase the share capital by an amount of up to € 37,165,007.00 by June 29, 2020, which today is still available to the Company in the amount of € 29,732,007.00. In addition, the annual general meeting 2015 authorized the management, subject to the approval of the supervisory board, to issue convertibles or warrants with a total nominal value of up to € 19,750,097. The contingent capital 2015/I is only used if the holders of the conversion or option rights exercise their conversion or option rights or execute conversion obligations from such bonds. The contingent capital 2015/I was entered in the commercial register on July 7, 2015.
- **Significant company agreements subject to a change of control due to a takeover bid:** In case of a change of control event, the members of the management partly enjoy an extraordinary right of termination. In such a case, the directors Mr. Grimond, Mr. Chioua and Mr. Maraval are entitled to their total remuneration (fixed salary and performance-related remuneration) until the end of the regular term of the contract, restricted to the total remuneration for two years. Such contractual provisions do not exist for Mr. Sturm.
- **Company compensation agreements that have been entered into with management board members or employees for the instance of a takeover bid:** Compensation agreements with management board members or employees for the event of a takeover bid do not exist.

7. CORPORATE GOVERNANCE STATEMENT

Reporting pursuant to Sec. 289a HGB can be downloaded from the Internet at http://www.wildbunch.eu/investor-relations/corporate-governance#governance-reports.

8. DEPENDENT COMPANY REPORT

The management board prepared a dependent company report in accordance with Sec. 312 AktG, containing the following final statement:

“We state that the Company, in the circumstances known to it at the date on which it entered into the relevant transaction or undertook or refrained from undertaking the relevant act, received adequate consideration for each transaction and did not suffer any disadvantage, by reason of undertaking or refraining from undertaking the act with the controlling company or affiliates.

In the reporting period, we did not undertake, or refrain from taking, any reportable actions motivated by or in the interest of the controlling company or its affiliates.”

9. REMUNERATION REPORT

The management board members receive a fixed annual salary (including a pension supplement, and, potentially, allowances for sickness and care benefits), and in some cases a bonus that takes appropriate account, in compliance with Sec. 87 AktG, of the business results, the Company’s financial position, and the management board member’s performance. The profit-related compensation can amount to a maximum of € 275 thousand per year. The fundamentals of the remuneration system remain unchanged compared to the previous year.

The management board service agreements do not include any explicit settlement commitment if the management board members terminate their service agreements early. A settlement can nevertheless arise from a termination agreement that is concluded on an individual basis.

The supervisory board members receive fixed compensation, the level of which is determined by a resolution of the annual general meeting. They are also reimbursed for any expenses connected with their activities as well as the VAT incurred on these payments.

Please refer to note 46 “Total remuneration of the supervisory board and the management board” in the notes of the consolidated financial statements for more information.

Berlin, 29 September 2017

Vincent Grimond
(CEO)

Max Sturm
(CFO)

Brahim Chioua
(COO)

Vincent Maraval
(CCO)

CONSOLIDATED FINANCIAL STATEMENTS

WILD BUNCH AG
CONSOLIDATED INCOME STATEMENT FOR FISCAL YEAR 2016 (IFRS)

in € thousand	Notes	**2016**	2015
Revenue	6	122,152	117,513
Other film related income	7	9,731	7,795
Total income		**131,883**	**125,309**
Cost of Sales	8	– 111,832	– 108,694
Gross Profit		**20,051**	**16,615**
Other operating income	9	7,649	5,913
Administration costs	10	– 22,618	– 24,505
Other operating expenses	11	– 1,329	–1,389
Operating Result		**3,754**	**– 3,366**
Finance income	12	1,107	2,205
Finance costs	12	– 5,313	– 7,637
Share of profit of an associate or joint venture	12	108	– 734
Finance result	**12**	**– 4,097**	**– 6,166**
Profit / (loss) before tax		**– 343**	**– 9,531**
Income tax	13	1,146	2,278
Net income		**803**	**– 7,253**
Minority interest in profit or loss		386	- 60
Profit / (loss) for the year - Group / total comprehensive income		**417**	**– 7,193**
Weighted average number of shares (in no. thousand)		81,597,084	72,560,774
Potential number of diluted shares (in no. thousand)			
Total weighted average number of shares (in no. thousand)		81,597,084	72,560,774
Earnings per share			
Basic earnings per share (€ per share)		0.01	– 0.10
Diluted earnings per share (€ per share)		0.01	– 0.10
Earnings per share for continuing operations			
Basic earnings per share (€ per share)		0.01	– 0.10
Diluted earnings per share (€ per share)		0.01	– 0.10

WILD BUNCH AG,
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in € thousand	Notes	**2016**	2015
Statement of recognized income and expense			
Consolidated net income		**803**	**– 7.253**
Items that will be reclassified in the income statement			
Exchange rage for foreign enteties of the Group		186	0
Items that will not be reclassified in the income statement			
Acturial gain/loss from defined benefit plans		– 25	– 13
Deferred taxes		8	4
Other income		**– 16**	**– 9**
Total consolidated income		**787**	**– 7.262**
Minority interests		386	5
Profit attributable to shareholders		**401**	**– 7.267**

WILD BUNCH AG,
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016

in € thousand	Notes	**31/12/2016**	31/12/2015
ASSETS			
Goodwill	15	124,454	124,454
Intangible assets	16	95,593	106,025
Tangible assets	17	1,274	1,441
Other financial assets	19	913	1,140
Investments accounted for using the equity method	18	2,431	3,294
Deferred tax assets	13	4,899	4,475
Other non current accounts	22	506	58
Non current assets		**230,070**	**240,887**
Inventories and work in progress	20	2,228	2,231
Accounts receivables and related accounts	21	42,090	50,534
Income tax receivables		508	362
Other current assets	22	33,743	32,567
Cash and cash equivalents		7,170	8,639
Current assets		**85,738**	**94,333**
Total assets		**315,808**	**335,220**

WILD BUNCH AG,
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016

in € thousand	**Notes**	31/12/2016	31/12/2015
EQUITY AND LIABILITIES			
Shareholders equity - Group	23–25	87,271	75,097
Minority interest	26	465	–8
Shareholders equity		**87,736**	**75,090**
Retirement and related commitments	28	742	632
Capital reserve	29	25	295
Deferred tax liability	13	6,081	7,892
Non-current debt	30	56,198	26,495
Other non current liabilities		1,169	149
Non current liabilities		**64,215**	**35,463**
Current provision	29	3,703	13,875
Current debt	30	26,173	64,234
Suppliers - accounts payables	31	71,216	85,335
Income tax payables		652	3
Other current liabilities	32	62,113	61,221
Current liabilities		**163,857**	**224,668**
Total equity and liabilities		**315,808**	**335,220**

WILD BUNCH AG,
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € thousand	Issued capital	Capital reserve	Accumulated result
As of 31 December 2014	**187**	**36,860**	**9,799**
As of 31.12.2014 (as reported)	*187*	*36,860*	*12,029*
Adjustment of the share capital to the actual value prior to the merger of Wild Bunch S.A. and Senator Entertainment AG.	**55,686**	**–55,686**	**0**
As of 1 January 2015	**55,873**	**–18,826**	**9,799**
Change in scope of consolidation	18,455	15,506	0
Capital measures	1,392	1,462	0
Costs relating to capital increase	0	–1,246	0
Result of the year	0	0	–7,193
Other comprehensive income	0	0	0
Other adjustments	0	0	0
As of 31 December 2015	**75,719**	**–3,104**	**2,607**
As of 1 January 2016	**75,719**	**–3,104**	**2,607**
Cash capital increase	6,041	6,344	0
Costs relating to capital increase	0	–530	0
Result of the year	0	0	417
Other comprehensive income	0	0	0
Other adjustments	0	0	–83
As of 31 December 2016	**81,761**	**2,709**	**2,941**

Accumulated other equity					
Foreign currency translation differences	Other comprehensive income	Other comprehensive income tax	Share attributable to owners of Wild Bunch AG	Share of other shareholders	Consolidated equity
0	**– 171**	**56**	**46,731**	**– 4**	**46,727**
0	*– 171*	*56*	*48,961*	*100*	*49,061*
0	**0**	**0**	**0**	**0**	**0**
0	**– 171**	**56**	**46,731**	**– 4**	**46,727**
0	0	0	33,961	0	33,961
0	0	0	2,854	0	2,854
0	0	0	– 1,246	0	– 1,246
0	0	0	– 7,193	- 60	– 7,253
0	– 13	4	– 9	0	– 9
0	0	0	0	56	56
0	**– 184**	**61**	**75,098**	**– 8**	**75,090**
0	**– 184**	**61**	**75,098**	**– 8**	**75,090**
0	0	0	12,385	0	12,385
0	0	0	– 530	0	– 530
0	0	0	417	386	803
0	– 24	8	– 16	0	– 16
0	0	0	– 83	87	4
0	**– 208**	**69**	**87,271**	**465**	**87,736**

WILD BUNCH AG, CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2016 (IFRS)

in € thousand	01/01/2016– 31/12/2016	01/01/2015– 31/12/2015
Consolidated net profit	**803**	**–7,253**
Depreciation, amortization, impairments and write-ups	55,013	51,479
Result from investments accounted for using the equity method	–108	734
Dividends received from investments accounted for using the equity method	-	113
Result from disposal of consolidated subsidiaries and business units and intangible assets, property, plant and equipment and financial assets	-	-
Changes in provisions	–11,906	–2,735
Changes in deferred taxes	–2,235	–2,501
Other non-cash income and expenses	15	237
Changes in trade receivables	8,218	–3,188
Changes in trade payables	–7,278	–4,199
Changes in other assets and liabilities	–4,728	3,658
Cash flow from operating activities	**37,793**	**36,346**
Proceeds from disposals of intangible assets, property plant, and equipment	5,069	3,751
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up	1,775	-
Proceeds from disposals of non-current financial assets	409	175
Proceeds from investments in short-term financial funds	-	-
Purchases of intangible assets	–50,259	–47,806
Purchases of property, plant and equipment	–48	–309
Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired	–41	6,758
Purchases of investments in non-current financial assets	–31	–641
Cash flow from investing activities	**–43,126**	**–38,071**

in € thousand	**01/01/2016–31/12/2016**	01/01/2015–31/12/2015
Dividends paid to shareholders	-	-
Purchase of non-controlling interests	-	-
Disposal of non-controlling interests	-	-
Issuance of shares	12,385	2,853
Proceeds from corporate bond issuance	16,032	15,197
Repayments of corporate bonds	–15,197	–10,150
Proceeds from other financial liabilities	13,336	33,325
Repayments of other financial liabilities	–22,693	–37,305
Repayments of liabilities under finance leases	-	-
Other financial transactions	-	-
Cash flow from financing activities	**3,863**	**3,920**
Cash flow-related changes in cash and cash equivalents	**–1,469**	**2,195**
Changes in cash and cash equivalents due to exchange rates	1	-
Changes in cash and cash equivalents due to changes in companies included in consolidation	-	-
Cash and cash equivalents at beginning of period	8,639	6,444
Reclassification relating to assets held for sale	-	-
Cash and cash equivalents at end of period	**7,170**	**8,639**
Cash flows contained in the cash flow from operating activities		
Income taxes paid	–771	–287
Income taxes received	184	17
Interest paid	–4,472	–6,695
Interest received	38	18
Dividends received	-	113
Control cash at bank versus balance sheet values	0	0
Cash at bank end of period	**7,170**	**8,639**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(A) PRINCIPLES AND METHODS

1. GENERAL INFORMATION

The Wild Bunch Group (hereinafter "Wild Bunch") was formed from the merger between the German media Group Senator Entertainment AG, Berlin, and the European film company Wild Bunch S.A., Paris, under the umbrella of Wild Bunch AG (formerly: Senator Entertainment AG), Berlin (hereinafter "Senator AG" or "Company"), whose shares are listed in the General Standard segment of the Frankfurt Stock Exchange.

The legal acquisition of Wild Bunch S.A., Paris, France, at the beginning of 2015 by Wild Bunch AG, Berlin (formerly Senator Entertainment AG, Berlin) is a reverse acquisition. For this reason, the present consolidated financial statements represent a continuation of the consolidated financial statements of Wild Bunch S.A., Paris, France (see item 3 "Consolidation and consolidation methods").

The Group, established in Berlin and Paris, is a leading, independent European film distribution and production company active in the field of acquisition, co-production, film distribution and international sales and currently manages a film library of more than 2,200 film titles.

The Company is managed under the commercial register number HR B 68059 B of the local court of Berlin-Charlottenburg. The registered office of Wild Bunch AG is at Knesebeck-Str. 59-61, 10719 Berlin, Germany.

The consolidated financial statements of Wild Bunch AG for the fiscal year ending 31 December 2016 were prepared by the Management Board on 29 September 2017, and approved by the Supervisory Board on 29 September 2017.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with section 315a of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) valid on the reporting date and recognized by the European Union (EU) and the IFRS interpretations approved by the IASB Interpreting Committee (IFRS IC). All IFRS /IAS and IFRIC/SICs, which were mandatory for the year ended 31 December 2016 were taken into account. In addition, the provisions of German commercial law applicable under Section 315a (1) HGB have been observed. Because of the possible non-compliance of the IFRS in the context of the acquisition of Continental Film S.A. in fiscal year year 2013, please refer to item 15 "Goodwill".

A list of subsidiaries, joint ventures and associates included in the consolidated financial statements is contained in this Annex under item 3 "Consolidation and consolidation methods." The effects of the initial consolidation and deconsolidation of subsidiaries, joint ventures and associates are also presented in this section.

The profit and loss account was prepared using the cost-of-sales method.

The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting and valuation methods.

As a matter of principle, the consolidated financial statements are prepared using the acquisition cost principle on the basis of historical acquisition or production costs. This excludes derivative financial instruments that are measured at fair value.

The consolidated financial statements of Wild Bunch AG for the fiscal year from 1 January to 31 December 2016 were adopted on the assumption of the Company's continuation.

The consolidated financial statements are prepared in euros, which is the functional and reporting currency of the Group's parent company. Unless otherwise stated, all values are rounded up or down to thousands (T €) according to commercial rounding. For reasons of computation, rounding differences can occur to the mathematically exact values.

The consolidated financial statements and the Group management report are published in the Federal Gazette.

3. SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

CHANGES IN THE SCOPE OF CONSOLIDATION 2016

Deutschfilm

In March 2016, Wild Bunch AG sold its 50% share in the fully consolidated deutschfilm GmbH, Berlin, to the co-shareholder Mr. Anatol Nitschke for € 1.00. In connection with the divestiture of the shares, Wild Bunch AG ceded a loan claim against deutschfilm in the amount of € 1,959 thousand to Mr. Nitschke.

At the time of loss of control, deutschfilm recorded cash or cash equivalents of € 2 thousand. The Company generated a loss of € 39 thousand by the time of the deconsolidation date. The deconsolidation of the Company resulted in a deconsolidation gain of € 114 thousand, which is reported under other operating income. The following table shows the amounts of the assets and liabilities broken down by main groups, with the exception of the cash and cash equivalents at the time of the loss of control:

In € thousand	
Assets	
Intangible assets	8
Property, plant and equipment	5
Total non-current assets	**13**
Liabilities from goods and services	26
Other assets	43
Total current assets	**69**
Liabilities	
Provisions	31
Payments received	20
Liabilities from goods and services	65
Other liabilities	80
Total current liabilites	**196**

With effect from 23 September 2016, Wild Bunch AG sold its complete share in the affiliated Company X Verleih AG (31.38%) to X Filme Creative Pool GmbH, Berlin, for a purchase price of € 1,775 thousand. The divestiture resulted in a positive contribution to earnings in the consolidated financial statements of around € 400 thousand.

Insiders

Insiders LLC, founded on 7 December 2015 by Wild Bunch S.A. under US law (State of California), will be included for the first time on 31 December 2016 in the consolidated financial scope by way of full consolidation.

The company was of minor importance in the absence of operating activities in the previous year. Insiders LLC commenced with its operational activities in November 2016.

By shareholders' resolution and Shareholders Agreement ("Operating Agreement") dated 1 November 2016, Wild Bunch S.A. sold 55% of its shares in Insiders LLC. The sale price of US $ 5,500 corresponded to the fair value of the shares at the time of sale.

With the sale of the shares, Wild Bunch S.A. no longer holds the majority of the voting rights (45%) in Insiders LLC as of 1 November 2016. To this extent, the Group has examined whether Insiders LLC is controlled at the consolidated closing date.

To determine whether Wild Bunch controls Insiders LLC, the following conditions must be met:

- power of control,
- a risk burden or a claim to fluctuating returns from the commitment and commitment,
- the ability to use its power of representation through the holding company in such a way as to affect the level of the investor's return.

In general, it is assumed that possession of a majority of the voting rights leads to control. If the Group does not hold a majority of the voting rights or equivalent rights in a participating company, it takes into account all relevant facts and circumstances when assessing whether it has the power of disposal in that holding company. These include contractual agreements, for example.

In the shareholder agreement as of 1 November 2016, Mr. Vincent Maraval was appointed Managing Director with sole representative authority. In addition, Mr. Vincent Maraval, as Chief Content Officer (CCO), is a member of the Management Board of Wild Bunch AG.

The shareholder agreement dated 1 November 2016 regulates among other topics that the Managing Director can only be dismissed with an 80% majority. In this respect, the Group has a blocking minority in questions of a dismissal of Management (factual control).

Insiders LLC is included in the consolidated financial statements within the scope of its full consolidation.

As of 31 December 2016, the Company had assets in the amount of € 29 thousand and liabilities in the amount of € 19 thousand. The Company's revenues for the fiscal year amounted to € 844 thousand with a balanced result.

CHANGES IN THE SCOPE OF CONSOLIDATION 2015

At an extraordinary general meeting on 12 September 2014, the increase in the share capital of Wild Bunch AG, Berlin (formerly Senator Entertainment AG) was reduced by € 55,872,788 through the issuance of 55,872,788 new shares against contribution in kind in connection with the transfer of shares in Wild Bunch S.A., Paris, France. The new shares were issued on 5 February 2015.

The legal acquisition of Wild Bunch S.A., Paris, France, by Wild Bunch AG, Berlin (formerly Senator Entertainment AG, Berlin) constituted a reverse acquisition in accordance with IFRS 3. This was due to the fact that the former shareholders of Wild Bunch S.A., Paris, France, had received the majority of the voting rights in the merged company through the contribution in the form of shares in Wild Bunch S.A., Paris, France, and the existing shareholders of the Company have retained only 24.8% of the votes. As a consequence of this, Wild Bunch S.A., Paris, France, is to be represented as the accorrating acquirer and Wild Bunch AG, Berlin, as the acquired company from the date of acquisition.

The fair value of the acquired company (Wild Bunch AG, formerly Senator Entertainment AG) was determined based on the share price of Wild Bunch AG, Berlin, on 5 February 2015 in the amount of € 1.84 per share, thus € 33,961,267.68.

The consolidated financial statements as of 31 December 2017 represent a continuation of the consolidated financial statements of Wild Bunch S.A., Paris, France, whereby the formal legal capital of the accounting acquirer was adjusted to reflect the shareholders' equity of the acquired company.

A purchase price allocation was carried out as part of the inclusion of Wild Bunch AG, Berlin, (formerly Senator AG) and its subsidiaries in the consolidated Group, which is shown below. This purchase price allocation was finalized in September 2015.

According to IFRS 3, the acquired (proportionate) net assets are to be determined and the purchase price divided between the acquired assets, liabilities and contingent liabilities, as determined by the initial consolidation date and the acquisition costs of the acquired business (Wild Bunch AG, Berlin). A remaining difference is to be recognized as goodwill or as a negative difference in income.

Criteria for the recognition of assets and liabilities that must be cumulatively fulfilled:

- Reliable measurability of the fair value
- Probable benefit or probable resource outflow
- Identifiability of assets or liabilities.

