wild bunch

ANNUAL REPORT
2018

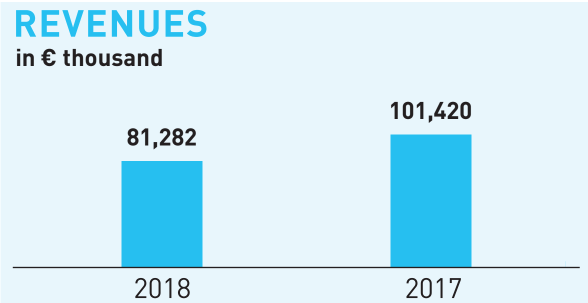
SCREENSHOT FILMOTV

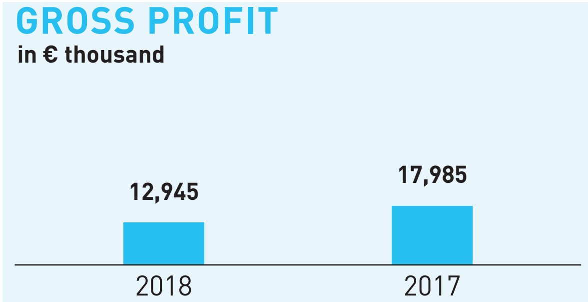

CROC-BLANC, WHITE FANG

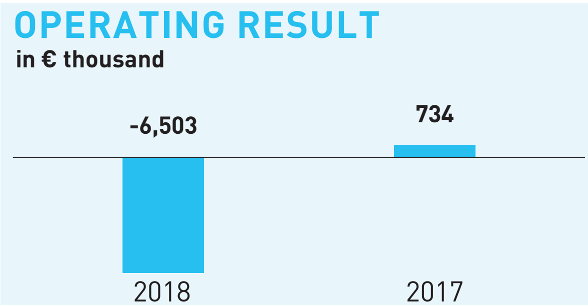

LAZZARO FELICE

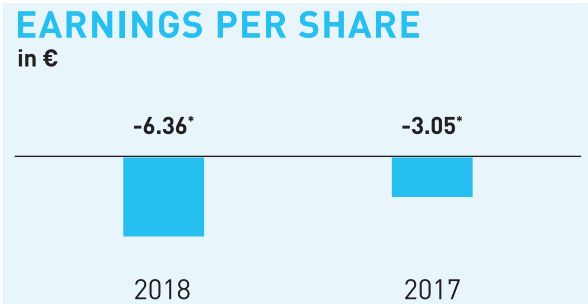

BURNING

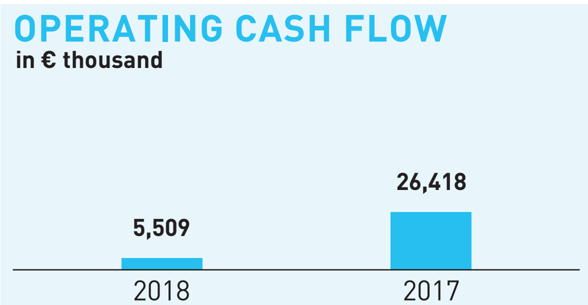
HIGHLIGHTS

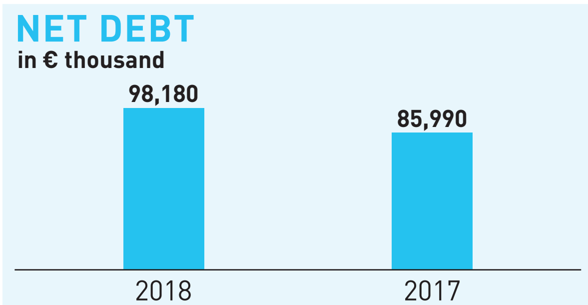












*on the basis of 2,044,075 shares

- Initiation of a groupwide financial restructuring with resolutions of the Annual General Meeting on 26 September 2018. Capital reduction at a ratio of 40:1 and financing in the amount of € 22.500 million successfully completed.
- Revenues declined to € 81.282 million. The gross profit margin decreased to 15.9 % (previous year: 17.7 %).
- Operating result (EBIT) of € -6.503 million mainly burdened by lower revenues and restructuring costs.
- Wild Bunch generates positive cash flow of € 5.509 million from operating activities.