The fair value of the identifiable assets and liabilities of the Group as of the acquisition date is as follows:

In € thousand	
Non-current assets	
Intangible assets	9,094
Property, plant and equipment	227
Financial investments	1,310
Current assets	
Stocks	999
Liabilities from goods and services	4,658
Other financial assets	3,086
Receivables from income taxes	336
Other assets	1,638
Cash and cash equivalents	6,758
Total assets	**28,106**
Long-term liabilities	
Financial liabilities	900
Current liabilities	
Other provisions	13,917
Financial liabilities	17,159
Liabilities from goods and services	12,955
Other liabilities	8,444
Total provisions and liabilities	**53,375**
Total of the identified net assets at fair value	–25,269
Acquisition costs	33,961
Fair value of the equity held at Central Film Verleih GmbH	4,400
Goodwill	63,630

No intangible assets with indefinite useful lives were acquired.

The gross carrying amount of the acquired trade receivables amounted to € 7,159 thousand. Impairment losses of € 2,501 thousand were recorded. No value adjustments are made to the other financial assets acquired, the advance payments made and other assets.

Goodwill in the amount of € 63,630 reflects, among other items, the value for a stronger market position and associated rising revenues from existing and new revenue sources, for example through the development of new formats in the TV sector. In addition, the goodwill reflects potential synergy effects. It is assumed that the goodwill recognized is not tax-deductible.

In the context of the reverse transaction, Wild Bunch S.A., Paris, indirectly acquired the remaining 50% of the shares in Central Film Verleih GmbH, which are held by Wild Bunch AG, Berlin. The fair value of the newly acquired shares as of the acquisition date amounted to € 6,720 thousand, the total net assets acquired at fair value amounted to € 466 thousand, the resulting goodwill € 6,254 thousand.

The consolidated financial statements for 2015 included revenue of € 14,344 thousand and profit of € 483 thousand from the acquired Wild Bunch AG and its subsidiaries, which existed at the time of acquisition. A total of approximately € 1 million was booked for the capital increase against the capital reserves in the fiscal year. In addition, no further costs have been incurred. If Wild Bunch AG (formerly Senator AG) and its subsidiaries acquired on 5 February 2015 had already been included in the consolidated financial statements as of 1 January 2015, they would have had revenues of € 16,088 thousand as of fiscal 2015 and contributed a result of € -19,234 thousand.

Wild Bunch S.A., Paris, France, and Wild Bunch AG, Berlin (formerly Senator AG) each hold 50% of the shares in Central Film Verleih GmbH, Berlin. The Wild Bunch Group holds 100% of the shares of Central Film Verleih GmbH through the aforementioned contribution of shares in Wild Bunch S.A., Paris, France, to Wild Bunch AG (formerly Senator AG). From 5 February 2015, the financial statements of Central Film Verleih GmbH will be fully consolidated in the consolidated financial statements. In the previous year and until the acquisition date in 2015, this company was consolidated at equity.

INFORMATION ON THE SCOPE OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Wild Bunch AG and the subsidiaries it controls as of 31 December 2016. Control exists when the Group has a risk of or a claim to fluctuating returns from its exposure to the investment company and, can also use its power of attorney through the investment company to influence these returns. In particular, the Group only controls a holding company if it has all the following properties:

- the power of representation through the investment company (i.e., the Group is in a position to control those activities of the investment company which have a significant influence on its return) due to current rights;
- a risk exposure or a claim to fluctuating returns from its exposure to the investment firm and
- the ability to use its power of representation through the investment firm, thereby affecting the return of the investment company.

If the Group does not hold a majority of the voting rights or similar rights in a participating company, it takes into account all relevant facts and circumstances when assessing whether it has the power of representation in that holding company. These include, among other items:

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

If, on the basis of facts and circumstances, it becomes clear that one or more of the three control elements have changed, the Group has to re-examine whether it dominates an investment company. The consolidation of a subsidiary begins on the day on which the Group acquires control over the subsidiary. It ends when the Group loses control over the subsidiary. The assets, liabilities, income and expenses of a subsidiary acquired or sold during the period under review will be recognized in the balance sheet or net income as of the date on which the Group acquires control over the subsidiary until the date on which control ceases in the statement of comprehensive income.

The profit or loss and any component of other comprehensive income is attributable to holders of ordinary shares of the parent company and non-controlling interests, even if this results in a negative balance of non-controlling interests.

A change in the equity interest in a subsidiary without loss of control is recognized as an equity transaction. If the parent company loses control of a subsidiary, the following steps are carried out:

- derecognition of the assets (including goodwill) and the liabilities of the subsidiary,
- derecognition of the carrying amount of non-controlling interests in the former subsidiary,
- derecognition of cumulative translation differences recognized in equity,
- Recognition of the fair value of the consideration received,
- Recognition of the fair value of the remaining equity interest,
- Recognition of surpluses or deficits in profit and loss accounts,
- Reclassification of the components of the other comprehensive income to the parent company into the profit or loss account or to retained earnings, as would have been necessary if the Group had sold the corresponding assets or liabilities directly.

SHARES IN ASSOCIATES OR JOINT VENTURES

An associate is a company in which the Group has significant influence. A significant influence is the possibility of participating in the financial and commercial policy decisions of the investment company, but not the control or the joint management of the decision-making processes.

A joint venture is a joint agreement whereby the parties exercise joint control and have joint rights to the net assets.

The Group's shares in an associate or joint venture are accounted for using the equity method.

Under the equity method, the shares in an associate or joint venture are initially recognized at acquisition cost. The carrying amount of the investment is adjusted to reflect changes in the Group's share of the net assets of the associated company or joint ventures since the acquisition date. The goodwill associated with the associated company is included in the book value of the share and neither amortized nor subjected to a separate impairment test.

The profit and loss account contains the Group's share of the profit or loss of the associate or joint venture. Changes in the other income of these affiliates are recognized in the other income of the Group. In addition, changes recognized directly in the equity of the associate or joint venture are recognized by the Group in the amount of its share and, if necessary, shown in the statement of changes in equity. Unrealized gains and losses on transactions between the Group and the associate or joint venture are eliminated in accordance to the proportion of the associate or joint venture.

The Group's total share in the result of an associate or joint venture is presented in the income statement and is the result after taxes and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared as of the same reporting date as the consolidated financial statements. Where necessary, adjustments are made to ensure uniform accounting policies.

After applying the equity method, the Group determines whether it is necessary to recognize an impairment loss for its shares in an associate or joint venture. On each reporting date, the Group determines whether there are objective indications as to whether the Group's net investment in an associate or joint venture could be impaired. If such indications exist, the amount of impairment is determined as the difference between the recoverable amount of the share of the associate or joint venture and the book value, and the loss is recognized as "impairment on financial assets."

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The acquisition costs of a company acquisition are measured as the sum of the transferred consideration, measured at fair value at the time of acquisition, and the non-controlling interest in the acquired company. In each business combination, the Group decides whether to assess the non-controlling interest in the acquiree at the fair value or the proportion of the identifiable net assets of the acquired company. Expenses incurred in connection with the business combination are recorded as expenses and reported as administrative costs.

In the case of gradual business combinations, the equity interest previously held by the acquirer in the acquiree is remeasured at fair value at the time of acquisition and the resulting gain or loss recognized in profit or loss. It is then taken into account when determining the goodwill.

Goodwill is initially measured at acquisition cost, which is measured as the surplus of the total consideration transferred and the non-controlling interest portion and the shares held earlier in the acquired identifiable assets and liabilities assumed by the Group. If the fair value of the acquired net asset value exceeds the transferred total consideration, the Group again assesses whether it has correctly identified all acquired assets and all liabilities assumed and checks the procedures used to determine the amounts recognized at the time of acquisition. If the fair value of the acquired net assets after the revaluation still exceeds the transferred total consideration, the difference is recorded in the profit and loss account.

After first-time recognition, the goodwill is valued at acquisition costs less cumulative impairment losses. For the purposes of the impairment test, goodwill acquired as part of a business combination is allocated from the acquisition date to the Group's cash-generating units, which are expected to benefit from the business combination.

If goodwill has been allocated to a cash-generating unit and a division of this unit is sold, the goodwill attributable to the sold business area is taken into account as part of the book value of the business area when determining the result from the disposal of this business area. The value of the sold portion of the goodwill is determined on the basis of the relative values of the divested business area and the remaining part of the cash-generating unit.

SCOPE OF CONSOLIDATION

The composition of the scope of consolidation of the Wild Bunch Group as of 31 December 2016 is shown in the following table:

	31 Dec 2016	**31 Dec 2015**
Fully consolidated companies		
Domestic	11	12
Foreign	17	16
Shares in associates and joint ventures		
Domestic	1	2
Foreign	2	2
	31	**32**

The following companies were included in the consolidated financial statements:

Ser. no.	Fully consolidated companies	Seat	Main business activity	Share in %		Held through	See footnote for further information
				2016	2015		
	Domestic						
1	Wild Bunch AG	Berlin	Holding	-	-	-	-
2	Wild Bunch Germany GmbH	Munich	Sales	88.0	88.0	13	-
3	Senator Film Produktion GmbH	Berlin	Production	100.0	100.0	1	1, 2
4	Senator Film Verleih GmbH	Berlin	Sales	100.0	100.0	1	1, 2
5	Senator Home Entertainment GmbH	Berlin	Sales	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	Financing	100.0	100.0	1	1, 2
9	Senator Film München GmbH	Munich	Production	100.0	100.0	1	1, 2
10	Senator Reykjavik GmbH	Berlin	Production	100.0	100.0	3	-
11	Central Film Verleih GmbH	Berlin	Sales	100.0	100.0	1 and 13	4
12	deutschfilm GmbH	Berlin	Production/Sales	0.00	50.0	1	-
	Foreign						
13	Wild Bunch S.A.	Paris, France	Holding and global sales	100.0	100.0	1	-
14	BIM Distribuzione s.r.l.	Rome, Italy	Sales	100.0	100.0	13	-
15	Bunch of Talents SAS	Paris, France	Other	80.0	80.0	13	-
16	Continental films SAS	Paris, France	Sales	100.0	100.0	13	-
17	Elle Driver SAS	Paris, France	Global sales	95.0	95.0	13	-
18	Eurofilm & Media Ltd.	Killaloe, Ireland	Sales	100.0	100.0	1	-
19	EWB2 SAS	Paris, France	Sales	100.0	100.0	13	-
20	EWB3 SAS	Paris, France	Sales	100.0	100.0	13	-
21	Filmoline SAS	Paris, France	SVOD and VOD sales	90.0	90.0	13	-
22	Wild Bunch Austria GmbH	Vienna, Austria	Sales	100.0	100.0	4	-

23	Versatile SAS	Paris, France	Global sales	95.0	95.0	13	-
24	Vértigo films S.L.	Madrid, Spain	Sales	80.0	80.0	13	-
25	Virtual films Ltd.	Dublin, Ireland	Sales	100.0	100.0	13	-
26	Wild Bunch Distribution SAS	Paris, France	Sales	100.0	100.0	13	-
27	Wild Side Film SAS	Paris, France	Sales	100.0	100.0	13	-
28	Wild Side Video SAS	Paris, France	Sales	100.0	100.0	13	
29	Insiders LLC	Los Angeles, USA	Sales	45.0	100.0	13	
	Domestic						
30	Bavaria Pictures GmbH	Munich	Production	50.0	50.0	9	3
31	X Verleih AG	Berlin	Sales	0.0	31.4	1	3
	Foreign						
32	Capricci World	Nantes, France	Holding	33.0	33.0	13	3
33	Circuito Cinema s.r.l.	Rome, Italy	Sales	35.47	34.4	14	3

1 Profit transfer agreement with the parent company

2 Section 264 para. 3 HGB was applied

3 At-equity approach

4 was included at-equity in the consolidated financial statements until 31 January 2015

4. DISCRETION AND UNCERTAINTIES IN ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported income, expenses, assets, liabilities, contingent liabilities and contingent assets at the time of the accounting. These estimates and assumptions are based on management's best judgment based on past experience and other factors, including estimates of future events. The assessments and assumptions are reviewed on an ongoing basis. Changes in estimates are necessary, provided that the circumstances on which the estimates are based have changed or new information and additional findings are available. Such changes are recorded in the reporting period in which the estimate has been adjusted.

The most important assumptions about future development and the most important sources of uncertainties in the estimates which could require significant adjustments to the reported assets and liabilities, as well as the reported income, expenses and contingencies in the next twelve months, are shown below.

CONSOLIDATION OF COMPANIES IN WHICH THE GROUP DOES NOT HOLD THE MAJORITY OF THE VOTING RIGHTS (DE FACTO CONTROL)

The Group assumes that it controls Insiders LLC, although it holds only 45% of the voting rights. The reason for this is that a member of the Management Board of the Group is appointed as sole Managing Director of Insiders LLC. A change of management is only possible with an 80% majority. In this respect, the Group has a corresponding blocking minority for the dismissal and/or recall of the management. As a result, the Group also has sufficient rights without them right to vote, which gives it powers of authority over Insiders LLC, since it has the practical possibility to unilaterally control the relevant activities.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least once a year and if there are any indications of impairment. Film assets and other non-financial assets are tested for impairment if there are indications that the carrying amount exceeds the recoverable amount. In order to determine whether impairment exists, estimates of the expected future cash flows per cash-generating unit are made from the use and potential disposal of these assets. The actual cash flows may differ materially from the discounted future cash flows based on these estimates. Changes in the sales and cash flow forecasts can result in an impairment loss (item 16 "Intangible assets and property, plant and equipment").

IMPAIRMENT OF INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER INVESTMENTS

Shares in companies accounted for using the equity method and other companies are tested for impairment whenever there are indications that the carrying amount exceeds the recoverable amount. Estimates are made of the expected future cash flows per cash-generating unit from the use and possible sale of these assets in order to assess whether impairment exists. Actual cash flows could differ materially from the discounted future cash flows based on these estimates. Changes in both sales and cash flow forecasts may result in impairments.

IMPAIRMENT OF RECEIVABLES

As of the balance sheet date, the Group had recognized receivables with a maturity of more than 120 days. On the basis of empirical values and objective indications, valuation adjustments were made for these receivables, the amount of which the management considers appropriate. From these estimates, uncertainty arises that unanticipated losses on receivables will have to be recognized in future periods (item 21 "Trade receivables").

PROVISIONS FOR EXPECTED RETURNED GOODS

The Group's provisions for anticipated returns 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 the time, management considers the accrued provisions to be appropriate. Since these provisions are among other things based on past experience, they may need to be adapted as new information becomes available. Such adjustments could have an impact on the accruals for future reporting periods (item 28 "Other provisions").

LIABILITIES FROM LICENSOR SHARES

The Group companies are exposed to various subsequent claims from licensors regarding their licensors' shares from the marketing of film rights. At the present time, the Group assumes that the liabilities cover the risks. However, further claims could be raised, the costs of which are not covered by the existing liabilities. Such changes may affect the liabilities recognized in future reporting periods for licensor shares (item 30 “Other liabilities”).

All identifiable assets and liabilities in the context of the merger between Senator Entertainment AG and Wild Bunch S.A. were initially recognized at their fair value. The adjusted time values are subject to uncertainties. In the case of the identified intangible assets, the fair value was determined by means of generally accepted valuation procedures.

INCOME TAXES

The determination of the assets and liabilities from deferred and current income taxes recognized on the balance sheet requires extensive discretionary exercise, assumptions and estimates.

The 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 uncertainties as to the date when an asset is realized or a liability is met, 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 usability of loss carryforwards. Factors being considered in this assessment include the earnings history, profit planning as well as a possibly existing tax planning strategy (item 13 “Income Tax”)

ACCEPTANCE OF COMPANY CONTINUATION

The consolidated financial statements of the Company are prepared under the assumption of the Company’s going concern.

In order to secure its liquidity situation, Wild Bunch concluded a credit agreement with the London-based bank Leumi Plc (UK) on 5 April 2017 for a revolving loan of € 30 million. The credit facility, which runs until 2019, allows the German, Italian and Spanish companies of the Wild Bunch Group as well as Wild Bunch AG to repay existing financing and to finance their current business. A first draw was made on July 18, 2017. In addition, an increase in the credit line was arranged by the entry of the French companies and subject to additional conditions of up to € 100 million in the contract intended; for the use of the extended credit line, a renewed approval is required from Bank Leumi Plc (UK) and, as the case may be, other syndicate banks. See section 5.1.3 of the Group Management Report for information on liquidity risks that could jeopardize the going-concern of the company. Various financial covenants were agreed in the loan agreement. These mainly relate to the following performance indicators: EBITDA ratio, i.e. consolidated EBITDA in relation to revenue, liquidity ratio, i.e., the volume of accessible sources of financing compared to the expected financing requirements, leverage ratio, i.e. the ratio of net debt to consolidated EBITDA, and a guarantee of a minimum value for the Company’s balance sheet equity.

In addition, there was a significant excess overhang of current liabilities as well as existing obligations for future film purchases in relation to current assets on the balance sheet date. In addition to the completion of the credit facility agreement with Bank Leumi, the Company has initiated further measures to reduce this shortfall. In the past fiscal year, negotiations were held with suppliers and in some cases new payment targets were agreed. Additional measures to improve the balance sheet structure, e.g. through capital measures, are planned.

For further information, please refer to the comments in the management report on liquidity risks affecting the going-concern assamption

5. ACCOUNTING POLICIES

The accounting and valuation methods applied Group-wide in fiscal year 2016, which are presented in the following, remained unchanged compared to the prior year.

The balance sheet was structured according to current and non-current assets and liabilities, whereby all assets and liabilities expected to be realized within 12 months after the balance sheet date are considered current. All other assets or liabilities are classified as non-current. Funding for projects is primarily secured by rights from these projects.

The Group has applied certain standards and amendments to be applied to fiscal years beginning on or after 1 January 2016 for the first time. The Group has not applied any other standards, interpretations or amendments that have been published but have not yet become effective.

The nature and effects of the individual new standards and amendments are described below.

A detailed description of the amendments to the following new standards has been waived as these are not relevant for the consolidated financial statements and therefore have no effect on the consolidated financial statements:

Amendments to IAS 16 and IAS 41 Agriculture: Fruit-bearing plants
Amendments to IAS 27: Equity method in separate financial statements
Improvements to IFRSs 2012–2014 Cycle
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment companies: Application of the consolidation exception
Amendments to IFRS 11: Accounting for acquiring shares in a community activity
Amendment to IAS 1: Information initiatives

AMENDMENT TO IAS 16 AND IAS 38: CLARIFICATION OF ACCEPTABLE DEPRECIATION METHODS

The amendments clarify the principle contained in IAS 16, Property, plant and equipment, and IAS 38, Intangible assets, that the turnover reflects the operation of a business (to which an asset belongs) rather than the economic use of an asset. As a result, a sales-related method cannot be used for the depreciation of property, plant and equipment, but only – in very limited cases – for the amortization of intangible assets.

The Group writes film assets off using a revenue-based amortization method. films are not amortized as intangible assets. They are typically analyzed by subsequent exploitation stages (theatrical, home entertainment, TV and others) and are therefore economically consumed through this exploitation. The allocation of the consumption to the individual stages of utilization is essentially related to the respective share of the recoverable revenues generated at the respective recovery stage. For this reason, the revenues generated and the economic consumption of the respective film are highly correlated and the Company therefore considers the conditions an exemption pursuant to IAS 38.98A.

STANDARDS RELEVANT TO THE FUTURE CONSOLIDATED FINANCIAL STATEMENTS OF WILD BUNCH AG

IASB and the IFRIC have issued new and amended standards and interpretations which were not yet mandatory in the reporting period and were not yet partly incorporated into EU law. The Group intends to apply these standards and interpretations as soon as they become mandatory.

Standard/Interpretation	**Date of the EU Endorsement**	**(expected) Mandatory application in the EU**
Amendments to IFRS 2: Clarification of the classification and measurement of transactions with share-based compensation	Not yet adopted	1 January 2018
Amendments to IFRS 4: Application of IFRS 9 "Financial Instruments" together with IFRS 4 "Insurance Contracts"	Not yet adopted	1 January 2018
IFRS 17: Insurance Contracts	Not yet adopted	1 January 2021
Clarification IFRS 15: Revenues from contracts with clients	Not yet adopted	1 January 2018
Annual improvement project: Improvements to IFRSs 2014–2016 Cycle	Not yet adopted	1 January 2018
IFRIC 22: Transactions in foreign currencies and considerations paid in advance	Not yet adopted	1 January 2018
Amendment to IAS 40: Transfer of Investment Property	Not yet adopted	1 January 2018
IFRIC 23: Uncertainty about income taxes	Not yet adopted	1 January 2019
IFRS 9: Financial Instruments, classification and valuation of financial instruments	22 November 2016	1 January 2018
IFRS 14: Regulatory Accruels	Adoption not recommended	open
IFRS 15: Revenues from contracts with customers" including clarifications from 12 April 2016	22 September 2016	1 January 2018
IFRS 16: New standard Leases	Not yet adopted	1 January 2019
Amendments to IAS 7: Information initiative	Not yet adopted	1 January 2017
Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses	Not yet adopted	1 January 2017
Amendments to IFRS 10 and IAS 28 Sale or transfer of assets between an investor and an associate or joint venture	Has been postponed indefinitely by the IASB	open

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 introduces a uniform approach for classifying and measuring financial assets. The standard is based on the characteristics of the cash flows and the business model by which these cash flows are managed. IFRS 9 provides a new impairment model that is based on the expected credit defaults. The standard contains new regulations on the application of hedge accounting in order to better present the risk management activities of an entity, in particular with regard to the management of non-financial risks. The new standard is effective for reporting periods beginning on or after 1 January 2018; early adoption is permitted subject to an EU endorsement.

The Group intends to apply the new standard from entry into force. In fiscal year 2016, the Group carried out a preliminary assessment of the effects of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may change as a result of further detailed analyses or additional reasonable and reliable information that will be made available to the Group in the future. Overall, the Group does not expect any material effects on its balance sheet and equity, except for the effect of applying the impairment provisions in IFRS 9. The Group expects higher risk-taking provisions to be formed on the basis of the premise in the new regulation that future losses will be recognized which would have a negative impact on equity. A detailed assessment will be carried out in the future in order to determine the extent of these impacts.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

According to this new standard, revenue is to be recognized upon transfer of the promised good or service to the customer at the amount of the consideration that the entity expects to be entitled to receive from the transaction. Revenue is recognized when the customer receives the power of disposal over the goods or services. IFRS 15 also provides guidance on the recognition of the existing benefit surpluses or obligations on the contract. Contract assets and contract liabilities arise from contracts with customers depending on the relationship between the entity's performance and the customer's payment. In addition, the new standard obliges entities to disclose qualitative and quantitative information to enable readers of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 replaces IAS 11: Construction Contracts, and IAS 18: Revenue, as well as the associated interpretations. The new standard is effective for reporting periods beginning on or after 1 January 2018; early adoption is permitted subject to an EU endorsement.

In fiscal year 2016, the Group carried out a preliminary assessment of IFRS 15, which may change as a result of further detailed analysis. In addition, the Group takes account of the clarifications published by IASB in April 2016 and will monitor further developments in the interpretation of I FRS 15.

The Group is an independent European film distribution and production Company operating directly in France, Italy, Germany, Spain and Austria, worldwide, as well as financing co-productions and the electronic direct distribution of films and TV series. Film rights are, in principle, sold individually in contracts with customers.

The Group has come to the conclusion that its services are not provided over a period of time as the customer is fully entitled to the benefit of the contracts from a certain point in time. On this basis, the Group's revenues from these contracts would continue to refer to a certain point of time and not to a period of time.

The presentation and disclosure requirements of IFRS 15 go far beyond the provisions of the current standards. The new presentation requirements are a major change compared to the current practice and will require much more information in the consolidated financial statements in the future. IFRS 15 requires quantitative and qualitative disclosures on the breakdown of revenues, service obligations and contract terms as well as on significant discretionary decisions and capitalized contract costs. Many of these specifications are completely new.

IFRS 16: LEASES

IFRS 16 replaces IAS 17: Leases and their associated interpretations. According to the new regulation, lessees are required to account for all leases in the form of a right of use, and a corresponding leasing liability. A leasing relationship exists if the fulfillment of the contract depends on the use of an identifiable asset and the customer also gains control over this asset. The presentation in the income statement is essentially a finance lease transaction, so the right of use usually depreciates on a straight-line basis, and the leasing liability is updated using the effective interest method. Leases with a total term of a maximum of twelve months, and leases of so-called low – value assets (purchase price of up to US$ 5,000) are excluded from this principle. In such cases, the lessee has the option of selecting an accounting method which is similar to that of the previous operating leases. IFRS 16 is to be applied to fiscal years starting on or after 1 January 2019. Early application is permitted, as long as IFRS 15 has already been applied. The EU endorsement of IFRS 16 is still pending. The application of IFRS 16 will lead to future leases being recognized in the balance sheet.

The Group intends to apply the new standard on the prescribed date of entry into force. Based on an initial analysis, the following effects were determined. However, the analysis is not yet completed and has been constantly updated by the Group in light of the development of the interpretation of IFRS 16.

The Group has so far largely concluded operating lease agreements for movable assets (multifunctional printers) and real estate (office spaces). To date, payment obligations for operating leases are only disclosed in the notes. In the future, however, the rights and obligations arising from these leases are to be recognized as an asset (right to use the leased object) and liability (leasing liability) in the balance sheet. The Group expects an increase in the balance sheet total at the date of initial application.

With regard to the extent to which leasing agreements are to be included in the balance sheet in the future periods on the side of lessees, please refer to item 39 ("Other financial obligations and contingent liabilities").

Up to now, expenses from operating leases are reported with the item other operating expenses in the profit and loss account. In the future, depreciation on the right to use and interest expenses for leasing liabilities will be reported instead.

Up to now, payments for operating leases have been reported with the item cash flow from operating activities in the cash flow statement. In the future, payments for operating leases will be divided into interest payments and principal payments. While the interest payments are still reported in the cash flow from operating activities, the principal payments will be allocated to the cash flow from financing activity.

No further detailed presentation of new or amended standards or interpretations is being provided in the following since the effects of their first-time application on the presentation of the Group's net assets, financial position and earnings position are likely 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 that do not correspond to the functional currency of the respective Group entity are reported by the entities by applying the exchange rate valid on the transaction date. Monetary assets and liabilities are translated at the closing rate on the reporting date.

Gains and losses from the settling of such transactions, as well as gains and losses arising from the translation of monetary assets and liabilities, are reported directly through profit or loss.

The following exchange rates are applied for the translation of foreign-currency items in the separate financial statements:

	Closing rate (based on € 1)	
	31 Dec 2016	31 Dec 2015
US dollar	1.0541	1.0887
	Average rate (based on € 1)	
US dollar	1.0752	n/a

All of the foreign subsidiaries of Wild Bunch AG included in the consolidated financial statements in the fiscal year and in the prior year use the euro as their functional currency.

SEGMENTS

The Group is split into two segments/business units that are managed individually. Financial information on business segments and geographic segments are presented in item 39 "Segment reporting."

The distinction between the segments and segment reporting is made on the basis of internal reporting by the organizational units to the Group management in relation to the allocation of resources and the measurement of profitability. The Group's segments are determined based on the organizational units, and the allocation of the organizational units to the segments is based on internal reporting to the management. The Group has the following segments

1. International Sales and Distribution and Film Production
2. and Others. This segment includes the music sector, as well as the operation of a VOD platform and other activities.

Group functions are reported under income and expenses which cannot be allocated. These comprise the actual Group management itself, legal, Group accounting, controlling and IT.

MEASUREMENT OF FAIR VALUE

The Group assesses financial instruments, including derivatives and non-financial assets and liabilities that are measured at fair value on each reporting date.

The fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price).

This measurement assumes that the sale or transfer is to be made on the primary market (market with the greatest volume) for this asset or liability. If a primary market is not available, the most beneficial market for the fair value measurement is utilized. The fair value of an asset or liability is measured based on the assumption that market participants act in their best economic interest when setting the price for the asset or liability.

The Group uses valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. The use of authoritative observable input factors should be as high as possible, while the use of input factors not based on observable data should be as low as possible.

All assets and liabilities that are measured or reported at fair value in the notes to the financial statements are allocated to the following fair value hierarchy levels based on the lowest input factor that is significant for measurement overall:

- Level 1: (Unadjusted) prices (e.g., stock market prices) listed on active markets for identical assets or liabilities for the Group on the measurement date
- Level 2: Input factors other than market prices included in Level 1 that are directly or indirectly observable for assets or liabilities (e.g., yield curves, forward exchange rates)
- Level 3: Input factors that are not observable for the asset or liability (e.g., estimated future results).

Fair values are calculated on the basis of the hierarchy table.

The calculation of the fair value of non-current financial instruments that are measured at amortized cost for the disclosures in the notes to the financial statements is determined by discounting the expected future cash flows with the current prevailing interest rates for similar financial instruments with comparable residual terms, if level 1 measurement is not possible. The interest rates with appropriate maturities are calculated annually on the reporting date. In the case of debt instruments, proprietary default risk is also taken into account.

For assets and liabilities that are repeatedly measured at fair value, the Group determines in each case at the end of the reporting period as to whether transfers occurred between the levels of the fair value hierarchy and were based on the lowest input factor that is significant overall for measurement.

REVENUE RECOGNITION/PREPAYMENTS RECEIVED

In accordance with IAS 18, revenue is recognized if all of the following conditions are cumulatively fulfilled:

a. The Wild Bunch Group has passed the significant risks and rewards of ownership of the goods to the buyer,
b. the Wild Bunch Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the assets or rights sold,
c. the amount of revenue can be measured reliably,
d. it is sufficiently probable that economic benefits attributable to the sale will flow to the Group, and
e. the costs incurred and the costs to complete in respect of the transaction can be measured reliably.

Revenue is recognized when both the risks and rewards incidental to ownership and the economic and legal titles have been transferred. If the Company retains significant risks connected with ownership, the revenue resulting from the transaction is not recognized.

If the Group receives payments from licensees before revenue is recognized, these payments are initially booked as prepayments received.

Income and expenses that relate to the same transaction or the same other event are reported at the same time.

The individual sales transactions are explained in detail below:

1. International sales

In accordance with IAS 18, sales of rights (all exploitation stages in a licensed territory) made for a fixed fee are license sales to be considered in substance as a sale of goods and are recognized entirely when the majority of risks and benefits related to the distribution of the work are transferred to the customer.

For these sales, most of the risks and benefits related to distributing the work are considered transferred once all of the following events have taken place.

a. The license agreement with the defined terms has been signed by all of the parties and is enforceable.

b. The seller's obligations have been fulfilled, delivery has been made and the material has been accepted.

c. The customer is able to use the right acquired without restriction.

The minimum guarantee is the amount for a film right that will not be repaid to a third party (e.g. distributor) by the Group. If the third party's revenues exceed this minimum guarantee as well as the cost of marketing, agreed licensor's shares are recognized as sales as soon as they are confirmed in written form by the local distributor.

2. Theatrical rights

Revenues from the theatrical distribution of films are recognized with theatrical release. Theatres submit reports stating the number of audiences and corresponding revenues.

Revenues from theatrical rights that are paid by cinema operators to the distributor are determined on the basis of a percentage of the revenue from the sale of cinema tickets.

3. Home entertainment

Proceeds from the exploitation of video rights are accounted for based on monthly sales. At the end of the period, a provision is created for estimated returns and rebates granted contractually to clients. These provisions reduce revenues. Income from VOD and pay-per-view film offers is recognized upon receipt of the reports prepared by the operators, generally on a monthly basis.

4. Television rights (pay-TV and free TV))

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

Revenue from a license agreement for TV program material is reported if all of the following conditions have been satisfied:

a. The license fee for each film is known,

b. the costs of each film and the costs associated with the sale are known or can be measured reliably,

c. the collectability of the entire license fee is sufficiently certain,

d. the licensee accepted the film on the basis of the terms accompanying the license agreement,

e. the film is available for the first transmission or broadcast. Notwithstanding this, provided that a third-party license that overlaps with the license sold does not exclude use by the licensee, contractual limitations in the license agreement or another license agreement with the same licensor regarding the broadcasting date do not affect these conditions.

Revenues are recorded without invoiced turnover tax, price reductions and quantity discounts.

GOVERNMENT GRANTS

Project funding

A distinction is made in funding between project funding that comprises loans and project subsidies that are to be repaid under certain circumstances and film project funding granted as non-repayable subsidies based on the guidelines of the German Federal Commissioner for Culture and Media/BKM (German Federal Film Fund/DFFF).

Project funding as a loan that is to be repaid under certain conditions

Film project funding is granted in the form of non-interest-bearing loans that must be repaid under certain circumstances pursuant to the provisions of the German Film Subsidy Act or respective German regional state funding (e.g., Medienboard Berlin-Brandenburg funding guidelines). Such loans must be repaid as soon as and to the extent that the revenue generated by the producer from exploiting the film exceeds a certain level. These constitute government grants for assets. The probable amount that will not need to be repaid is deducted from the carrying amount of the film asset in the statement of financial position.

The grants are reported through profit or loss over the exploitation cycle of the film applying a reduced amortization amount under capitalized development costs. The probable amount that will not need to be repaid can typically be determined on the date of cinema release. Should it be determined at a later date that a further portion of the loan has to be repaid, the carrying amount of the film asset is to be increased by this amount and a liability is also recognized. The additional depreciation that would have been recognized in the absence of the grant until this date is recognized directly in profit and loss.

Project subsidies

Project subsidies are grants to which a producer is entitled depending on the number of visitors for a (reference) film to finance the project costs of a subsequent film. These constitute government grants for assets. In the statement of financial income, project subsidies granted are recorded under "Other film related income" when the revenues of the film that generate the subsidies are recorded. It is recognized under assets in the statement of financial position in "Other current assets."

Film project funding based on the BKM guidelines (DFFF)

Film project funding based on the BKM guidelines (DFFF) comprises loans that do not have to be repaid which are granted to reimburse the production costs of a cinema film when clearly defined preconditions are fulfilled.

These constitute government grants for assets. In the statement of financial position, film project funding granted is deducted from the carrying amount of the film on the date of the cinema release latest. In the fiscal year, € 1,022 thousand (prior year: € 648 thousand) in project subsidies were deducted from the production costs. The grants are capitalized as other receivables prior to the cinema release.

The grants are reported through profit or loss over the exploitation cycle of the film applying a reduced amortization amount under capitalized development costs.

Distribution funding

A distinction is made in funding between distribution funding in the form of loans that must be repaid under certain circumstances and sales subsidy funding in the form of non-refundable grants.

Project funding as a loan that is to be repaid under certain conditions

Film project funding is granted in the form of non-interest-bearing loans that must be repaid under certain circumstances pursuant to the provisions of the German Film Subsidy Act or respective German regional state funding guidelines (e.g., Medienboard Berlin-Brandenburg funding guidelines). Such loans must be repaid if and when the distributor's revenue from exploiting the film exceeds a certain level.

These constitute government grants for expenses that have already been incurred, which are reported as a reduction of distribution costs to the amount that with reasonable certainty will not need to be repaid. In the fiscal year, the grants amounted to € 924 thousand (previous year € 926 thousand). The grants are reported in the period in which the corresponding distribution costs are incurred.

The probable amount that will not need to be repaid can typically be determined on the date of cinema release. Should it be determined at a later date that a further portion of the loan has to be repaid, this amount is expensed and recorded as a liability.

Sales subsidiess

Sales subsidies are non-repayable grants to which a distributor is entitled depending on the box office figures from a reference film for purposes of financing the release costs for a subsequent film or to finance part of a minimum guarantee of a subsequent film. These sales subsidies earned are reported as receivables from European, governmental or state funding institutions. Sales subsidies granted are reported through profit or loss as "Other film related income."

Investment subsidies

Investment subsidies were recognized as liabilities. The investment subsidies are released to income on a straight-line basis over the useful life of the subsidized investments.

INTERESTS

Interest is recognized as an income or expense item in the period to which it relates using the effective interest method as it arises. Please refer to the notes on borrowing costs for more information.

INCOME TAXES

Income tax expense comprises the sum of current tax expenses and deferred taxes.

Current or deferred taxes are recognized in the consolidated income statement, unless they relate to items that are recognized either in other comprehensive income or directly in equity. In this case, current and deferred taxes are also recognized in other comprehensive income or directly in equity. If current or deferred taxes result from the initial recognition of a business combination, the tax effects are taken into account in the accounting for the business combination.

CURRENT TAXES

Current taxes are calculated on the basis of the results of the fiscal year and in accordance with the national tax laws of the respective tax jurisdiction. To the extent that the effects of the tax laws are not clear, estimates are made for the calculation of the tax liability on profits that are recorded in the consolidated financial statements. The Group considers the estimates, assessments and assumptions to be appropriate. Expected and actual tax payments or reimbursements for previous years are also included.

DEFERRED INCOME TAXES AND LIABILITIES

Deferred tax is recognized for all temporary differences identified between the carrying amount of assets and liabilities and their tax bases using the liability method. For the consolidated financial statements, deferred taxes are determined for all temporary differences between the book values and the tax values of the assets and liabilities.

Deferred tax assets arising from deductible temporary differences and tax loss carry forwards are only disclosed to the extent that the Company can reasonably be expected to generate sufficient taxable income for the future tax purposes of the loss carry forwards.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow for all or part of the asset to be recovered. The forecasts used need to be consistent with the projections used for the impairment test of goodwill.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are assessed at the tax rules and tax rates that are expected to be applied during the year in which the asset will be realized or the liabilities paid, based on known tax rates applicable in the various countries on the reporting date. The valuation of deferred tax assets and liabilities reflects the taxable assessment how the Group will realize the assets or pay the liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

BORROWING COSTS

Borrowing costs directly associated with the acquisition or production of qualifying assets are added to the production costs of these assets until the period in which the assets are largely available for their intended use or for their sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs in the amount of € 26 thousand (previous year: € 85 thousand) were capitalized in the fiscal year. For non-qualified assets, borrowing costs are recognized as an expense in the period in which they are incurred.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit after tax of the parent Company's shareholders by the weighted average number of shares outstanding during the fiscal year.

INTANGIBLE ASSETS

The Wild Bunch Group separately capitalizes acquired (i.e. not acquired within the business combination) and internally generated intangible assets if:

a. The Company holds economic ownership of the assets on account of past events.

b. It is assumed that the future economic benefits attributable to the asset will flow to the Company.

In accordance with IAS 38, the Wild Bunch Group recognizes an intangible asset at its cost if the Group can demonstrate:

a. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

b. There is an intention to complete and it is possible to use or sell the asset

c. It is clear how the asset will generate future economic benefits,

d. It is probable that future economic benefits attributable to the asset will flow to the Company

e. The ability to reliably measure the costs of the asset

f. It is possible to use the intangible asset created.

Intangible assets that do not satisfy these conditions are expensed.

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over their estimated useful lives in accordance with IAS 38. The expected useful lives, residual values and amortization and depreciation methods are reviewed annually and all necessary changes in estimates are taken into account prospectively. The amortization period and the amortization method are reviewed at the end of each fiscal year.

1. Patents and licenses

The acquisition and production costs for patents, brands and licenses are capitalized and subsequently amortized on a straight-line basis over the period of expected benefits. The estimated useful life of patents, brands and licenses varies between five and fifteen years. The amortization period begins when the asset is available for use.

Capitalized development costs for new projects (especially screenplay rights) are reviewed regularly to assess whether they can still be used as the basis for a film production. If, after the initial recognition of project costs, the start of filming of a film or the sale of the rights is not sufficiently probable, such costs are written off in full. Impairment losses are recorded if there is an indication of impairment.

2. Film rights

Film assets include acquired international sales rights and acquired rights to third-party productions, i.e., films that the Wild Bunch has not produced itself, as well as the production costs for films that are produced within the Group (proprietary productions and co-productions), as well as costs for the development of new projects. The acquisition of rights to third-party productions generally comprises cinema, home entertainment and TV rights.

The acquisition costs for third-party productions generally comprise minimum guarantees and synchronization costs. Individual instalments of the minimum guarantee are reported as prepayments and capitalized under film assets with the delivery and acceptance of the material. The synchronization costs are activated with the acceptance of the synchronization version with the film right.

Proprietary productions are recognized at cost. Production costs also include borrowing costs attributable to the respective production.

Acquisition and production costs to acquire or produce films are capitalized in accordance with IAS 38 "Intangible Assets."