CONTENT

COMPANY PROFILE

Based in Paris and Berlin, Wild Bunch AG is a leading independent film and TV series 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 CONTENT ACQUISITION, FILM AND TV SERIES FINANCING, CO-PRODUCTION, FILM AND TV SERIES DISTRIBUTION AND INTERNATIONAL SALES WITH AN INTERNATIONAL DISTRIBUTION NETWORK

Wild Bunch is a leading innovative independent European film and TV series distribution and production services company. Actively engaged in the areas of acquisition, film and TV series financing, co-production, film and TV series distribution and international sales, the company offers a wide range of sales services.

As a major player in international sales via its sales labels Wild Bunch International Sales, Elle Driver, Versatile and Wild Bunch TV but also in direct distribution, Wild Bunch has established a worldwide distribution network that includes direct sales in five 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
- Austria with Wild Bunch Austria and
- Spain with Vértigo Films S.L.

As early as 2008, Wild Bunch has positioned itself on the market of direct electronic distribution, creating the first VOD/SVOD service in France, FilmoTV. Furthermore, Wild Bunch also maintains a strong presence in the field of film production with, among others, its brand Senator Film Produktion in Germany. Wild Bunch produced or coproduced such movies as BLUE IS THE WARMEST COLOR, LE LIVRE D'IMAGES, VICTORIA, WOLF TOTEM, ÜBERFLIEGER - KLEINE VÖGEL, GROSSES GEKLAPPER, HIGH LIFE, LOVELESS, OLAF MACHT MUT...

Wild Bunch continuously supplies the entertainment sector with high-quality content – whether through its expertise in identifying attractive projects, its global network of filmmakers or its proven expertise in international film financing. Its growing TV arm, Wild Bunch TV, builds on all the assets of the Group with the ambition of becoming a unique multi-domestic TV content coproducer, and a global distributor of such content. Wild Bunch TV already distributed such TV series as THE EXCHANGE PRINCIPLE, FOUR SEASONS IN HAVANA, MEDICI MASTERS OF FLORENCE OR NAME OF THE ROSE, TEAM CHOCOLATE...

Wild Bunch currently has a total library of over 2,500 film titles and co-finances and/or distributes up to an additional 50 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, regularly honored at both European and international festivals, such as THE ARTIST, LES MISÉRABLES, CAPHARNAÜM, DHEEPAN, DRIVE, FAHRENHEIT 9/11, THE GRANDMASTER, INTOUCHABLES, KIKI, THE KING'S SPEECH, LITTLE NICHOLAS (LE PETIT NICOLAS), MARCH OF THE PENGUINS, MARY AND MIKE, PAN'S LABYRINTH, SHOPLIFTERS, SIN CITY, SPIRITED AWAY, TWO LOVERS, VICKY CRISTINA BARCELONA...

The company is wholly committed to provide the finest in international cinema to distributors and broadcasters in the field of international cinema throughout the world.

THE MANAGEMENT – EXPERIENCED MANAGEMENT TEAM

Wild Bunch's business activities are managed by an experienced management team. As Chief Executive Officer (CEO) of Wild Bunch, Vincent Grimond brings his many years of experience in management positions in the film industry to the Group. 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. Max Sturm acts as Chief Financial Officer (CFO) on the board of Wild Bunch AG. Max Sturm joined Senator Entertainment AG in 2013. Prior to that he had worked for Constantin Medien AG, where he was Managing Director of the 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. The strong international network and efficient structures within the group are to be used to further advance the activities – especially in the core markets – and to make first-class films and TV series available to film distributors worldwide and to all distribution platforms for films, from cinema to digital video services. Besides further penetration of existing markets, the development of new market segments is an essential part of its growth strategy. In light of the ongoing digitisation and consequently the change from linear television consumption to on-demand TV, the company sees itself as a pioneer in the development of innovative solutions for production, distribution and international sales. The company is actively shaping this radical paradigm shift and is continuously working commercializing content via digital channels. Tailor-made, attractive content and services for the entertainment sector – in short, this is the way Wild Bunch aims to achieve profitable growth in the years to come.

wild bunch GERMANY

wild bunch DISTRIBUTION

wild bunch

CENTRAL FILM

elle driver

BiM DISTRIBUZIONE

FILMOTV

WILD SIDE

FILMIN

Versatile

vértigo

SENATOR Film Produktion

REPORT OF THE SUPERVISORY BOARD

In the following, the Supervisory Board reports on its activities in the 2018 financial year, in particular on the type and scope of the audit of the company's management and on consultations in the Supervisory Board, on compliance with the requirements of the German Corporate Governance Code (DCGK), on the audit of the annual financial statements of Wild Bunch AG and the Group and on personnel changes in the company's executive bodies. In accordance with the recommendation of the DCGK, the Supervisory Board has a sufficient number of independent members.

COOPERATION BETWEEN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

In 2018, the Supervisory Board performed the duties and obligations incumbent upon it under the law and the Articles of Association. It continuously monitored the Executive Board's conduct of business and regularly advised it on the management and strategic orientation of the Company.

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

The Management Board continued to inform the Supervisory Board about the most important financial ratios and submitted transactions requiring the approval of the Supervisory Board or of particular importance to it in good time for resolution. The Supervisory Board was also informed in detail by the Executive Board between meetings about special intentions and plans that were urgent for the company, and – if necessary – it issued its written vote. The Chairman of the Supervisory Board was also regularly informed outside the Supervisory Board meetings about the current business situation and significant business transactions as well as existing risks within the company.

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

MEETINGS OF THE SUPERVISORY BOARD

In 2018, the Supervisory Board held six meetings, one of which was attended by participants in person at the Paris location. The other Supervisory Board meetings were held either as telephone conferences or in the partial personal presence of participants with simultaneous telephone switching. The attendance rate of the members at the meetings of the Supervisory Board was 88 %.

COMMITTEES

To ensure the efficient performance of its duties, the Supervisory Board has the following two committees: The Audit and Balance Sheet Committee and the Investment Committee. The Audit and Balance Sheet Committee comprised the following members in the financial year:

Pierre Tattevin and Tarek Malak. Pierre Tattevin also acts as an independent financial expert (IFC) to the Supervisory Board. The Investment Committee consisted of the following members until the Annual General Meeting: Tarek Malak, Benjamin Waisbren and until his departure Hans Mahr. Following the election of new Supervisory Board members by the Annual General Meeting, the Investment Committee consisted of Benjamin Waisbren, Dr. Georg Kofler, Kai Diekmann and Michael Edelstein until he left the Supervisory Board. Two meetings of the Audit and Balance Sheet Committee were held in 2018. There was no meeting of the Investment Committee.

CONSULTATIONS IN THE SUPERVISORY BOARD

The subject of regular reporting by the Executive Board and discussions in the meetings of the Supervisory Board and its committees were the development of sales and earnings of the Group companies and the Group, the financial and liquidity situation, the status of work on the annual financial statements, the financial restructuring of the Group, the further development of the business model and the strategic orientation of the Group.

In the first half of the year, the main focus of the meetings was on consultations on the investor process and on the status and progress of negotiations with creditors, in particular at the level of Wild Bunch S.A., as well as on the status of legal protection proceedings in France, the preparation of the 2017 annual financial statements for the Group and Wild Bunch AG, and related topics, proposals for the resolutions of the 2018 Annual General Meeting, the procurement of outside capital, and concrete negotiations with investors to implement the restructuring efforts. In the further course of the year, the focus was on the implementation of the restructuring measures and related individual issues, the Group's liquidity situation, negotiations with Bank Leumi on ongoing support for the restructuring process and the Group's strategic orientation.

The central subject of the Supervisory Board's advice to the Executive Board was the preparations for and implementation of the restructuring measures to reduce the company's balance sheet debt, the further financing of the company's operating activities, above all by providing interim financing of 27 million euros as an early shareholder loan.

In addition, the following topics of the Supervisory Board meetings deserve special mention:

1. Advising the Management Board on the preparation and presentation of the 2017 annual financial statements (individual and consolidated financial statements) and the required documentation of the underlying audit matters and advising on process optimisation of the services to be provided by the Company for the audit.
2. Advising the Management Board on the Group's future strategy, in particular in the TV and digital fields.
3. Advising the Management Board on group internal financing, in particular on financing the business activities of Wild Bunch S.A. and the parent company Wild Bunch AG and on group liquidity organisation.