Films are depreciated according to the net profit expectations. The carrying amount is multiplied by the ratio of net income received in the reporting period and future expected net income. The depreciation is carried out from the date of initial publication or from the date of acquisition in cases where the acquisition is made after the initial publication for a maximum period of 10 years. The minimum depreciation includes at least the linear accumulated depreciation of 10% per year.

Film libraries acquired as part of a company acquisition are amortized over the expected useful lives, which may also not exceed 12 years.

If indications of impairment exist, an impairment test is also conducted for each film title. A writedown is recorded to the value in use if the acquisition cost or the carrying amount are not covered by the estimated total revenue less any outstanding costs relating to film release taking into account when such costs will be incurred. Value in use is determined by discounting the estimated cash flows by applying discounting factors that take into account the durations of the distribution steps. 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 depreciation expenses as changes occur in the data expected so far. Further information can be found in (4) Other intangible assets/Impairment of non-financial assets.

3. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established on the date of acquisition of the business less accumulated impairment losses, if any and is disclosed separately. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently if there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss upon disposal.

4. Other intangible assets

This category chiefly comprises software programs and intangible assets disclosed as part of purchase price allocation, which are measured at cost less amortization using the straight-line method and impairment losses.

New software is capitalized at cost and reported as an intangible asset if such costs do not form an integral component of the related hardware. Software is amortized on a straight-line basis over a period of three to four years.

An intangible asset is depreciated upon disposal or when no further economic benefit is expected from its use or its disposal. The gain or loss from the derecognition of an intangible asset, which is measured by the difference between the net sale proceeds and the carrying amount of the asset, is recognized in the income statement at the time when the asset is derecognized. The statement is included in other income or expenses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises land, rights and constructions pertaining to land, leasehold improvements, plant and machinery, other furniture and fixtures, as well as prepayments made and assets under construction.

The acquisition costs of leasehold improvements are generally depreciated over the term of the respective rental contract (up to 10 years). Plant and other furniture and fixtures are measured at cost less depreciation and impairment losses. Depreciation is applied on a straight-line basis over a normal useful operating life of up to 10 years. Repair and maintenance costs are recognized as expenses at the time when they are incurred. Installations are capitalized and depreciated over the aforementioned expected useful lives. Acquisition cost and the associated accumulated depreciation is derecognized upon disposal. The resulting gains or losses are recognized through profit or loss in the fiscal year. If the acquisition cost of certain components of an item of property, plant and equipment is material, such components are recognized and depreciated separately.

IMPAIRMENT OF NON-FINANCIAL ASSETS

On each reporting date, the Group reviews the carrying amount of intangible assets and property, plant and equipment to determine whether there are any indications of impairment. Indications of impairment include a significant reduction in the fair value of an asset, significant changes to the corporate environment, substantial indications of obsolescence, or changes to earnings forecasts. If there are indications of impairment, the net recoverable amount of the asset is assessed to determine the extent of a potential impairment loss. An asset's recoverable amount 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 calculated from the value in use, such a calculation is based on expected future cash flows.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The impairment loss is immediately recorded as an expense.

If the impairment loss reverses in a later period, the carrying amount of the asset or cash-generating unit is written up to the revised estimate of the recoverable amount. This does not include goodwill. The increase in the carrying amount may not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. The impairment loss is reversed directly through profit or loss.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment appraisal on detailed budgets and forecast calculations, which are prepared separately for each of the Group's assets for each of the CGUs to which the individual assets are allocated.

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

The calculation of the recoverable amount contains management estimates and assumptions. The estimates and assumptions are based on assumptions that are derived from the current information available. Due to developments that differ from these assumptions as well as developments that lie outside the scope of influence of the Company, the amounts that occur can differ from the original expectations, resulting in adjustments to the carrying amounts.

Intangible assets that are not yet available for use are tested annually for impairment or whenever any indications of impairment exist.

The discounting factor is calculated using the weighted average cost of capital method (WACC).

FINANCIAL ASSETS AND SHARES IN ASSOCIATES

The fair value of **financial assets and investments in associates** that are not consolidated or not accounted for using the equity method is recognized at fair value if this can be reliably determined using stock exchange or market prices or by means of recognized valuation methods. Otherwise, the valuation is carried out at amortized cost. The valuation methods include in particular the discounted cash flow method (DCF method) on the basis of the expected investment results.

On each balance sheet date, the carrying amounts of **financial assets and investments in associates** are examined to determine whether there are indications of impairment. If there is impairment, an impairment loss is recognized in the income statement.

STOCKS

Inventories, primarily comprising DVDs and Blu-rays, are measured at the lower of cost or net realizable value (sales-oriented, net realizable value measurement). Production costs comprise all specific costs attributable to the creation of goods and services, as well as production-related overhead costs. Net realizable value comprises the sales price achievable in a normal business transaction less selling costs yet to be incurred until sale. Acquisition/production costs are calculated applying the first-in-first-out approach (FIFO).

Allowances on goods are calculated based on sales analyses. This entails the management analyzing whether goods have retained their value on the basis of historical movements and products located in the warehouse on an individual product basis. If this analysis reveals that some products have not retained their value, they are written down accordingly. Further write-downs are recognized for damaged or defective merchandise.

FINANCIAL ASSETS

Customary market purchases or sales of financial assets are recognized as of the settlement date.

Loans and receivables

Financial instruments included in this category are measured at amortized cost using the effective interest method.

Current trade receivables and other current receivables are recognized at cost. Non-interest bearing monetary receivables with a term of more than one year are discounted applying the interest rate appropriate to their maturity.

If there is doubt as to their recoverability, trade receivables are recognized at the lower realizable value. An impairment loss is applied if objective indications – primarily relating to the creditworthiness of the respective customer, current sector-specific economic developments, analysis of past receivable defaults and the discontinuation of an active market for the financial assets – lead to the conclusion that the Company will not receive the full amount on the date when they fall due. The reported carrying amounts of the current receivables approximately correspond to their fair values.

Financial assets at fair value through profit or loss

The category of financial assets at fair value through profit or loss typically includes financial assets held for trading and financial assets classified upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivatives are also classified as held for trading, with the exception of derivatives which are not financial guarantees, or which were designated as hedge instruments, or which are effective as hedge instruments (hedge accounting).

Upon initial recognition, financial assets are designated as financial assets measured at fair value through profit or loss, if thereby any inconsistencies are eliminated or significantly reduced that would arise from the measurement that would otherwise need to be applied to assets, or from the reporting of gains and losses on the basis of different valuation methods, or if a group of financial assets and/or financial liabilities are managed according to a documented risk management or investment strategy, and their value changes are assessed on the basis of fair value, and the information about this group of financial assets calculated on this basis is submitted internally to key company personnel.

They are measured at fair value. Realized gains and losses from fair value changes of financial instruments are reported through profit or loss on the date they arise on.

Subsequent measurement is performed at fair value corresponding to the stock market price on the reporting date. If no market value is available, fair value is calculated on the basis of valuation methods. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, or discounted cash flow analysis and other valuation models.

As of the previous year's reporting date, Wild Bunch AG had currency hedge contracts, which were measured at fair value through profit or loss in the amount of € 49 thousand. As of 31 December 2016, the Company had no financial assets measured at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when one of the three following requirements is met:

a. The contractual rights to the cash flows from the financial asset expire.

b. The Group retains the contractual rights to receive cash flows from financial assets, but assumes a contractual obligation to pay those cash flows to a third party without material delay as part of an agreement that fulfills the conditions in IAS 39.19 (pass-through arrangement).

c. The Group has transferred the contractual rights to receive cash flows of a financial asset and (a) has transferred substantially all the risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all risks and rewards of ownership of the asset, but has transferred control of the asset.

DERIVATIVE FINANCIAL INSTRUMENTS

In the previous year, the Group used derivative financial instruments to hedge foreign currency exchange rate fluctuations in the case of purchases of film rights denominated in foreign currencies. These are mainly made in US dollars. The foreign exchange risk arises from the fact that the income from the utilization of these rights is exclusively incurred in euros.

Hedging is intended to reduce the risk of a change in the fair value of an asset. In this case, fixed obligations are hedged from purchases of film rights that are not yet recognized in the statement of financial position, as such transactions are subject to foreign currency exchange rate fluctuations from the inception of the contract until the contract is fulfilled. Forward exchange contracts and options are utilized as hedging instruments.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. This documentation includes identification of the hedging instrument and the hedged item, the nature of the risk being hedged, and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value that is attributable to the hedged risk.

Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward exchange contracts is based on bank valuations. Such valuations are calculated by the banks with which the transactions have been concluded.

Financial derivatives are measured at fair value applying generally accepted valuation techniques.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and current account balances at banks and are recorded at acquisition costs. Such assets are only reported under cash and cash equivalents to the extent that they can be converted at any time into cash amounts that are determinable in advance, are subject to only insignificant value fluctuation risks and carry a residual term of a maximum of three months from the purchase date.

EQUITY

Outstanding bearer shares are classified as equity. Once the Group purchases treasury shares, the consideration paid including the attributable transaction costs for the respective shares is deducted from equity. When treasury shares are sold or issued, the consideration received is added to equity.

PROVISIONS FOR PENSIONS (EMPLOYEE BENEFITS AFTER TERMINATION OF THE EMPLOYMENT RELATIONSHIP)

The amount of the obligation resulting from the performance-oriented plan is determined using the projected unit credit method.

The net interest is calculated by multiplying the discount rate by the net debt (pension obligation less plan assets) or the net asset value, if the plan assets at the beginning of the fiscal year exceed the pension obligation.

The Group recognizes the service cost (including current service cost, past service cost, and any gains or losses from the plan change or reduction) of the defined benefit obligation in the income statement according to their function in the cost of sales, administrative costs or marketing costs.

Revaluations from actuarial gains and losses are recognized immediately in the balance sheet and posted to the profit reserves (debit or credit) in the period in which they are incurred. Revaluations may not be reclassified in the profit and loss account in subsequent periods.

In Germany, the statutory pension insurances according to IAS 19 are contributory contribution plans. Payments for defined contribution plans are then recognized as an expense if the employees have performed the work that entitles them to the contributions.

PROVISIONS, CONTINGENT OBLIGATIONS AND CONTINGENT ASSETS

In accordance with IAS 37, provisions are recognized for liabilities of uncertain timing or amount. A provision can only be recognized 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 can be made of the amount of the obligation.

The amount reported as a provision represents the best possible estimate of the amount required to settle the obligation existing as of the reporting date, i.e., the amount that the Company would be required to pay on the basis of reliable observation in order to settle the obligation on the reporting date, or to transfer it to a third party on this date. If the interest effect is significant, non-current provisions are calculated at the present value of the expected cash outflow calculated using the current market interest rate.

Provisions for potential losses from onerous contracts are recognized if the unavoidable costs to satisfy the transaction are higher than the expected economic benefits. Before a provision is recognized, impairments relating to assets that are connected with this transaction are applied.

Liabilities arising from a potential obligation due to a past event and the existence of which is contingent on the occurrence or non-occurrence of one or several uncertain future events that are not entirely within the control of the Company, or which arise from a current obligation that is based on past events, but which are not reported, because

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle this obligation

b. the amount of the obligation cannot be measured with sufficient reliability,

are reported as contingent liabilities unless the probability of the outflow of resources embodying economic benefits for the Group is low.

Contingent assets are not capitalized, but are instead disclosed like contingent liabilities, if an economic benefit is probable for the Group.

FINANCIAL LIABILITIES

Upon initial recognition, financial liabilities are classified as financial liabilities measured at fair value through profit or loss or as other financial liabilities measured at amortized cost applying the effective interest method.

All financial liabilities are recognized initially at fair value, less directly attributable transaction costs in the case of loans.

The Group’s financial liabilities include trade and other payables, other liabilities and loans.

As part of initial recognition, interest-bearing loans and borrowings are measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in financial expenses in the statement of income.

The effective interest method is a method for calculating the amortized cost of a financial liability and the allocation of interest expenses to the respective periods. The effective interest rate is the rate at which the estimated future payments are discounted to the book value over the expected term of the financial instrument or a shorter period, if applicable.

A financial liability is derecognized when the obligation under the liability is discharged, canceled 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized through profit or loss.

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement on the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognized under other operating expenses in the statement of income on a straight-line basis over the lease term.

As on the previous year's reporting date, no financial leasing relationships existed as of 31 December 2016.

(B) NOTES TO INDIVIDUAL STATEMENT OF INCOME ITEMS

6. REVENUE

	2016		2015	
	In € thousand	%	In € thousand	%
Global sales	27,453	22.47	28,259	24.05
Cinema	23,760	19.45	26,720	22.74
TV	31,887	26.10	27,714	23.58
Home Entertainment	27,771	22.73	29,798	25.36
Other	11,281	9.23	5,022	4.27
	122,152	**100.00**	**117,513**	**100.00**

Other revenue mainly consists of production income of € 4,345 thousand (previous year: € 248 thousand), licensor shares of € 2,471 thousand (previous year: € 1,314 thousand) and service revenues of € 1,105 thousand (previous year: € 892 thousand).

7. OTHER FILM-RELATED INCOME

In € thousand	**2016**	2015
Government grants	6,439	5,475
Value reversal for film assets	3,211	2,300
Other	81	20
	9,731	**7,795**

In the fiscal year, impairments were reversed for impairment losses recorded in previous years (see item 16 "Intangible assets").

8. COST OF GOODS SOLD FOR THE PURPOSE OF GENERATING SALES

In € thousand	**2016**	2015
Rental costs	29,383	33,661
Depreciation on film rights	57,988	53,473
License fee payments	16,901	14,459
Other costs	7,560	7,101
	111,832	**108,694**

Other costs mainly include costs for international sales of € 2,781 thousand (previous year: € 3,331 thousand), film production costs of € 2,754 thousand (previous year: € 372 thousand) as well as impairment charges on customer receivables of € 918 thousand (previous year: € 1,043 thousand).

9. OTHER OPERATING INCOME

Other operating income can be broken down as follows:

In € thousand	**2016**	2015
Income from reversal of provisions	1,685	2,300
Income from reversal of accrued liabilities	3,556	492
Income from reversal of bad debt allowances	638	580
Foreign currency exchange gains	456	1,475
Other income	1,314	1,066
	7,649	**5,913**

Other income in the amount of € 1,314 thousand (previous year: € 1,066 thousand) consists, from income from the disposal of equity interests, intangible assets and property, plant and equipment of € 730 thousand (previous year: € 168 thousand). For further information on the income from the disposal of participations, please refer to item 18 "Investments in associates or joint ventures."

10. ADMINISTRATIVE EXPENSES

The costs for administration expenses can be broken down as follows:

In € thousand	**2016**	2015
Wages and salaries	10,239	10,868
Social contributions	3,530	3,525
Expenses for pensions	116	151
Depreciation and amortization expenses	236	307
Administrative expenses	8,497	9,654
	22,618	**24,505**

Other administrative expenses mainly include legal and consulting costs amounting to € 3,335 thousand (previous year: € 3,939 thousand), rental expenses amounting to € 1,517 thousand (previous year: € 1,642 thousand) as well as office and travel expenses amounting to € 2,011 (previous year: € 1,961 thousand).

11. OTHER OPERATING EXPENSES

Other operating expenses comprise the following items:

In € thousand	**2016**	2015
Loss on disposal of current assets	0	749
Currency losses from operating activities	1,225	393
Loss on disposal of fixed assets	15	237
Other	89	10
	1,329	**1,389**

12. FINANCIAL RESULT

The financial result can be broken down as follows:

In € thousand	**2016**	2015
Interest	48	14
Foreign currency gains from non-operating activity	916	2,191
Write-ups on financial investments	133	0
Other interest income	10	0
Financial income	**1,107**	**2,205**
Interest expense from financial liabilities	4,489	5,754
Foreign currency losses from non-operating activities	817	1,745
Other interest expense	7	138
Financial expenses	**5,313**	**7,637**
Share in the result of associates	108	–366
Value adjustments on shares in associates	0	–368
Result of associates	**108**	**–734**
Financial result	**–4,097**	**–6,166**

The depreciation on financial assets in the previous year relates to depreciation on the equity interest in Circuito Cinema s.r.l., Rome, Italy, which was necessary for the Company on the basis of the underlying multi-year planning.

13. INCOME TAXES

Income taxes include the taxes paid or owed on income and earnings as well as deferred taxes. The income taxes consist of corporation tax, the solidarity surcharge and trade tax as well as the corresponding foreign income and income taxes. The income tax expense is broken down as follows:

In € thousand	**2016**	2015
Current taxes	– 1,085	– 1,250
Deferred taxes	2,231	3,528
Income taxes	**1.146**	**2,278**

The tax income/expense resulting from application of the tax rate of the Group parent company (so-called home-based approach) of approximately 30% can be transferred to the reported income taxes as follows:

In € thousand	**2016**	2015
Earnings before income taxes	**– 343**	– 9.531
Tax at an effective tax rate of 30% (previous year: 30%)	**102**	2.859
Effect of non-taxable earnings on determining the taxable income from the equity portion:		
Tax effect on shareholdings accounted for using the equity method	33	– 110
Non-deductible operating expenses	– 17	– 29
Non-taxable income	7	49
Non-creditable withholding taxes	0	– 548
Illicit activation of tax credits	– 70	– 67
Use of losses carryforward for which tax deductions have not been deferred	295	0
Revaluation of deferred tax assets for which tax deductions have been deferred	551	0
Permanent differences	7	0
Increase due to minimum taxation	0	– 42
Reallocation of tax effects from previous years	– 25	0
Correction for previous year by tax audit an similar	0	– 526
Tax effect from deviating tax rates	238	386
Other	32	306
Tax income for the reporting year according to the financial statements	**1,146**	**2.278**

For companies located in Germany in the legal form of a corporation, tax at a rate of 15% and a solidarity surcharge of 5.5% of the corporation tax applies. In addition, the profits of these companies are subject to trade tax, the amount of which depends on community-specific rates. The tax rate of the parent company thus amounts to approximately 30.0% (previous year: 30.0%).

Deferred tax assets and liabilities can be broken down as follows:

In € thousand	Deferred tax assets 2016	Passive deferred taxes 2016	Deferred tax assets 2015	Passive deferred taxes 2015
Film utilization rights	163	–4,766	2.772	–7,165
Other assets	1,178	–6,614	1,836	–10,105
License fee payments	1,071	0	311	–1,603
Other liabilities	47	–1,974	108	–1,825
Provisions	388	0	0	0
Other	753	–23	796	0
Temporary differences	3,049	–13,377	5,822	–20,697
Loss carry forwards	8,594	0	11,458	0
Total	**12.194**	**–13,377**	**17,280**	**–20,697**
Offsetting	–7.296	7.296	–12,805	12,805
Reported	4,899	–6,081	4,475	–7,892

The major part of the deferred tax assets and the total deferred tax liabilities result from facts relating to the valuation of film utilization rights (depreciation differences, differences in the use of assets, valuations at the lower fair value, collectability of receivables from the utilization of film distribution rights). Besides these causes of deferred taxes, there are other deferred tax assets from tax loss carry forwards.

Eurofilm & Media Ltd. and Continental films SAS have unused tax loss carry forwards of approximately € 165 million (previous year: € 165 million) and approximately € 46 million (previous year: € 54 million), for which no deferred tax assets were recognized.

For the companies of the former Senator Group, there are deductible temporary differences amounting to approximately € 8 million for which no deferred tax assets were recognized. In addition, the Management Board assumes that these companies have loss carry forwards of approximately € 30 million.

14. EARNINGS PER SHARE

Earnings per share calculated on the basis of IAS 33 entails dividing current earnings by the weighted average number of shares outstanding during the period.

There are no potential ordinary shares, which means that no diluted earnings per share must be reported.

	For fiscal year 2016		
	Consolidated net income for the year in € thousand	Weighted average number of shares	Earnings per share €
Earnings per share			
Net profit for the period attributable to the shareholders	–417	81,597,084	0.01

	For fiscal year 2015		
	Consolidated net income for the year in € thousand	Weighted average number of shares	Earnings per share €
Earnings per share			
Net loss for the period attributable to the shareholders	–7,193	72,560,774	–0.10

(C) NOTES TO INDIVIDUAL STATEMENT OF FINANCIAL POSITION ITEMS

15. GOODWILL

In € thousand	**2016**	2015
Acquisition costs	124,454	124,454
Accumulated impairment losses	0	0
	124,454	**124,454**

in € thousand	**2016**	2015
Acquisition costs		
Balance at the beginning of the year	124,454	60,824
Additional amount recognized from business combinations formed during the fiscal year	0	63,630
Balance at the end of the year	**124,454**	**124,454**

The amount of business combinations (€ 63,630 thousand) additionally recognized in the previous year is the result of the reverse acquisition described in item 3 "Scope of Consolidation and Consolidation Methods."