RESOLUTIONS OF THE SUPERVISORY BOARD

At its meetings, the Supervisory Board passed resolutions on the adoption and approval of the annual and consolidated financial statements for the 2017 financial year, the adoption of the dependent company report and the corporate governance documentation for the 2017 financial year. The Supervisory Board also passed resolutions on the selection of the auditor for the 2018 financial year and on the election of a new Chairman of the Supervisory Board and his representatives.

CORPORATE GOVERNANCE

At its meetings, the Supervisory Board dealt several times with corporate governance issues within the company. The Executive Board and the Supervisory Board agreed on the update of the Declaration of Conformity with the German Corporate Governance Code and issued the joint Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) in April 2018. It is permanently available to the public on the Wild Bunch AG website together with previous declarations of compliance. In the declaration, the Executive Board and Supervisory Board declared that the recommendations of the

German Corporate Governance Code in the version dated February 7, 2017 were and are complied with, with the exceptions stated in the declaration of compliance. In the Corporate Governance Report, the Executive Board and Supervisory Board explain corporate governance separately.

EXPLANATIONS IN ACCORDANCE WITH THE TAKEOVER DIRECTIVE IMPLEMENTATION ACT

The Supervisory Board dealt with the information in the management report of Wild Bunch AG and in the group management report pursuant to Sections 289a and 315a (4) of the German Commercial Code (HGB) and the explanations provided by the Management Board. Reference is made to the corresponding explanations in the Management Report/Group Management Report. The Supervisory Board has reviewed the information and explanations and adopts them as its own. In the opinion of the Supervisory Board, they are complete.

COMPOSITION OF THE SUPERVISORY BOARD

In the 2018 financial year there were the following personnel changes in the composition of the Supervisory Board: Supervisory Board member Hans Mahr resigned from office with effect from 16 January 2018. Subsequently, the Supervisory Board initially consisted of the three remaining members, Tarek Malak, Pierre Tattevin and Benjamin Waisbren. As the terms of office of these Supervisory Board members who continued to hold office ended at the end of the Annual General Meeting on 26 September 2018, all Supervisory Board members were re-elected by the Annual General Meeting. In addition to the members of the Supervisory Board who were in office until the Annual General Meeting, the latter elected Dr. Georg Kofler, Michael Edelstein and Kai Diekmann to the Supervisory Board. At its meeting on September 27, 2018, the Supervisory Board elected Tarek Malak as his successor as Chairman and Kai Diekmann as Deputy Chairman of the Supervisory Board. Michael Edelstein resigned from office at the end of 22 November 2018. Supervisory Board member Benjamin Waisbren resigned from office shortly after the end of the reporting year with effect from February 19, 2019.

COMPOSITION OF THE EXECUTIVE BOARD

Until 10 August 2018, the Company's Management Board in the 2018 financial year consisted initially of Vincent Grimond, Max Sturm, Brahim Chioua and Vincent Maraval. As of 11 August 2018, the Management Board consisted of Vincent Grimond and Max Sturm. Vincent Grimond is Chairman of the Board.

AUDIT OF THE FINANCIAL STATEMENTS OF WILD BUNCH AG AND THE GROUP AS AT 31 DECEMBER 2018

Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, was elected by resolution of the Annual General Meeting of Wild Bunch AG on 26 September 2018 as the auditor of the annual financial statements and the consolidated financial statements for the 2018 financial year, and as the auditor for any review of interim financial reports until the next Annual General Meeting, and was commissioned by the Supervisory Board on 26 November 2018 to perform the audit procedures. The audit covered the annual financial statements of Wild Bunch AG and the consolidated financial statements as well as the combined group management and management report for the 2018 financial year, which were presented by the Management Board and prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code), the International Financial Reporting Standards (IFRS) and the additional requirements of German commercial law pursuant to § 315e (1) HGB. The annual financial statements of Wild Bunch AG and the consolidated financial statements were issued with unqualified audit opinions.

The annual financial statements of Wild Bunch AG as well as the consolidated financial statements and the combined group management and management report for the 2018 financial year were made available to all members of the Supervisory Board. They were the subject of the meeting of the Supervisory Board and the Audit Committee on May 5, 2019, which was also attended by representatives of the auditors and was available to answer questions. The Supervisory Board acknowledged and approved the results of the audit. The result of his own examination was that there were no objections to be raised. The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board as well as the combined Group and Management Report. The annual financial statements for the 2018 financial year are thus adopted.

EXAMINATION OF THE MANAGEMENT BOARD'S REPORT ON RELATIONS WITH AFFILIATED COMPANIES

Due to the existing investments in the company in the year under review, Wild Bunch AG was classified as a company dependent on a single shareholder in the year under review. There is no control and/or profit transfer agreement with the controlling company.

The Management Board of Wild Bunch AG has therefore prepared a report on the relationship with affiliated companies for the 2018 financial year in accordance with Section 312 of the German Stock Corporation Act (AktG) for the period of the dependency (dependency report). The Management Board submitted the dependent company report to the Supervisory Board in due time.

The Company's auditors have audited the dependent company report and issued the following audit opinion:

"Based on our audit and opinion as required by law, we confirm that

1. the factual statements made in the report are correct,
2. Wild Buch AG's consideration for the legal transactions listed in the report was not unreasonably high."

The auditors submitted their audit report to the Supervisory Board and also reported on their audit and the main results of their audit at a separate meeting of the Audit Committee. At their meeting on May 5, 2019, the members of the Supervisory Board discussed the audit report in detail with the members of the Management Board. The members of the Supervisory Board came to the conclusion that the audit report meets the legal requirements. In the course of its own examination, the Supervisory Board did not see any indications of incorrectness, incompleteness or other objections. The Supervisory Board concurs with the Executive Board's proposal for the appropriation of earnings.

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

The Supervisory Board

Berlin, 5 Mai 2019

Tarek Malak

Chairman

THE SHARE

SHARE PRICE PERFORMANCE

The Wild Bunch AG shares are listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange since 25 February 2008. The global market was marked by an overall negative trend in 2018. The DAX® (German share index) closed with a performance of minus 18.26 %. The Wild Bunch AG share price declined by 77 % over the same period, naturally decreasing after the announcement of the capital measures, which were to be implemented at a reference share price of EUR 2.00 (post adjustment for the 40 to 1 capital reduction).

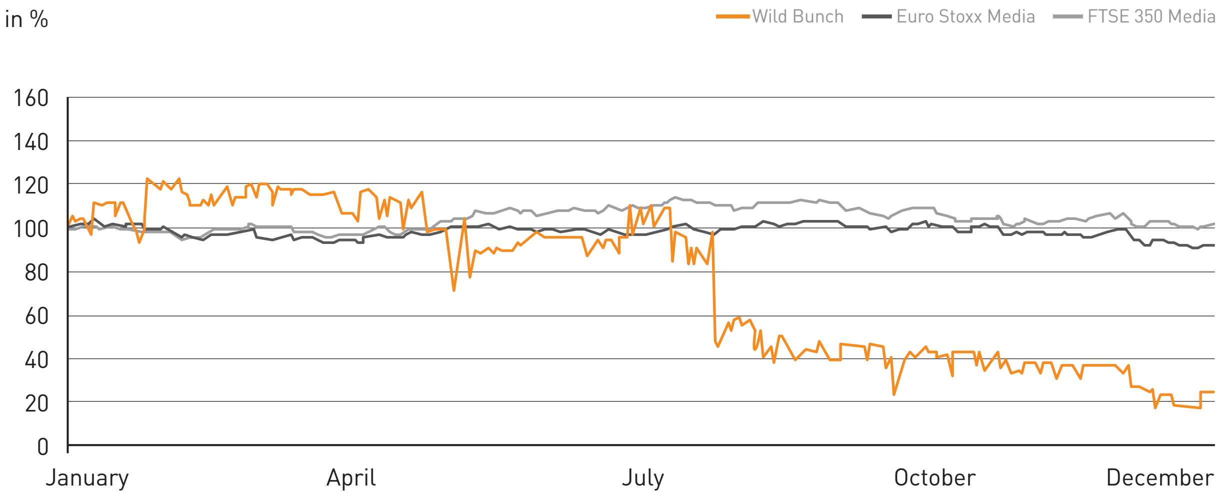
On the last day of trading in 2018 (28 December 2018), the Wild Bunch share was quoted at a share price of EUR 2.10 and a market capitalisation of EUR 4.29 million.

The share prices stated in this section have been adjusted in accordance with the capital reduction of 40:1 entered in the commercial register of the Company on 26 November 2018.