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

Goodwill has been allocated for impairment testing purposes to the following cash-generating units (CGU).

- International Sales and Distribution and Film Production
- Other

Before recognition of impairment losses, the carrying amount of goodwill was allocated to cash-generating units as follows:

In € thousand	**2016**	2015
International Sales and Distribution and Film Production	124,454	124,254
Other	0	0
	124,454	**124,254**

CGU INTERNATIONAL SALES AND DISTRIBUTION AS WELL AS FILM PRODUCTION

The recoverable amount of CGU as of 31 December 2016 was € 202 million (previous year: € 177 million) and was determined on the basis of the value in use. Cash flow planning was derived from the Group's approved multi-year planning and covers a period of 5 years (medium-term planning). A discount rate after tax of 6.61% (previous year: 6.54%) was used (the corresponding discount rate before tax is 8,89%, perveous year: 8,74%), and the sustained free cash flows in the perpetual annuity after the 5-season were extrapolated at an annual growth rate of 1.0%. The surplus between the value in use and the carrying amount of these funds totaled € 33 million (previous year: € 16 million).

In the medium-term planning, growth rates in the "gross profit" of 15% per year in the years 2017 to 2021 are assumed. Growth is expected primarily from the increase in investments, i.e. the number of films marketed as well as from the TV business. The investment rate is around 30% per year for the years 2017 to 2021. Beyond 2021, a long-term growth rate for sustainable free cash flow in the perpetuity of 1% per year is assumed.

The impairment test is sensitive to changes in the underlying assumptions, in particular the annual growth rates of free cash flow and the discount rates. The excess between the recoverable amount and the carrying amount of CGU would be reduced to zero if the discount rate were to be increased by 0.9% (previous year: 0.4%). Similarly, the surplus would be reduced to zero if the annual medium term growth rate of free cash flow were to be reduced by 2.2% (previous year: 0.4%). In the case of a combined variation of the valuation assumptions, the surplus would decrease to zero if the discount rate were to increase by 0.5% (previous year: 0.2%) and there were to be a simultaneous reduction in the annual medium-term growth rates of free cash flow by 1% (previous year: 0.2%).

MISSING PURCHASE PRICE ALLOCATION FOR THE STEP ACQUISITION OF CONTINENTAL FILM S.A.

The Group carried out a series of interlinked transactions in fiscal year 2013. One of these transactions pertain to the increase of its 50% stake in Continental Film S.A. (CF) to 100% by way of a step purchase (purchase price € 1). The other transactions relate to the issuance of one of the CF loans granted including interest (€ 10.7 million) by CF's co-owner, the repurchase of treasury shares by Wild Bunch S.A. by CF's co-owner (purchase price € 6.3 million), as well as the repayment of a loan granted to CF, including interest (€ 20.8 million) to a related company of CF's co-partner.

The distribution of the purchase price for the step acquisition at the time of acquisition was largely based on the book values of the CF, assuming that they corresponded to fair values. This resulted in a negative net investment of € 25.5 million. To that extent, it was not possible to conclusively assess whether

a. the derivation of the purchase price of € 1 taking into account the payment flows shown above within the series of interrelated transactions; and

b. the assumption that the book values are based largely on fair values

are accurate. Therefore, it cannot be ruled out that other value propositions for assets and liabilities should have been applied in the context of the purchase price allocation (PPA). Within the scope of the CGU "International Distribution and Rental as well as Film Production," there were no indications of impairment of the goodwill resulting from the negative net assets of € 25.5 million.

To eliminate the existing uncertainty, we will re-create the purchase price allocation (PPA) in 2017.

16. INTANGIBLE ASSETS

In € thousand	Film distribution rights	Other rights	Prepayments made	**Total**
Acquisition costs				
1 January 2016	524,264	965	18,246	543,475
Change in the scope of consolidation	0	–1	–709	–710
Additions	51,320	1	4,001	55,322
Reclassifications	10,575	–217	–10,358	0
Disposals	–9,810	–189	–8	–10,007
31 December 2016	576,349	559	11,172	588,080
Accumulated depreciation and amortization expenses				
1 January 2016	434,893	502	2,055	437,450
Change in the scope of consolidation	0	–1	–700	–701
Additions	54,680	55	3,308	58,043
of which unscheduled	6,701	0	3,308	10,009
Write-ups	–3,211	0	0	–3,211
Reclassifications	1,165	191	1,356	0
Reclassification of potential losses	5,469	0	0	5,469
Disposals	–4,375	–188	0	–4,563
31 December 2016	488,621	559	3,307	–492,487
Net carrying amount	87,728	0	7,865	95,593
Net carrying amount (prior year)	89,371	463	16,191	106,025

in € thousand	Film distribution rights	Other rights	Prepayments made	**Total**
Acquisition costs				
1 January 2015	467,253	484	20,810	488,547
Initial consolidation	4,971	151	3,972	9,094
Additions	40,571	145	8,205	48,921
Reclassifications	16,180	268	– 14,659	1,789
Disposals	– 4,711	– 83	– 82	– 4,876
31 December 2015	524,264	965	18,246	543,475
Accumulated depreciation and amortization expenses				
1 January 2015	384,280	469	93	384,842
Additions	52,747	24	726	53,497
of which unscheduled	6,158	0	726	6,884
Write-ips	– 2,300	0	0	– 2,300
Reclassifications	476	77	1,236	1,789
Reclassification of potential losses	726	0	0	726
Disposals	– 1,036	– 68	0	– 1,104
31 December 2015	434,893	502	2,055	437,450
Net carrying amount	89,371	463	16,191	106,025
Net carrying amount (prior year)	82,973	16	20,716	103,705

The Group writes down the film assets according to a net revenue-based depreciation method. In addition, the Group carries out an annual impairment test on film and other rights.

For this purpose, the planning of all film rights is 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 for impairment of intangible assets as of the balance sheet date if the recoverable amount was below the book value of the film right. Write-ups were reversed in the event that the reasons for previously formed impairment losses were eliminated by higher recoverable amounts.

The Company has updated its assessment of the market acceptance as well as the future revenue expectations of its film library and these films were tested for impairment if the assessments were lower than previous estimates.

The review showed that the book value of certain film distribution rights exceeds the value in use. The value in use is the cash value of the future cash flows, which can be derived from an asset (film loan rights). As a result of this analysis, the management identified an impairment charge in the amount of € 10,019 thousand (previous year: € 6,884 thousand) during the fiscal year. The impairment loss was recognized in the profit and loss account under the cost of production.

The impairment expense for the film loan income was among others determined on the basis of updated income estimates for the following films:

In € thousand	**2016**
Histoire de l'amoure	1,775
Les naufrages	1,138
The search	486
Voyage of time	446
The choice	429

In € thousand	2015
The search	553
Qui c'est les plus forts	440
Margerite & Julien	329

As far as film rights with negative recoverable amounts (i.e., disposal costs exceed revenue) are concerned, a provision for potential losses was recognized for onerous contracts. This provision for potential losses stems from the Group's exploitation and marketing obligations to licensors of the film rights.

The discounted cash flow method applied was based on pre-tax discount factors between 1.59% and 4.21% (previous year: 4.67% and 5.72%). The CAPM (capital asset pricing model) method was applied to calculate the cost of capital using reference to a peer group of companies with similar business models.

The discounted cash flow method is based on future cash flows deriving from a five-year planning calculation for each film right. Cash inflows and outflows from the first-time exploitation through the steps of cinema, home entertainment and TV (to the extent that the respective exploitation rights are available) are planned in detail, whereas blanket estimates have been applied to each film right for subsequent exploitation steps.

Disposals of film rights stem from the expiry or sale of licensing periods.

17. PROPERTY, PLANT AND EQUIPMENT (OTHER EQUIPMENT, FURNITURE AND FIXTURES))

In € thousand	**2016 Total**	2015 Total
Acquisition costs		
1 January	3,027	3,178
Initial consolidation	0	227
Additions	48	309
Disposals	–389	–687
31 December	2,686	3,027
Accumulated depreciation and amortization expenses		
1 January	1,586	1,775
Additions	212	282
Disposals	–386	–471
31 December	1,412	1,586
Net carrying amount	**1,274**	**1,441**

As of the reporting sheet date, there were no obligations to acquire property, plant and equipment.

18. INVESTMENTS IN ASSOCIATES OR JOINT VENTURES

In € thousand	1 Jan 2016	Increase in the carrying amount	Share in profit 2016	Deconsoli-dation	Dividends received	Impairment losses	Stand 31 Dec 2016
Bavaria Pictures GmbH, Munich	0	0	0	0	0	0	0
Capricci World, Nantes, France	0	0	0	0	0	0	0
Circuito Cinema s.r.l., Rome, Italy	1,957	362	112	0	0	0	2,431
X Verleih AG, Berlin	1,337	0	–4	–1,333	0	0	0
	3,294	**362**	**108**	**–1,333**	**0**	**0**	**2,431**

Comprehensive financial information about the joint venture corresponds to its financial statements prepared in accordance with IFRSs and the reconciliation of this financial information to the carrying amount of the share of the joint venture in the consolidated financial statements is shown below:

In € thousand	**31 Dec 2016**	31 Dec 2015
Bavaria Pictures GmbH		
Current assets including cash and cash equivalents of € 367 thousand (previous year: € 1,365 thousand) and prepayments of € 0 thousand (previous year: € 0 thousand	1,874	4,547
Non-current assets	1,671	3,604
Current liabilities including tax liabilities of € 0 thousand (previous year: € 0 thousand)	2,569	9,511
Non-current liabilities including deferred tax liabilities of € 0 thousand (previous year: € 0 thousand) and a non-current loan of 0 thousand (previous year: € 0 thousand)	2,265	0
Equity	–1,288	–1,360
Group shareholding	50.0%	50.0%
Accounting using the equity method	0	0

In € thousand	**2016**	2015
Revenue	3,074	4,250
Other own work capitalized	0	1,619
Other operating income	251	2,893
Cost of materials	–662	–3,176
Personnel expenses	–22	–1,693
Depreciation and amortization expenses	–2,262	–3,528
Other operating expenses	–160	–124
Interest expense	–32	–62
Earnings before taxes	72	179
Income taxes	0	0
Income/loss from continuing operations	72	179
Group share in income/loss	35	90
Thereof reported through profit or loss	0	0

This is a joint venture company in which the parties have joint control and no shareholder can exercise power over the company alone.

The Group owns 35.47% (previous year: 34.0%) of the shares in Circuito Cinema s.r.l., a theatre chain based in Rome.

In € thousand	**31 Dec 2016**	31 Dec 2015
Circuito Cinema s.r.l.		
Current assets including cash and cash equivalents of € 92 thousand (previous year: € 118 thousand) and prepayments of € 211 thousand (previous year: € 176 thousand)	4,030	3,820
Non-current assets	4,946	5,699
Current liabilities including tax liabilities of € 159 thousand (previous year: € 296 thousand)	5,038	7,139
Non-current liabilities including deferred tax liabilities of 0 thousand (previous year: € 0 thousand) and non-current loans of € 0 thousand (previous year: € 0 thousand)	304	394
Equity	3,634	2,318
Group shareholding	35.47	34.4
Accounting using the equity method	2,431	1,957

In € thousand	**2016**	2015
Revenue	9,864	9,560
Cost of materials	– 7,190	– 7,018
Other operating income	2,091	0
Personnel expenses	– 3,167	– 3,022
Depreciation and amortization expenses	– 685	– 555
Other operating expenses	– 808	– 988
Financial result	– 136	– 53
Earnings before taxes	– 33	– 2,076
Income taxes	350	434
Income/loss from continuing operations	316	– 1,642
Group share in income/loss	112	– 493
Thereof reported through profit or loss	112	– 493

In the fiscal year, Circuito Cinema s.r.l. carried out a capital increase of € 1,000 thousand, in which the Company BIM Distribuzione s.r.l. took part in the amount of € 362 thousand. As a result, the share in the company increased from 34.4% to 35.47%.

By September 2016, the Group owned 31.4% of the shares in X Verleih AG, a film loan company based in Berlin. The Group's interest in X Verleih AG was accounted for using the equity method in the consolidated financial statements.

In € thousand	31 Dec 2015
X Verleih AG	
Current assets including cash and cash equivalents of € 2,925 thousand and prepayments of € 0 thousand	3,679
Non-current assets	1,920
Current liabilities including tax liabilities of € 99 thousand	2,112
Non-current liabilities including deferred tax liabilities of € 0 thousand	0
Equity	3,788
Group shareholding	31.4%
Accounting using the equity method	1,336

In € thousand	2015
Revenue	4,356
Other operating income	1,098
Cost of materials	–3,032
Personnel expenses	–931
Depreciation and amortization expenses	–649
Other operating expenses	–160
Financial result including interest expense of € 15 thousand	–10
Earnings before taxes	672
Income taxes	–225
Income/loss from continuing operations	447
Group share in income/loss	140

In the fiscal year, X Verleih AG, Berlin distributed € 360 thousand to its shareholders, € 113 thousand of which was attributable to Wild Bunch AG.

The cumulative total amount of unrecognized pro rata share capital from associated companies is € 644 thousand (previous year: € 680 thousand).

19. FINANCIAL ASSETS

Other financial assets mainly include deposits and equity interests in companies, including Cinéma du Panthéon, Paris, France € 285 thousand, previous year € 285 thousand.

20. INVENTORIES

The inventories of Wild Bunch consist primarily of stocks of audiovisual material.

Write-downs were necessary on inventories in fiscal year 2015 in the amount of € 426 thousand (previous year: € 533 thousand).

21. TRADE RECEIVABLES

Trade receivables can be broken down as follows:

In € thousand	**31 Dec 2016**	31 Dec 2015
Trade receivables	43,520	51,045
Less bad debt allowances	– 1.682	– 990
Net receivables	41,838	50,055
Prepayments made	252	479
Liabilities from goods and services	42,090	50,534

Receivables are recognized at nominal value less bad debt allowances.

Valuation adjustments on bad debts on trade receivables are based on both a customer-related assessment and recent experience.

In fiscal year 2016, trade receivables with a nominal value of € 918 thousand (previous year: € 125 thousand) were written down in full. These write-downs became necessary due to payment difficulties that arose.

The following table shows the development of the valuation allowances recognized and trade receivables:

In € thousand	**2016**	2015
As of 1 January	990	865
Utilization	– 226	0
Additions	918	125
As of 31 December	1,682	990

As of 31 December 2016, receivables of € 24,419 thousand (prior year: € 31,210 thousand) were neither impaired nor past due. In this context, there were no indications that customers would fail to meet payment obligations as of the reporting date.

Trade receivables that are past due as of the reporting date but are not yet impaired are overdue as follows:

In € thousand	**31 Dec 2016**	31 Dec 2015
Between 0 and 90 days	2,267	4,753
Between 91 and 120 days	1,141	388
More than 121 days	14,011	13,704

No valuation allowances were recognized for trade receivables of € 17,419 thousand (previous year: € 18,845 thousand), that were past due as of the reporting date, as there was no significant change to the creditworthiness of these debtors and it is assumed that the outstanding amounts will be settled. The Group does not hold collateral as security for these open items.

22. OTHER CURRENT FINANCIAL ASSETS

In € thousand	**2016**	2015
Other financial assets		
Claims against development institutions	13,143	16,903
Funding from other sources	9,730	2,653
Creditors with debit	905	2,578
Currency futures	0	49
Other	1,818	3,208
	25,596	25,391
Other non-financial assets		
Tax receivables	5,688	6,172
Accruals	2,385	854
Other	2,460	1,004
	8,147	7,176
	33,743	**32,567**

The other financial assets mainly consist of receivables from film sponsoring institutions as well as from foreign funds (in particular bank accounts of customers in the context of international sales activities) and against the financial authorities due to VAT refunds.

23. SUBSCRIBED CAPITAL

For a description of the development of equity, please refer to the equity change table. The development of the equity of Wild Bunch AG is described below.

On 5 February 2015, Wild Bunch AG was able to implement the capital increase approved by the Extraordinary General Meeting on 12 September 2014, in the amount of € 55,872,788, by issuing 55,872,788 new shares against the transfer of all shares in Wild Bunch S.A., Paris (Wild Bunch). The share capital thus increased to € 74,330,015.

Pursuant to the shareholders' meeting resolution and the provisions of the Articles of Association, Wild Bunch AG carried out a cash capital increase with the exclusion of the subscription right on 17 December 2015. A total of 1,391,556 new shares were issued with a pro rata share in the share capital of EUR 1.00 which is attributable to the individual shares, increasing the share capital by 1.88% from € 74,330,015 to € 75,721,571. The new shares were issued at an issue price of € 2.05 per share, giving the Company gross proceeds of around € 2.85 million. The proceeds are intended to strengthen the Company's financing structure and to repay liabilities and further implement the Company's growth plans.

After carrying out a cash capital increase of € 1,391,556 on 17 December 2015, on 8 January 2016, the company increased cash capital again by € 5,372,464 and then by a further amount of € 668,980 on 2 February 2016. With this, the Management Board has exhausted, with but one share remaining, the option granted by the Annual General Meeting to utilize the approved capital for 2015/I by cash capital increase with the exclusion of subscription rights to the extent of 10% of the equity capital. Equity capital now comprises € 81,763,015. The new shares were issued at an issue price of € 2.05 per share, resulting in the Company receiving total gross proceeds of approximately € 15.22 million (of which € 12.38 million in the fiscal year). The proceeds are intended to strengthen the Company's financing structure and to repay liabilities and further implement the Company's growth plans.

Shares	**31 Dec 2016**	31 Dec 2015
Shares, 81,763,015,		
Authorized Capital (2015/I) up to € 35,773,451.00	81,763,015	75,721,571
Contingent Capital (2015/I) up to € 19,750,097;		
Own shares	–2,415	–2,415
	81,760,600	**75,719,156**

Subscribed capital is fully paid in and divided into no-par value bearer shares.

Treasury shares are reported in the statement of financial position reducing equity. Treasury shares are reported at cost.

By resolution of the Annual General Meeting on 30 June 2015, the Management Board was authorized until 29 June 2020, subject to the approval of the Supervisory Board, to purchase treasury shares in a volume of up to a total of 10% of the share capital existing at the time of the passing of the resolution. Shares acquired may not at any time amount to more than 10% of total share capital when taken together with other treasury shares held by the company or allocable to the company in accordance with Sec. 71a et seq. AktG ["Aktiengesetz": German Stock Corporation Act]. The Company has in turn obliged not to trade in treasury shares and only to sell treasury shares under certain circumstances.

On 31 December 2016, the Company reports 2,415 no-par value shares as treasury shares to which a nominal amount of € 2,415 or around 0.003% of the share capital is attributable as of 31 December 2016.

At the Annual General Meeting on 30 June 2015, Authorized Capital 2012/I that still existed until that date was revoked to the extent that it had not been utilized. New Authorized Capital was approved authorizing the Management Board, with the approval of the Supervisory Board, to increase the share capital by an amount of up to € 37,165,007.00 by 29 June 2020 (Authorized Capital 2015/I). The Authorized Capital was partially utilized in 2015 to issue 1,391,556 new shares.

At the Annual General Meeting on 30 June 2015, the Management Board was authorized, subject to the approval of the Supervisory Board, to issue once or several times, no-par value or registered convertible bonds or warrant-linked bonds of a total nominal amount of up to € 19,750,097 until 29 June 2020. Contingent Capital 2015/I will be utilized only to the extent that the holders of convertible or warrant-linked rights utilize their conversion or warrant-linked rights or satisfy the conversion obligations arising from such bonds. Contingent Capital 2015/I was entered in the commercial register on 7 July 2015.

24. CAPITAL RESERVE

Wild Bunch AG, Berlin, acquired 100% of Wild Bunch S.A., Paris, France, with the issue of 55,872,788 new shares on 5 February 2015, when the increase in the capital increase was entered in the commercial register. The fair value is determined by the price of € 1.84 per share, according to the price of Wild Bunch AG, Berlin, on 5 February 2015, of € 33,961,267.68. The difference between the fair value and the calculated pro rata amount of the share capital per registered share was included in the capital reserve.

The legal acquisition of Wild Bunch S.A., Paris, France, resulting from the increase in the capital increase by Wild Bunch AG, Berlin (formerly Senator Entertainment AG, Berlin) represents a reverse acquisition in accordance with IFRS 3. For this reason, the formal legal capital of the balance sheet acquirer (Wild Bunch S.A.) was adjusted retroactively to reflect the formal legal equity of the acquired company (Wild Bunch AG, formerly Senator Entertainment AG). The resulting adjustments to the share capital resulted in a negative capital reserve at the time of acquisition.

In December 2015, as well as in January and February 2016, 1,391,556 and 6,041,444 new shares were issued under a cash capital increase at a price of € 2.05 per share. The difference between the subscription price and the calculated proportionate amount of the share capital in the amount of € 1,461 thousand or € 6,344 thousand less costs of € 530 thousand was included in the capital reserve.

25. OTHER RESERVES

Other reserves in the amount of € 139 thousand (previous year: € –124 thousand) result from actuarial gains and losses recognized in equity from pension obligations less deferred taxes attributable to them. (item 27 "Employee Benefits").

26. NON-CONTROLLING INTERESTS

The non-controlling interests mainly relate to the following companies:

In € thousand	**31 Dec 2016**	31 Dec 2015
Bunch of Talents SAS, Paris, France	51	3
deutschfilm GmbH, Berlin	0	0
Elle Driver SAS, Paris, France	98	76
Filmoline SAS, Paris, France	336	202
Insiders LLC, Los Angeles, USA	5	0
Versatile SAS, Paris, France	–61	–48
Vértigo films S.L., Madrid, Spain	–414	–581
Wild Bunch Germany GmbH, Munich	450	340
	465	–8

The following is a summary of the financial information contained in the consolidated financial statements of companies with non-controlling interests:

In € thousand	**2016**	2015
Filmoline SAS, Paris, France		
Revenue	4,623	3,374
Net income	425	–825
Current assets	4,982	4,947
Non-current assets	1,160	1,383
Current liabilities	4,151	4,814
Non-current liabilities	19	12
Cash flow	151	–37

In € thousand	**2016**	2015
Vértigo films S.L., Madrid, Spain		
Revenue	10,016	5,061
Net income	861	26
Current assets	5,914	4,669
Non-current assets	13,149	11,774
Current liabilities	7,568	5,904
Non-current liabilities	13,537	13,441
Cash flow	–69	–11

In € thousand	**2016**	2015
Wild Bunch Germany GmbH, Munich, Germany		
Revenue	21,350	22,105
Net income	920	28
Current assets	12,794	21,215
Non-current assets	15,290	17,169
Current liabilities	24,431	35,784
Non-current liabilities	0	0
Cash flow	842	292

No presentation of the financial information of the other companies with minority shareholders is being made for materiality reasons.

27. CAPITAL MANAGEMENT

The financial management of Wild Bunch AG is centrally managed at the corporate level. The Group pursues value-based financing principles to ensure liquidity at all times and to minimize financial risks. Cash pooling is organized decentrally within the Group. The Group-wide cash flows are monitored centrally by the Management Board within the framework of cash management.

Financial management also includes currency management to limit the impact of interest rate and currency fluctuations on the annual net profit and cash flow. As of the balance sheet date 31 December 2016, Wild Bunch AG did not hold foreign exchange options and swaps for currency hedges (previous year: € 1,940 thousand).

In addition, Wild Bunch AG is striving for a balanced maturity profile. The key figures for the financial management of Wild Bunch AG are the key figures sales, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest and taxes (EBIT), investment sum and net debt.

To secure the liquidity situation, the Wild Bunch Group concluded a credit agreement with the London-based bank Leumi Plc (UK) on 5 April 2017 for a revolving credit line of € 30 million. In addition, the increase in the credit line with the accession of the French companies and the condition of the occurrence of additional conditions of up to € 100 million was envisaged in the contract. The credit line, maturing 2019, allows the German, Italian and Spanish companies of the Wild Bunch Group as well as Wild Bunch AG to repay existing financing and to finance their current business.

A sufficiently high equity ratio is required in order to flexibly exploit equity and debt financing options that arise on the market. The economic equity is monitored in relation to the balance sheet total. The equity ratio is the ratio between the economic equity on a consolidated basis and the balance sheet total. The economic equity consists of the balance sheet equity as well as the investment grants.

Economic equity and the equity ratio developed as follows:

In € thousand	**31 Dec 2016**	31 Dec 2015
Equity disclosed in the statement of financial position	87,736	75,090
Total assets	315,808	335,220
Equity ratio	27.8 %	22.4 %

28. PENSION OBLIGATIONS

The Group maintains performance-oriented retirement plans for all eligible employees of its subsidiaries in France. The Group recognizes existing legal obligations to pay severance provisions ("severance payments") as long-term employee benefits at the time of the termination of the particular employment. The cost of performance-oriented retirement plans after termination of the employment relationship is determined by means of actuarial calculations. The actuarial valuation is based on assumptions regarding discount rates, expected retirement age, future wage and salary increases, mortality and future increases in pensions. According to the long-term orientation of these plans, such estimates are subject to substantial uncertainties. The provision for pensions and similar obligations amounted to € 742 thousand as of 31 December 2016 (2015: € 632 thousand). These also include retirement plans for disbursing severance provisions in the Italian subsidiary.

DEFINED BENEFIT PLANS:

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were as in the previous year carried out on 31 December 2016 by Valoria Conseil, Paris, France. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

%	**31 Dec 2016**	31 Dec 2015
Discount rate(s)	1.6	2.3
Expected rate(s) of salary increase	5.0	5.0
Average longevity at retirement age for current employees (future pensioners) (years)*	62	62
Number of eligible beneficiaries	91	90

* Based on the French standard mortality table

Net pension expenses are as follows:

In € thousand	**31 Dec 2016**	31 Dec 2015
Current service cost:	71	62
Net interest expense	15	11
Expenses for the period	**86**	**73**

The following overview shows the development of pension obligations:

In € thousand	**31 Dec 2016**	31 Dec 2015
Value of the defined benefit obligation as of 1 January	631	545
Current service cost	71	62
Interest expense	15	11
Actuarial gains and losses from changes in financial assumptions	48	– 29
Actuarial gains and losses from experience adjustments	– 23	42
Value of the defined benefit obligation as of 31 December	**742**	**631**

The following table shows the development of actuarial gains and losses reported directly in equity that pertain to pension obligations:

In € thousand	**31 Dec 2016**	31 Dec 2015
Actuarial gains and losses as of 1 January recognized directly in equity	– 124	– 115
Actuarial gains and losses	– 24	– 13
Deferred taxes on actuarial gains and losses	8	4
Actuarial gains and losses and deferred taxes as of 31 December recognized directly	**140**	**124**

As a state plan, the statutory pension insurance scheme in Germany is treated as a multi-employer plan under the meaning of IAS 19.32. In fiscal year 2016, the Company paid € 160 thousand (2015: € 188 thousand) into the statutory pension insurance scheme for its employees in Germany, which was expensed (employer contributions).

29. OTHER PROVISIONS

In € thousand	1 Jan 2016	Changes in the basis of consolidation	Utilization	Reversal	Additions	31 Dec 2016
Non-current provisions						
Legal provisions	284	0	270	0	0	14
Other provisions	11	0	0	0	0	11
	295	0	270	0	0	25
Current provisions						
Personnel provisions	109	– 17	0	0	719	811
Impending losses	8,136	0	6,263	638	59	1,293
Returns	3,851	0	2,277	0	-	1,574
Litigation costs	885	0	24	845	4	20
Other	893	0	688	202	-	4
	13,875	**– 17**	**9,251**	**1,685**	**782**	**3,703**
	14,170	**– 17**	**9,251**	**1,685**	**782**	**3,728**

The provisions for returns were recognized for risks from expected returns of goods from Blu-ray and DVD sales. The Group's provisions for returns are based on an analysis of contractual and statutory obligations, historical trends, and the Group's past experience.

The provisions for impending losses were accumulated for film rights, which were subject to onerous contracts. In these film rights, the recoverable amount is negative, i.e. there is an overhang of the minimum guarantee and costs to be paid in comparison with the proceeds. The recoverable amount was determined using the value in use (see item 16 "Intangible Assets").

Personnel provisions primarily relate to outstanding holidays as well as provisions for bonus payments.

In the fiscal year, the reason for a previously incurred litigation provision due to a decision passed has been omitted and reversed.

The Group expects the provisions of up to € 25 thousand (previous year: € 295 thousand) to be utilized within one year.

30. FINANCIAL LIABILITIES

%	**2016**	2015
Bonds	17,908	15,083
Liabilities to banks	64,462	73,645
Other financial liabilities	0	2.000
	82,371	**90,728**

Analysis of the maturity of financial liabilities:

		1 year		2 years		3 years		3+ years	
In € thousand	Carrying amount 31 Dec 2016	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest
Non-derivative financial liabilities									
Bonds	17,909	0	1,495	0	1,495	18,000	345	0	0
Liabilities to banks	64,462	26,173	1,971	14,826	1,466	22,367	836	1,095	37
Other financial liabilities	0	0	0	0	0	0	0	0	0

		1 year		2 years		3 years		3+ years	
In € thousand	Carrying amount 31 Dec 2015	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest
Non-derivative financial liabilities									
Bonds	15,083	15,225	480	0	0	0	0	0	0
Liabilities to banks	73,645	47,151	2,392	12,138	1,030	8,709	664	5,648	254
Other financial liabilities	2,000	2,000	40	0	0	0	0	0	0

BONDS

On 25 March 2015, Wild Bunch AG had successfully issued bonds with institutional investors in the amount of € 11.8 million. On 25 June 2015, Wild Bunch AG issued further partial debentures with issued institutional investors totaling € 3.2 million. On 24 March 2016, Wild Bunch AG had duly repaid all of these outstanding bonds at 101.5% of their nominal amount including interest resulting in an overall nominal redemption of € 15.7 million.

On 24 March 2016, Wild Bunch AG successfully placed a bond offered as part of a private placement. Institutional investors traded bonds with a maturity of 36 months totaling € 16 million. The bond is to be repurchased at the rate of 8% p.a. and is therefore well below the interest rate of the 2015 repayment note. The proceeds will serve to secure liquidity, to repay existing liabilities and to finance the ongoing business until the implementation of a more comprehensive reorganization of the Group's refinancing structure.

In September 2016, the volume of the aforementioned bond increased by € 2 million due to the conversion of a shareholder loan granted by Sapinda Asia in the previous year.

LIABILITIES TO BANKS

In 2016, a money market loan of € 10.0 million (previous year: € 10.0 million) with a multi-year term was extended with the UK branch of the Israeli bank Bank Leumi (UK) plc, London, for twelve months until 31 December 2017. The remaining loan amount was replaced by the new credit agreement with Bank Leumi dated 5 April 2017. The master loan agreement enabled Wild Bunch AG and the German Group companies to obtain interim financing for receivables arising from exploitation agreements over a period of up to two years, thereby minimizing the period over which their own capital is tied up. The interest rate on the loan amounted to 4.80%. According to the loan agreement, the bank receives a minimum interest rate of 1.30% plus a 4.0% or 1.30% plus a 3.5% margin if the LIBOR is below 1.30%. If the LIBOR exceeds 1.30%, the interest rate will be calculated as the LIBOR plus a 3.50% margin. As of the reporting date, € 2,038 thousand (previous year: € 5,782 thousand) of the lending facility had been drawn. The bank also charges a commitment fee for each day on which the outstanding advances are greater than 50% of the facility limit of 0.75% of the unused portion and for each day on which the outstanding advances are less than or equal to 50% of the facility limit of 1.5% of the unused portion. The loan was secured with trade receivables, intangible assets and the shares held in Senator MovInvest GmbH.

LIABILITIES OF THE OPERATING GROUP COMPANIES TO BANKS

The operative Group companies of Wild Bunch AG had the following loan commitments as of the balance sheet date:

Wild Bunch S.A.

In fiscal year 2016, there was a loan granted granted to Continental films SAS in 2013 in the amount of € 20,000 thousand which was adjusted in 2015. The loan has a maturity up to 22 October 2019 and is charged interest of 2.75% over the EURIBOR (12M) in addition to the payment of a commitment fee of 1.75%. The loan totaled € 13,125 thousand (previous year: € 13,127 thousand) as of the balance sheet date and was utilized in the amount of € 12,031 (previous year: € 13,125 thousand) thousand as of the balance sheet date. The loan is collateralized by Wild Bunch S.A. and Continental Film SAS by assigning income from the exploitation of these films and by assigning shares in Wild Bunch Germany GmbH and BIM Distribuzione S.r.l.

In addition, Wild Bunch S.A. extended a working capital credit limit in fiscal year 2016 that was granted in 2013 by a French banking consortium consisting of the commercial banks Natixis Coficine ("Coficine"; Lead Manager), Banque Palatine, Banque Espirito Santo et de la Venetie ("BESV") and Banque Neuflize OBC ("OBC," with the banks jointly forming the "banking pool") until 22 October 2019. The fully utilized credit line as of 31 December 2016 amounted to € 10,000 thousand (previous year: € 10,000 thousand), the interest rate is 2.75% above the EURIBOR (12M), plus a commitment fee of 1.75%. The loan is collateralized in the amount of € 6,303 thousand by pledging rights to films from the Wild Bunch film library.

In addition, in the fiscal year, an acquisition loan was provided by the banking pool to Wild Bunch S.A. and Continental films SAS, which in 2012 was originally granted over € 20,000 thousand and then € 8,000 thousand to € 28,000 thousand (previous year: € 28,000 thousand) and has a term to 30 September 2018. This loan is utilized in the amount of € 9,403 thousand (previous year: € 13,193 thousand) and is secured by film rights and proceeds from the exploitation of film rights.

On 13 February 2015, Wild Bunch S.A. signed a loan agreement with Coficine with a credit line of € 2,300 thousand for the acquisition of various films, which they increased to € 3,585 thousand (previous year: € 1,529 thousand) with the consent of Coficine at the end of the fiscal year and with the exploitation rights of the films "Incarnate" and "Vision" in the amount of € 866 thousand. The loan has an interest rate of 2.00% above the EURIBOR and was granted in exchange for a commitment fee of 1.00% of the total loan amount and by pledging film rights and the transfer of proceeds from the acquired films. The loan has a term until 31 December 2017.

Wild Bunch S.A. also made use of a so-called overdraft loan from Bank Palatine in the amount of € 741 thousand in the fiscal year, which was made available to Wild Bunch S.A. in the amount of € 750 thousand at an interest rate of 1.5% above the EURIBOR (3M). On the balance sheet date, which also represents the end of the loan term, the loan was still due in the amount of € 741 thousand (previous year: € 748 thousand), which is also collateralized. Wild Bunch S.A. has reached an agreement with Bank Palatine to defer the maturity of this loan. The loan has a term until 31 December 2017.

Bank Palatine granted yet another loan to Wild Bunch S.A. in the amount of € 2,000 thousand in the fiscal year with a term until 10 July 2016 and an interest rate of 2.00% above the EURIBOR (3M). As of the balance sheet date, the loan had been repaid in full. On the previous year's balance sheet date, the loan was still utilized in the amount of € 1,022 thousand.

In addition, Wild Bunch S.A., Wild Bunch Distribution SAS and Wild Side films SAS used an overdraft loan from OBC in the amount of € 3,000 thousand that has an interest rate of 2.00% above the EURIBOR (3M). This loan has an indefinite term. As of the balance sheet date, the loan was still due in the amount of € 3,000 thousand (previous year: € 3,000 thousand). Wild Bunch S.A. used the rights to and the proceeds from certain films as collateral for the loan that was paid out. The loan has a term until 31 December 2017.

A further overdraft credit line existed in the fiscal year with OBC in the amount of € 500 thousand, which was used by Wild Bunch S.A. in the amount of € 521 thousand (previous year: € 132 thousand) as of the balance sheet date. Wild Bunch S.A. provided collateral in the same amount. The revolving loan has a notice period of 3 months.

For the acquisition of the film "Red Turtle," BESV provided Wild Bunch S.A. with a film acquisition loan in the amount of € 1,869 thousand. The loan bears interest of 2.15% over the EURIBOR (3M) and is still in the amount of € 279 thousand as of 31 December 2016. The loan is secured by the transfer of income from and rights to the financed film to the appropriate extent. The loan has a maturity until 24 June 2017 and has been extended until 1 January 2018.

Wild Bunch S.A. used another overdraft loan from Bank HSBC in the fiscal year, which was granted in the amount of € 1,000 thousand at an interest rate of 2.50% above the EURIBOR (3M). As of the balance sheet date, the loan was still in the amount of € 992 thousand (previous year: € 999 thousand). The loan is also collateralized in the same amount. The loan has a term until 31 December 2017.

Bank BNP provided Wild Bunch S.A. with an overdraft facility in the amount of € 1,500 thousand at an interest rate of 2,50% over EURIBOR (3M) in the fiscal year, which Wild Bunch S.A. made use of in the amount of € 1,499 thousand (previous year: € 1,498 thousand). As of the balance sheet date, the loan is still due in this same amount. Wild Bunch S.A. made collateral in the amount of € 1,499 thousand to pay out the loan. The loan has a term to 31 December 2017.

Wild Bunch S.A. had an unsecured acquisition loan granted by Coficine in the amount of € 3,040 thousand and a maturity until 11 March 2016 in the fiscal year. This loan, which bears interest of 2.00% over the EURIBOR (12M) and incurs a commitment fee of 1.00% was repaid during the business year (previous year: € 726 thousand).

A purchase loan granted to Wild Bunch S.A. by Coficine in 2014 in the amount of € 5,000 thousand with a term until 30 December 2018 existed in the fiscal year. This loan, which bears interest of 2.00% over the EURIBOR (12M) and incurs a commitment fee of 1.00% was used as of the balance sheet date in the amount of € 1,400 thousand (previous year: € 1,575 thousand) and was secured by the transfer of income from the film "Les vancances du petit Nicolas." The loan has a term until 31 December 2018.

Furthermore, since the fiscal year 2014, Wild Bunch S.A. was granted a revolving credit line on the part of the banks Coficine and OBC for the acquisition of various film titles. The credit line amounts to € 7,000 thousand, the interest rate is 2.00% above the EURIBOR (12M) and a commitment fee of 1.00% was paid. As of the balance sheet date, the loan amounted to € 4,671 thousand (previous year: € 5,477 thousand) and is secured by the assignment of distribution rights to and income from certain films. The credit line is contractually agreed until 10 December 2018.

In the year under review, there was also a loan from Coficine in the amount of € 7,300 thousand to Wild Bunch S.A., which was utilized by Wild Bunch S.A. in the amount of € 6,495 thousand (previous year: € 6,084 thousand) and is secured by an appropriate amount by the assignment of future license income. The loan has a maturity until 17 March 2017 and has been repaid meanwhile.

In the fiscal year, there was a loan facility from Coficine to Wild Bunch S.A. in the amount of € 6,340 thousand, which had been used by Wild Bunch S.A. in the amount of € 1,869 thousand (previous year: € 2,776 thousand). The loan has interest of EUR 2.50% (previous year: 2.00%) over the EURIBOR (12M) and is subject to a commitment fee of 1.00%. The loan has a term until 19 October 2017 and hast been extended until 1 January 2018.

Wild Bunch S.A. also concluded a credit agreement with Coficine for a loan amounting to € 12,170 thousand with an interest rate of 3.5% over the EURIBOR (12M) and a commitment fee of 1.00%. The loan was utilized on the balance sheet date in the amount of € 4,032 thousand and is secured by pledging pro rata rights to films from the library. The loan has a term until 30 September 2019.

Finally, in the fiscal year, there was a loan for "TV" in the amount of € 3,000 thousand to Wild Bunch S.A. with an interest rate of 3% over the EURIBOR (12M) and a commitment fee of 1.00%. The loan was fully utilized as of the balance sheet date and secured in the amount of € 1,992 thousand by the assignment of license income. The loan has a term until 31 July 2017 and hast been extended until 31 December 2017.

Continental films SAS

Continental films SAS had a loan granted by Coficine in the amount of € 8,000 thousand in fiscal year 2012 with a term until 16 March 2016. This loan, which has an interest rate of 2.00% over the EURIBOR (12M) and a commitment fee of 1.00%, was utilized in the amount of € 226 thousand as of the previous year's balance sheet date and was fully repaid in the fiscal year.

In addition, there was a loan of € 500 thousand (previous year: € 500 thousand) to Continental films SAS which has an interest rate 2.00% above the EURIBOR (12M) and is subject to a commitment fee of 1, 00%, which is secured on the balance sheet date by the transfer of income from certain films in the amount of the credit facility.

BIM Distribuzione Srl

BIM Distribuzione Srl received a loan in the amount of € 1,440 thousand for the acquisition of the film "Snowden" from Coficine, which has a fixed interest of 3% and a variable interest rate of 1.5%, with a maturity until 12 August 2017. BIM Distribuzione Srl repaid the loan in the amount of € 440 thousand after the balance sheet date.

Vértigo films S.L.

Vértigo films S.L. had two unsecured operating loans of € 20 thousand (previous year: € 20 thousand) and € 16 thousand (previous year: € 16 thousand) from Banco Santander at fixed interest rates of 7.15% (previous year: 6.20% and 5.71%, respectively).

In addition, there were an unsecured loan to Vértigo films, S.L. from Bank BBVA in the amount of € 305 thousand (previous year: € 365 thousand) with a variable interest rate of 5.20%.

In addition, there were three discounted forfeiting lines granted to Vértigo films S.L. by Bank Ibercaja for income of up to € 280 thousand (previous year: € 140 thousand) from the TV sale of the film "DTS" with an interest rate of 1.09% and a term until 29 March 2017, for income from the film "Kiki" up to € 790 thousand (previous year: € 790 thousand) which has an interest rate of 1.82% and a term until 31 October 2020, as well as income from the TV sale of the film "Blood Father" up to € 360 thousand (previous year: € 360 thousand) which has an interest rate of 3.38% and a term until 30 November 2017. The loans are collateralized in the amount granted.

In addition, there was a discounted forfeiting line granted to Vértigo films S.L. by Banca Sabadell for income up to € 150 thousand (previous year: € 270 thousand) from the TV sale of the film "Philomena," which has an interest rate of 5.8%. The line was not utilized as of the balance sheet date.

Senator Film Köln GmbH

Senator Film Köln GmbH, Cologne, received an interim financing loan for the EIN ATEM project in October 2014, which continued in fiscal year 2016. In the fiscal year, the term was extended until 30 April 2017 and was repaid meanwhile. The line of credit amounts to € 1.0 million and had been utilized in the amount of € 350 thousand as of the reporting date. In the fiscal year, the interest rate amounted to 6.67% p.a. (EURIBOR plus a margin of 6.50%). The bank is also entitled to an arrangement fee of 0.50% p.a. from the third month after the conclusion of the agreement. The loan was secured by claims against film funding agencies and against Senator Film Verleih GmbH, Berlin, as well as through the assignment as security of all film rights and pledging material from the film project receiving interim financing.

Senator Film Produktion GmbH

In September 2015, Senator Film Produktion GmbH, Berlin, received a production loan for the interim financing of the project SCHUBERT IN LOVE. The credit agreement has a maturity until 31 January 2017. The credit line amounts to € 1,040 thousand, € 134 thousand of which had been made use of as of 31 December 31. In the fiscal year, the interest rate amounted to 4.25% p.a. The bank is also entitled to a commitment fee of 0.50% p.a. of the unused portion. The loan was secured by claims against film funding agencies and against Wild Bunch Germany GmbH, Munich, as well as through the assignment as security of all film rights and pledging material from the film project receiving interim financing.

OTHER FINANCIAL LIABILITIES

On 16 November 2015, Wild Bunch AG and Sapinda Asia Ltd., Tortola, British Virgin Islands, entered into a loan agreement under which Wild Bunch AG's subsidiary Wild Bunch S.A., Paris, France, directly received a loan payment in the amount of € 2.0 million. The interest rate of the loan is 2% p.a. In September of the fiscal year, this loan was converted in full into partial debentures of the above-mentioned bond.

OTHER NOTES

The vast majority of film rights and trade receivables serve as collateral for liabilities to credit institutions. As of the balance sheet date, the secured loans amounted to € 82 million (previous year: € 73 Mio.). In addition, the principal direct and indirect interests in the Group companies were assigned to the lending banks as collateral. Furthermore, there are credit lines of € 16.7 million that were not utilized on the balance sheet date, whereby the use of film rights and trade receivables that are eligible under the terms of the credit agreements is conditional.

Apart from those mentioned, the Group has no other lines of credit.

Non-current financial liabilities as of 31 December 2016 comprise the following utilization levels, interest rates and terms:

	31 Dec 2016 In € thousand	Effective interest rate in %	Maturity
Liabilities to banks	17,909	8.31	March 2019
COFICINE, Paris, France	12,031	4.50	October 2019
Bankenpool, Paris Frankreich, Film Akquisitionskredit	8,326	3.00	September 2018
Bankenpool, Paris, France	6,304	4.50	October 2019
Bankenpool, Paris, France	1,095	3.00	September 2018
Bankenpool, Paris, France	876	3.00	December 2018
Bankenpool, Paris, France	4,529	3.00	December 2018
Bankenpool, Paris, France	4,032	4.5	September 2019
Ibercaja, Madrid, Spain	790	1.75	October 2020
Credit Bail Madrid	305	5.39	July 2021

Non-current financial liabilities as of 31 December 2015 comprise the following utilization levels, interest rates and terms:

	31 Dec 2016 In € thousand	Effective interest rate in %	Maturity
Liabilities to banks			
Bank Leumi, London, UK	944	5.30	January 2017
COFICINE, Paris, France	16,927	4.50	2017 - 2019
Bankenpool, Paris, France	6,759	3.00	2017 - 2018
Ibercaja, Madrid, Spain	790	2.00	2017
Ibercaja, Madrid, Spain	140	2.46	2017
Ibercaja, Madrid, Spain	300	3.37	2017
Banco Sabadell, Madrid, Spain	270	5.80	2017
Credit Bail, Madrid, Spain	365	5.39	2017

31. LIABILITIES FROM GOODS AND SERVICES

Liabilities from goods and services totaled € 71,216 thousand (previous year: € 85,335 thousand) as of the balance sheet date, of which € 41,997 thousand (previous year: € 30,315 thousand) was attributable to liabilities from fixed assets.

The liabilities as of 31 December 2016 were partially past due (€ 2,824 thousand, previous year: € 1,800 thousand). The liabilities were paid in fiscal year 2017, respectively, deferral agreements were entered into.

32. OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

In € thousand	**2016**	2015
Other financial liabilities		
Payments to licensors	28,454	26,276
Liabilities to film project funding institutions	564	731
Liabilities to production projects	360	349
Other	5,512	1,157
	34,890	28,513
Other non-financial liabilities		
Deferred income	19,548	22,294
Other tax liabilities	5,217	7,661
Liabilities from social insurance contributions	2,458	2,690
Other	0	63
	27,223	32,708
	62,113	**61,221**

The Group acquires rights from licensors against a minimum guarantee and exploits the rights over the license period. Revenues from the exploitation, which exceed the minimum warranty and marketing costs, must be settled against the licensors in accordance with contractual regulations.

The deferred income account primarily comprises income from TV contracts and home entertainment contracts which have not yet been realized as revenue due to the availability of the respective right.

(D) NOTES TO THE STATEMENT OF CASH FLOWS

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

33. CASH AND CASH EQUIVALENTS

Liquid funds (cash and cash equivalents) are cash on hand and bank balances with a maturity of less than three months, and bank liabilities, to the extent they are current accounts.

34. CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities comprises the following cash inflows and cash outflows:

In € thousand	**2016**	2015
Income taxes paid	771	287
Income taxes refunded	184	17
Interest paid	4,472	6,695
Interest received	38	18

35. CASH FLOW FROM INVESTMENT ACTIVITIES

The cash outflow from investing activities is mainly attributable to investments in film exploitation rights and other intangible assets.

36. CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities is essentially characterized by the cash capital increase carried out in December (see item 23 to item 24) and the change in the scope of consolidation. Please refer to item 26 for further information on financial liabilities.

(E) FURTHER INFORMATION

37. SEGMENT REPORTING

The Group is split into the following two mandatory reporting operating segments for the purposes of corporate management:

1. The "International Sales and Distribution and Film Production" operating segment comprises international sales and the distribution of films.
2. The "Other" operating segment comprises the film production and music area as well as the VOD platform and other activities.

The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with operating profit or loss in the consolidated financial statements.

The Group's activities essentially relate to France, Italy, Spain, Germany and Austria and from case to case other European countries.

No more than 10% of revenue was generated with one business partner in the fiscal year.

The results of the segments in the fiscal year essentially corresponded to the expectations of the Management Board.

OPERATING SEGMENTS

The Group conducts most of its business in the following operating segments:

a. International Sales and Distribution and Film Production
b. Other

The International Sales and Distribution and Film Production operating segment includes international sales as well as the distribution of films in cinemas in France, Italy, Spain, Germany and Austria, and the exploitation of cinema films on television, video and DVD. The other operating segment comprises the film production and music activities as well as the operation of a VOD platform.

OPERATING SEGMENTS

	International Sales and Distribution and Film Production		Other		Total	
In € thousand	**2016**	2015	**2016**	2015	**2016**	2015
Revenue	**117,416**	**114,667**	**4,737**	**2,846**	**122,152**	**117,513**
Other film-related income	8,621	6,941	1,110	854	9,731	7,795
Cost of goods sold for the purpose of generating sales	– 107,882	– 105,232	– 3,950	– 3,461	– 111,832	– 108,964
Segment profit/loss	**18,155**	**16,376**	**1,897**	**239**	**20,051**	**16,615**
Other operating income					7,649	5,913
Administrative expenses					– 22,618	– 24,505
Other operating expenses					– 1,329	– 1,389
					3,754	**– 3,366**
Financial income					1,107	2,205
Financial expenses					– 5,313	– 7,637
Equity result					108	– 734
Earnings before taxes					**– 343**	**– 9,531**

Unscheduled depreciations of € 10,009 thousand (previous year: € 6,884 thousand) and income from write-ups of fixed assets of € 3,211 thousand (previous year: € 2,300 thousand) are attributable exclusively to the international distribution and rental and film production segment.

The associated assets and liabilities as well as investments in the respective segment can be shown as follows:

In € thousand	**2016**	2015
Assets		
International Sales and Distribution and Film Production	289,652	309,521
Other	26,156	25,699
Total	**315,808**	**335,220**

In € thousand	**2016**	2015
Liabilities		
International Sales and Distribution and Film Production	202,220	231,059
Other	26,403	31,810
Total	**228,623**	**262,869**

In € thousand	**2016**	2015
Capital expenditures		
International Sales and Distribution and Film Production	55,319	48,918
Other	3	3
Total	**55,322**	**48,921**

SEGMENT INFORMATION

Segment information was calculated based on the accounting methods used for the consolidated financial statements.

Segment assets represent the assets that the individual segments require for their operation.

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

Investments constitute investments in intangible assets and property, plant and equipment.

GEOGRAPHICAL INFORMATION

The activities of the Wild Bunch Group mainly cover France, Germany, Italy and Spain. For geographic segment reporting, revenues and long-term assets are segmented by the Company's registered office. Revenues from the international distribution of film rights (2016: € 27,454 thousand, previous year: € € 28,312 thousand) are reported under "Other" because, for technical reasons, it is not possible to allocate them by geographic regions.

The Group generated revenue in the following regions:

In € thousand	**2016**	2015
Revenue		
France	41,718	39,226
Germany	31,382	35,532
Italy	10,672	8,986
Spain	9,973	4,969
Other	28,407	28,800
Total	**122,152**	**117,513**

In € thousand	**2016**	2015
Non-current assets*		
France	52,770	56,937
Germany	18,482	25,611
Italy	11,374	11,551
Spain	9,118	7,569
Other	5,629	5,856
Total	**97,373**	**107,524**

* Intangible assets, property, plant and equipment and other long-term assets

In € thousand	**2016**	2015
Investments in intangible assets		
France	28,529	24,611
Germany	9,767	17,061
Italy	2,835	3,130
Spain	7,999	4,119
Other	5,192	0
Total	**55,322**	**48,921**

38. FINANCIAL INSTRUMENTS / MANAGEMENT OF FINANCIAL RISKS

The fair value of financial instruments – except for foreign exchange derivatives – was calculated by discounting the expected future cash flows using market interest rates and approximately corresponds to the carrying amount (Level 3).

The Group uses forward exchange contracts to manage some of its transaction exposures. The period for which the forward exchange contracts are concluded is generally one to twelve months, depending on the period during which the foreign exchange risk of the underlying transactions occurs. The forward exchange contracts are valued at fair value as of the balance sheet date. As of 31 December 2016, there were no open forward exchange transactions.

The following table presents the carrying amounts of financial assets and liabilities:

	31 Dec 2016			31 Dec 2015		
In € thousand	Carrying amount	Amortized cost	Fair value	Carrying amount	Amortized cost	Fair value
Financial assets						
Financial investments	913	913		1,140	1,140	
Accounts receivable trade	42,090	42,090		50,534	50,534	
Other financial assets						
Receivables from loans and claims	25,596	25,596		25,391	25,342	49
Currency futures	0	0		49	0	49
Cash and cash equivalents	7,170	7,170		8,639	8,639	
Total	**75,768**	**75,768**		**85,704**	**85,655**	**49**

	31 Dec 2016			31 Dec 2015		
In € thousand	Carrying amount	Amortized cost	Fair value	Carrying amount	Amortized cost	Fair value
Financial liabilities						
Financial liabilities	82,371	82,371		90,729	90,729	
Accounts payable trade	71,216	71,216		85,335	85,335	
Other financial liabilities	36,464	36,464		28,513	28,513	
Total	**190,051**	**190,051**		**204,576**	**204,576**	

Foreign currency derivatives are valued as financial assets at fair value through profit or loss. All other financial instruments are included in the line item loans and receivables and recognized using the effective interest rate method. Their fair values correspond to the book value. As of 31 December 2016, the Group had no foreign currency derivatives.

There were no transfers between the level 1 and level 2 fair value measurement levels in either the fiscal year or the prior year.

	31 Dec 2015			
In € thousand	Carrying amount	Level 1	Level 2	Stufe3
Assets measured at fair value				
Derivative financial instruments	49	49	0	0
Liabilities measured at fair value				
Other financial liabilities				
Currency hedging transactions	0	0	0	0

GENERAL

Due to its operating activities, the Group is subject to the following risks:

- Credit risks,
- Liquidity risks,
- Market risks.

Market risks also comprise risks arising from changes in interest rates.

The following section describes

- the risks for the respective risk category that Wild Bunch has identified as being relevant for the Group,
- the objectives, rules and processes in place to identify risk, and to handle the risks of the Group.

The Wild Bunch Group takes a central approach to financial risk management in the form of a portfolio to identify, measure and manage risks. The risk items derive from the cash-effective inflows and outflows that are applied and planned at Group level as market risks relating to changes in interest rates, prices and foreign currency exchange rates. Interest-rate and price risks are managed using a mix of terms as well as fixed and variable interest items.

CREDIT RISK

Credit risk is the risk of a customer or contractual partner of the Group defaulting on payment, resulting in the assets, investments or receivables disclosed in the consolidated statement of financial position having to be written down. Consequently, the risk is limited to the carrying amount of these assets.

Credit risks mainly result from trade receivables. The entities included in the consolidated financial statements monitor their customers' creditworthiness on a regular basis.

There were no indications of defaults of payments for the trade receivables that had not been impaired as of 31 December 2016.

LIQUIDITY RISKS

To secure the liquidity situation, the Wild Bunch Group concluded a credit agreement with the London-based bank Leumi Plc (UK) on 5 April 2017 for a revolving credit line of € 30 million. In addition, the increase in the credit line with the accession of the French companies and the condition of the occurrence of additional conditions of up to € 100 million was envisaged in the contract. The credit line is secured by the tangible and intangible assets of the Wild Bunch Group, in particular by the assignment of claims and film rights. The credit line, maturing 2019, allows the German, Italian and Spanish companies of the Wild Bunch Group as well as Wild Bunch AG to repay existing financing and to finance their current business.

This loan may be declared due and payable by the bank in the event of a breach of agreed financial agreements (including EBITDA ratio and minimum equity) or contractual reporting obligations. Further details on the agreements can be found in the management report under point 4.1.2. FINANCIAL, ACCOUNTING AND TAX RISKS. According to the current plan, the Management Board assumes that the contractual obligations will be met, but particularly in the event of a deterioration in the economic situation, there is a risk that the agreements will not be met. This could result in the continuation of the Group depending on the ability to generate additional resources to the extent required.

RISKS FROM WARRANTY GRANTING

In 2008, the then Senator Group sold a film rights package to a film fund. To finance the acquisition of film rights, the film fund took out a loan. Senator AG and various subsidiaries have various guarantees within the framework of the financing, inter alia with regard to the processing of the film rights evaluation. The Management Board assumes that, in the event of a claim, the liabilities are sufficient.

MARKET RISKS

a. Currency risks

Purchases and sales in foreign currencies can result in risks to Wild Bunch depending on the development of exchange rates. Purchases can become more expensive due to exchange rate effects and sales realized in foreign currencies can result in a lower level of revenue in euros.

At Wild Bunch, larger foreign currency risks stem primarily from purchasing in US dollars. Various hedges were concluded relating to foreign currency purchases in order to reduce currency risks in the fiscal year.

Sensitivity analyses pursuant to IFRS 7 were performed for statement of financial position items in US dollars with the following result: If the exchange rate had been 10% higher or lower as of the reporting date, earnings would have been € 193 thousand higher or € 158 thousand lower (previous year: € 27 thousand or € 25 thousand). For technical reasons, the above sensitivity analysis could not be carried out for the companies of the former Wild Bunch S.A. Group.

b. Interest rate risks

Fixed and variable interest is agreed for the Group's interest-incurring receivables and liabilities. Changes in market rates for liabilities with fixed interest would only have an impact if these financial instruments were recognized at fair value. As this is not the case, financial instruments with fixed interest that are measured at amortized cost do not constitute interest rate risks as defined by IFRS 7.

Sensitivity analyses pursuant to IFRS 7 were performed for variable-interest financial liabilities with the following result. If the market interest level had been 100 basis points higher in the fiscal year, earnings would have been about € 0 thousand lower (previous year: € 700 thousand). If the market interest level had been 100 basis points lower in the fiscal year, earnings would have been € 0 thousand higher (previous year: € 700 thousand).

39. EMPLOYEES

The average number of employees breaks down as follows in the fiscal years:

In € thousand	**2016**	2015
France	97	102
Germany	35	47
Italy	14	14
Spain	12	12
Ireland	1	1
Austria	1	1
	160	**177**

40. RELATED PARTIES

Related parties in the meaning of IAS 24 are persons or entities that can be influenced by the Group or that can influence the entity unless they are already included in the consolidated financial statements as consolidated entities. In the period from 26 November 2014 to 22 September 2015, the Group was directly controlled by SWB Entertainment Investment B.V., Schiphol, the Netherlands. This was ultimately dominated by a chain of additional companies by Consortia Partnership Ltd., Jersey. Consortia Partnership Ltd. is a subsidiary of the Consortia Partnership Ltd. Sapinda Deutschland GmbH is also a company controlled by Consortia Partnership Ltd.

Members of the Management Board and the Supervisory Board members of Wild Bunch AG as well as their close family members are considered related parties (see item 43 "Members of the Management Board and Supervisory Board").

The Company considers Sapinda Asia Ltd., British Virgin Islands ("Sapinda Asia") to be a closely related company. Sapinda Asia temporarily held 3.68% of the voting rights in the Company during the fiscal year. Mr. Lars Windhorst, who in turn holds 3.58% of these voting rights, is subject to disclosure requirements for Sapinda Asia so that the company assumes that Mr. Lars Windhorst controls Sapinda Asia. Sapinda Asia also held financial instruments amounting to 21.45% of the voting rights until 18 January 2016, and one financial instrument of 3.12% for the period from 18 January 2016 until 28 January 2016. Mr. Lars Windhorst is a beneficial economic beneficiary within the chain of companies of the Sapinda Group, which controls the companies, and the companies that control them, with Consortia Partnership Ltd. at the top.

Please refer to item 44 "Total remuneration of the Supervisory Board and the Management Board" for more information concerning the total remuneration of the Management Board and Supervisory Board of Wild Bunch. Current liabilities of € 2 thousand relate to remuneration and travel cost reimbursements for the Management Board as of 31 December 2016 (prior year: current liabilities of € 0 thousand). Current liabilities to Supervisory Board members amounted to € 26 thousand (prior year: € 17 thousand).

In addition, the Company had business relationships with the following related parties:

Sapinda Asia Ltd. In November 2015, Wild Bunch AG received a loan of € 2 million with an interest rate of 2% p.a. granted. In September 2016, this loan from Sapinda Asia Ltd. in the amount of € 2 million was converted into partial bonds of the issued bond.

As of the balance sheet date, there were receivables amounting to € 21 thousand (previous year: € 274 thousand) with the associated company Circuito Cinema s.r.l., Rome, Italy, as well as liabilities in the amount of € 6 thousand (previous year: € 135 thousand). In the fiscal year, Circuito Cinema reimbursed cinema revenues in the amount of € 320 thousand (previous year: € 237 thousand) with the associate and Group company BIM s.r.l, Rome, Italy. In the fiscal year, Circuito Cinema provided services for the sale of films for the shareholder BIM s.r.l., Rome, Italy, in the amount of € 209 thousand (previous year: € 614 thousand).

In addition, there are no material transactions with the other associated companies.

41. OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Risks arising from legal disputes arising in the normal course of business could be asserted in the future against the Group companies. The related risks are analyzed based on their likelihood of occurrence. Although the results of such legal disputes cannot always be estimated precisely, the Management Board is of the opinion that any such risks extending beyond those accounted for in the financial statements will not result in significant obligations.

The Group reported the following fixed financial obligations as of 31 December:

	31 Dec 2016				31 Dec 2015			
In € thousand	Total	Remaining time up to 1 year	Remaining time between 1 and 5 years	Remaining time more than 5 years	Total	Remaining time up to 1 year	Remaining time between 1 and 5 years	Remaining time more than 5 years
Rent and leases	8,993	1,616	4,737	2,640	9,936	1,513	5,343	3,080
Minimum guarantees	29,345	21,144	8,201	0	68,736	65,117	3,619	0
	38,338	**22,760**	**12,938**	**2,640**	**78,672**	**66,630**	**8,962**	**3,080**

The rental and leasing conditions are essentially the renting of office space. There are no renewal options for these leases.

The financial obligations from minimum guarantees as of 31 December 2016 are mainly stated with a residual term of up to one year, but the completion dates for the individual films are often subject to uncertainties and may be delayed in some cases.

There are contingent liabilities in the Group for funding loans that can be repaid due to success (€ 10,187 thousand, previous year: € 12,187 thousand). However, these funding loans are only to be attributed to pro rata future revenues that exceed costs. At present, the Company does not expect these loans to have to be repaid.

42. CONTINGENT LIABILITIES

No liabilities such as guarantees and similar existed as of the balance sheet date.

For the collateralization of liabilities to credit institutions, please refer to the comments under item 29 “Financial liabilities.”

43. AUDITOR’S FEES AND SERVICES

In the fiscal year, the total fees charged by Ernst & Young Wirtschaftsprüfungsgesellschaft respectively for the previous fiscal year by Deloitte GmbH Wirtschaftsprüfungsgesellschaft to Wild Bunch Group companies breaks down as follows:

In € thousand	**2016**	2015
Audit services	448	1,000
Tax auditory services	0	0
Other services	168	129
	616	**1,129**

44. STATEMENT OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The declaration on the Corporate Governance Code required by section 161 of the German Stock Corporation Act (AktG) was submitted and made permanently accessible to the shareholders by publication on the Company's website and in the Electronic Federal Gazette.

45. MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Management board:

Max Sturm, CFO
Businessman

Vincent Grimond, CEO
Businessman
Chairman of the Management Board

Brahim Chioua, COO
Businessman

Vincent Maraval, COO
Businessman

Supervisory board:

Wolf-Dieter Gramatke, Hamburg

- Chairman

Independent media manager and consultant, Great-Minds Consultants Entertainment – Media-e-business GmbH, Hamburg

Hans Mahr, Cologne

- Deputy German

Journalist and owner of mahrmedia, Cologne

Tarek Malak, Berlin
Managing Director of Sapinda International Services B.V., Schiphol, the Netherlands

Prof. Dr. Katja Nettesheim, Berlin
General Manager of MEDIATE Nettesheim & Partner, management consultant, Berlin

Benjamin Waisbren, Chicago, USA
Partner at Winston and Strawn, Chicago, USA
President of LSC Film Corp. (film co-production fund)

Pierre Tattevin, Paris, France
Partner and Managing Director, Lazard Frères, Paris, France

In addition, the following Supervisory Board members are also members of the following statutory Supervisory Boards or comparable bodies:

Wolf-Dieter Gramatke

- DEAG Deutsche Entertainment AG, Berlin (Chairman)
- DEAG classic AG, Berlin (Chairman)

Hans Mahr

- Adsociety, Peking, People's Republic of China

Tarek Malak

- Ichor Coal N.V. Johannesburg, Südafrika

Prof. Dr. Katja Nettesheim

- HRpepper GmbH & Co. KGaA, Berlin
- Börsenverein des Deutschen Buchhandels Beteiligungsgesellschaft mbH

46. TOTAL REMUNERATION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The following disclosures on Management Board remuneration are disclosures required by HGB in the notes to the financial statements (cf. Sec. 314 HGB) and disclosures prescribed by provisions of the German Corporate Governance Code.

Mr. Grimond's fixed remuneration comprised his salary for fiscal year 2016 (€ 258 thousand; prior year: € 233 thousand).

Mr. Chioua's fixed remuneration comprised his salary for fiscal year 2016 (€ 258 thousand; prior year: € 233 thousand).

Mr. Maraval's fixed remuneration comprised his salary for fiscal year 2016 (€ 258 thousand; prior year: € 233 thousand).

Mr. Sturm's fixed remuneration comprised his salary for fiscal year 2016 (€ 258 thousand; previous year: € 252 thousand), allowance to social security (€ 2 thousand; prior year: € 2 thousand), a contribution to life insurance premiums(€ 2 thousand; prior year: € 2 thousand) as well as an allowance for vehicle use (€ 18 thousand; prior year: € 18 thousand).

All Management Board members are also entitled to a short-term incentive (STI) amounting to 1% of the achieved EBT for the entire Wild Bunch Group according to IFRSs pursuant to Wild Bunch's audited Group financial statement for the past year, provided that the target EBT is attained or exceeded. The target EBT for fiscal year 2015 is € 4,500 thousand, for fiscal year 2016 € 5,000 thousand and for fiscal year 2017 € 5,500 thousand. According to this, the bonus to be paid amounts to a maximum of € 125 thousand p.a. In addition, in the respective subsequent year, all Management Board members will receive a long-term incentive (LTI) from 2015 to 2017 equivalent to 1% of the achieved average EBT for the entire Wild Bunch Group according to IFRS pursuant to Wild Bunch's audited Group financial statement for the respective relevant fiscal years, provided that the target average EBT is attained or exceeded. The target average EBT is for fiscal year 2016 € 4,750 thousand, for 2015, 2016 and for fiscal year 2017 € 5,250 thousand, for 2015, 2016 and 2017.

According to this, the bonus to be paid amounts to a maximum of € 150 thousand p.a. Because the targets set were not met for either the Short Term Incentives or the Long Term Incentives in the fiscal year or in the previous year, the Management Board members received no bonus payments for 2016 and 2015.

Wild Bunch's Supervisory Board has the right to decide on an additional voluntary management bonus for extraordinary services. This voluntary management bonus shall amount to a maximum of € 100 thousand per year. Mr. Sturm was granted a voluntary management bonus of € 50 thousand in 2015, which was paid in January 2016.

In the event of incapacity for work, the members of the Management Board receive their remuneration (fixed and performance-related remuneration) for a period of six months, but at most until the termination of the employment relationship. The same shall apply in the event of the death of the member of the Management Board for his/her surviving spouse or partner.

In the event of a change of control event, or in the case of dismissal or exemption from the service obligations, the members of the Management Board have an extraordinary right of termination. In this case, Mr. Grimond, Mr. Chioua and Mr. Maraval will be entitled to their total remuneration (fixed salary and performance-related remuneration) until the end of the normal term of the contract, at most equal to the total remuneration for two years. Such contractual provisions do not exist for Mr. Sturm.

The Company has entered into a D & O insurance policy for the Company's corporate bodies.

The total remuneration of the members of the Supervisory Board for the fiscal year from 1 January to 31 December 2016 can be broken down as follows:

€	Remuneration	Cost reim-bursements	**Total**
Supervisory Board			
Wolf-Dieter Gramatke	22,000	1,624	23,624
Hans Mahr	20,000	1,950	21,950
Tarek Malak	16,000	0	16,000
Prof. Dr. Katja Nettesheim	16,000	0	16,000
Benjamin Waisbren	16,000	0	16,000
Pierre Tattevin	16,000	0	16,000
	106,000	**3,574**	**109,574**

47. SHARES HELD BY BOARD MEMBERS

As of the 31 December 2016 reporting date, the Board members listed below held the following shares in Wild Bunch AG:

Wolf-Dieter Gramatke	19,215 shares	0.02 %
Pierre Tattevin	1 share	0.00 %
Vincent Grimond	7,023,531 shares	8.59 %
Brahim Chioua	5,529,543 shares	6.76 %
Vincent Maraval	2,598,111 shares	3.18 %

48. IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE (SUPPLEMENTARY REPORT)

NEGOTIATIONS WITH SUPPLIERS AND BANKS

In addition to the implementation of the credit agreement with Bank Leumi, the Company has taken further measures to improve the maturity structure of trade payables and credit liabilities. In fiscal year 2016 and 2017, negotiations were held with suppliers and banks, and in some cases new payment targets were agreed.

CREDIT AGREEMENT WITH BANK LEUMI PLC (UK)

To secure the liquidity situation, the Wild Bunch Group concluded a credit facility agreement with the London-based bank Leumi Plc (UK) on 5 April 2017 for a revolving credit line of € 30 million. The credit line, maturing 2019, allows the German, Italian and Spanish companies of the Wild Bunch Group as well as Wild Bunch AG to repay existing financing and to finance their current business. A first draw of around € 20 million was made on 18 July 2017. In addition, an increase in the credit line was made by the French companies' membership, with the condition of the occurrence of additional conditions of up to € 100 million; for the use of the extended credit facility line, a renewed approval is required from Bank Leumi Plc (UK) and, as the case may be, other syndicate banks (see notes on liquidity risks at risk under section 5.1.3 of the Group management report).

After the balance sheet date 2016, no further events with a significant impact on the income, financial or assets of the Wild Bunch Group have occurred.

49. SHAREHOLDINGS OF WILD BUNCH AG, BERLIN

As of 31 December 2015, Wild Bunch AG was directly or indirectly involved in the following companies:

Company	Share	Equity on 31 Dec 2016	Annual result 2016
In € thousand	in %		
Senator Film Köln GmbH, Cologne[1]	100.00	– 112	0
Senator Film München GmbH, Munich[1]	100.00	– 12	0
Senator Film Produktion GmbH, Berlin[1]	100.00	792	0

Senator Film Verleih GmbH, Berlin[1]	100.00	8,900	0
Senator Finanzierungs- und Beteiligungs GmbH, Berlin	100.00	– 2	– 23
Senator Home Entertainment GmbH, Berlin[1]	100.00	25	0

Company	**Share**	**Equity on 31 Dec 2016**	**Annual result 2016**
In € thousand	in %		
Eurofilm & Media Ltd., Killaloe, Ireland	100.00	– 17,889	– 164
Wild Bunch Austria GmbH, Wien, Austria[2]	100.00	9	65
Central Film Verleih GmbH, Berlin[6]	100.00	443	– 112
Senator Reykjavik GmbH, Berlin[4]	100.00	– 379	– 11
Bavaria Pictures GmbH, Munich[3]	50.00	– 1,288	72
Wild Bunch SA, Paris, France	100.00	27,280	– 3,027
Wild Bunch Germany GmbH, München[5]	88.00	612	138
BIM Distribuzione s.r.l., Rome, Italy[5]	100.00	551	2
Bunch of Talents SAS, Paris, France[5]	80.00	102	95
Capricci World, Nantes, France[5;8]	33.00	53	– 68
Contiental films SAS, Paris, France[55]	100.00	– 43,047	8,726
Circuito Cinema s.r.l., Rom, Italy[7]	35.47	3,634	316
Elle Driver SAS, Paris, France[5]	95.00	1,719	308
EWB2 SAS, Paris, France[5]	100.00	3,310	18
EWB3 SAS, Paris, France[5]	100.00	4,623	430
Filmoline SAS, Paris, France[5]	90.00	839	701
Insiders LLC, Los Angeles, USA[5]	45.00	10	0
Versatile SAS, Paris, France[5]	95.00	– 1,316	– 386
Vértigo films S.L., Madrid, Spain[5]	80.00	– 2,029	454
Virtual films Ltd, Dublin, Ireland[5]	100.00	– 24,984	– 128
Wild Bunch Distribution SAS, Paris, France[5]	100.00	9,475	340
Wild Side Film SAS, Paris, France5	100.00	– 672	261
Wild Side Video SAS, Paris, France[5]	100.00	3,525	176

[1] Profit 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] equity and annual result according to local financial statement 2015

Unless otherwise stated, the equity and net income of the companies were reported in accordance with the IFRS financial statements for 2016.

Berlin, 29 September 2017

Wild Bunch AG

Vincent Grimond
Vorstandsvorsitzender (CEO)

Max Sturm
(CFO)

Brahim Chioua
(COO)

Vincent Maraval
(CCO)

RESPONSIBILITY STATEMENT AS OF 31 DECEMBER 2016

We assure to the best of our knowledge that, in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the Group management report includes the business results and the position of the Group as well as the principal opportunities and risks associated with the expected development of the Group.

Berlin, 29 September 2017

Wild Bunch AG

Vincent Grimond
(CEO)

Max Sturm
(CFO)

Brahim Chioua
(COO)

Vincent Maraval
(CCO)

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Wild Bunch AG, Berlin, comprising the balance sheet, the income statement, the statement of cash flows, the statement of changes in equity and the notes to the financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

With the exception of the scope limitations described below, we conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined group management report. We believe that our audit, with the exceptions (scope limitations) described below, provides a reasonable basis for our opinion.

Our audit has not led to any reservations with the exception of the following qualifications:

In fiscal year 2013, the Group conducted a series of linked transactions. One of these transactions related to the increase in its 50% share in Continental Film SAS (CF) to 100% by way of a step acquisition (purchase price: EUR 1). The other transactions relate to the forgiveness of a loan including interest (EUR 10.7m) granted to CF by CF's co-shareholder, the repurchase by Wild Bunch S.A. of its own shares from CF's co-shareholder (purchase price: EUR 6.3m) as well as the repayment to an affiliate of the co-shareholder of CF of a loan including interest (EUR 20.8m) granted to CF. The allocation of the purchase price for the step purchase as of the acquisition date was largely based on the carrying amounts of CF, which were assumed to correspond to the fair values. This led to negative net assets of EUR 25.5m and thus to recognition of goodwill in the same amount.

Due to the lack of audit evidence, we were unable to conclusively assess whether

a) the determination of the purchase price of EUR 1, taking into account the abovementioned cash flows within the series of linked transactions, and

b) the assumption underlying the accounting treatment that the carrying amounts largely correspond to the fair values are accurate. It therefore cannot be ruled out that other carrying amounts should have been recognized for assets, liabilities and equity in connection with acquisition accounting, including purchase price allocation. We are therefore also unable to conclusively assess the effects as of 31 December 2016 and as of 31 December 2015 of a different accounting treatment on amounts recognized for goodwill, intangible assets and deferred taxes. It therefore cannot be ruled out that the financial statements are misstated in this respect (scope limitation).

The management board corrected errors with regard to the film distribution rights recognized in the balance sheet of EUR 3.1m as of 1 January 2014 and of EUR 5.4m as of 31 December 2014 and made related adjustments to deferred taxes, which overall reduced equity by EUR 2.2m and EUR 3.6m. The supporting documents we received to determine the amount of these corrections of errors cannot be verified by an external expert within a reasonable period of time. We are therefore also unable to conclusively assess whether consolidated profit for 2015 is reported accurately and is therefore comparable with consolidated profit for 2016. It therefore cannot be ruled out that the financial statements are misstated in this respect (scope limitation).

Deferred tax assets on tax loss carryforwards totaling EUR 5.9m as of 31 December 2016 and EUR 6.1m as of 31 December 2015, of which EUR 2.7m was offset with deferred tax liabilities on both reporting dates, may not be taken into account due to the lack of evidence of corresponding tax loss carryforwards and a history of losses as well as insufficient taxable temporary differences relating to the same taxation authority and the same taxable entity and the absence of convincing evidence that sufficient taxable income under IAS 12.24 et seq. will be available in the future.

The corresponding disclosures in accordance with IAS 12.82(a) and (b) are also lacking in the notes to the consolidated financial statements.

We are unable to conclusively assess to what extent partial amounts were not recognizable as of 1 January 2014 and should therefore have been changed. It therefore cannot be ruled out that the financial statements are misstated in this respect (scope limitation).

With regard to to the notes to the consolidated financial statements, the following reservations also apply:

- Note 21: The receivables past due for more than 121 days amount to EUR 14.0m as of 31 December 2016 (prior year: EUR 13.7m). The analysis of this amount required under IFRS 7.37(a) is not provided.
- Note 31: A significant portion of the trade payables of EUR 71.2m as of 31 December 2016 (prior year: EUR 85.3m) is past due. The disclosures pursuant to IFRS 7.7 on the amount and development of past due liabilities after the reporting date are incomplete.
- Note 38: The disclosures required pursuant to IFRS 7.40 on sensitivities of foreign currency items (currency risk) are incomplete.

Subject to these qualifications, in our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with consolidated financial statements prepared in accordance with the legal requirements, complies with the legal requirements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion further, we draw attention to the comments in the section entitled "Summary of risks to the Company's ability to continue as a going concern" in section 4.1.2 "Financial, accounting and tax risks" of the group management report. This section states that the Group entered into a master credit agreement for up to EUR 30.0m in April 2017. This loan may be called in by the bank in the event of the breach of agreed financial covenants (minimum EBITDA margin, liquidity ratio, leverage ratio and minimum equity) or of contractual reporting obligations. These contractual obligations include the presentation of consolidated financial statements for fiscal year 2016 on which an unqualified opinion has been expressed. Based on its current budget and forecast, the management board expects that the contractual obligations will be met. However, there is a risk that the covenants will not be met, especially if the Group's economic situation deteriorates. Moreover, there is a risk that the bank will make use of its right to call in the loan as a result of the presentation of a qualified opinion on the consolidated financial statements for fiscal year 2016. However, the management board considers this risk to be low as the lending bank has known about the qualified opinion for some time. The Group's ability to continue as a going concern in the event of the loan being called in will depend on whether the required amount of funds can be obtained elsewhere at short notice. Moreover, the Group's ability to continue as a going concern also presupposes that in the period to 30 September 2018 another EUR 50.0m to 60.0m can be raised primarily to refinance existing loan liabilities of the French companies under an extension of the abovementioned master credit agreement or some other financing arrangement.

Berlin, 30 September 2017

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Kausch-Blecken von Schmeling	Lennartz
German Public Auditor	German Public Auditor

IMPRINT

Published by

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Registered number

HRB 68059

2017

Typesetting & Layout

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Germany

La Boca Ltd.
25 Powis Terrace
London W11 1JJ
UK

Credit of Photography

Film original title	
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