KEY DATA

Security identification number	A2TSU2
ISIN	DE000A2TSU21
Stock exchange abbreviation	WBAH
Trading segment Level of transparency	Regulated Market General Standard
Class of shares	Ordinary or no-par value bearer shares
Initial quotation	February 25, 2008
Share capital (Dezember 31, 2018)	€ 2,044,075
Market capitalization (December 28, 2018)	€ 4.29 m

PERFORMANCE (JANUARY 2 – DECEMBER 28, 2018)



ANNUAL GENERAL MEETING

In fiscal year 2018, the Annual General Meeting 2018 of Wild Bunch AG took place in Berlin on September 26, 2018.

The adopted annual financial statements and the approved consolidated financial statements of Wild Bunch AG for the financial years 2015, 2016 and 2017 were presented to the Annual General Meeting. The actions of the Management Board and the Supervisory Board in these fiscal years were approved by the Annual General Meeting. Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, was elected as the new auditor of the annual financial statements and consolidated financial statements for the 2018 financial year and as the auditor for any review of interim reports or other financial information during the year.

Following the resignations of Supervisory Board members Wolf-Dieter Gramatke, Prof. Dr. Katja Nettesheim and Hans Mahr and the end of the terms of office of the remaining three Supervisory Board members Tarek Malak, Pierre Tattevin and Benjamin Waisbren at the end of this Annual General Meeting in 2018, new elections of all Supervisory Board members became necessary.

The following persons were newly elected to the Supervisory Board

Tarek Malak,
Portfolio Manager at Sapinda International Services B.V.;

Benjamin Waisbren, Attorney,
Chairman of the board of directors of LSC Film Corporation;

Michael Edelstein, Producer and Entrepreneur,
Member of the Board of Directors of Motivii Limited, London (United Kingdom);

Dr. Georg Kofler, Manager and Entrepreneur,
Managing Director of Social Chain Group GmbH;

Kai Diekmann, Journalist and Entrepreneur,
Founder StoryMachine and Founder Deutsche Fondsgesellschaft;

Pierre Tattevin, Attorney,
Partner and Managing Director at Lazard Ltd.

The Chairman of the Supervisory Board is Mr. Tarek Malak. The Deputy Chairman of the Supervisory Board is Kai Diekmann.

CVs of the new Supervisory Board members are available on Wild Bunch AG's website under www.wildbunch.eu in the "Investors" section, "Dates" and there under "Annual General Meetings".

Michael Edelstein left the Supervisory Board of Wild Bunch AG on November 23rd 2018 and Benjamin Waisbren on February 19th 2019.

In order to implement the fundamental restructuring of Wild Bunch AG, the Management Board, together with the investor and major shareholder Sapinda (Sapinda Holding B.V. and Voltaire Finance B.V., formerly SWB Finance B.V.), developed a restructuring concept for the debt relief of the Wild Bunch Group and submitted the core elements of this restructuring concept to the Annual General Meeting ("AGM") for approval.

This included an initial capital reduction by means of the simplified cancellation of fifteen shares to reduce the Company's share capital from EUR 81,763,015.00 to EUR 81,763,000.00 in order to enable a corresponding share capital figure. Furthermore, an ordinary capital reduction through the consolidation of shares for the purpose of covering losses and otherwise for the allocation of amounts to the capital reserve in the ratio of 40 : 1. The share capital of the Company in the amount of EUR 81.763,000.00, divided into 81,763,000 no-par value bearer shares, was reduced by EUR 79,718,925.00 to EUR 2,044,075.00, divided into 2,044,075 no-par value bearer shares, by entry of this capital reduction in the Commercial Register on 26 November 2018. The converted shares were tradable since 10 December 2018. In addition, the AGM resolved to increase the share capital against contributions in kind (contribution of the EUR 18,000,000 8 % bearer bonds 2016/2019 issued by Wild Bunch AG by EUR 3,600,000.00 to EUR 5,644,075.00 excluding shareholders' subscription rights) and to increase the share capital against contributions in kind (contribution of receivables from French bank loans and investment contracts) by EUR 18,298,680.00 to

EUR 23,942,755.00 excluding shareholders' subscription rights. These capital measures were entered in the commercial register on 14 March 2019 and 12 April 2019 respectively.

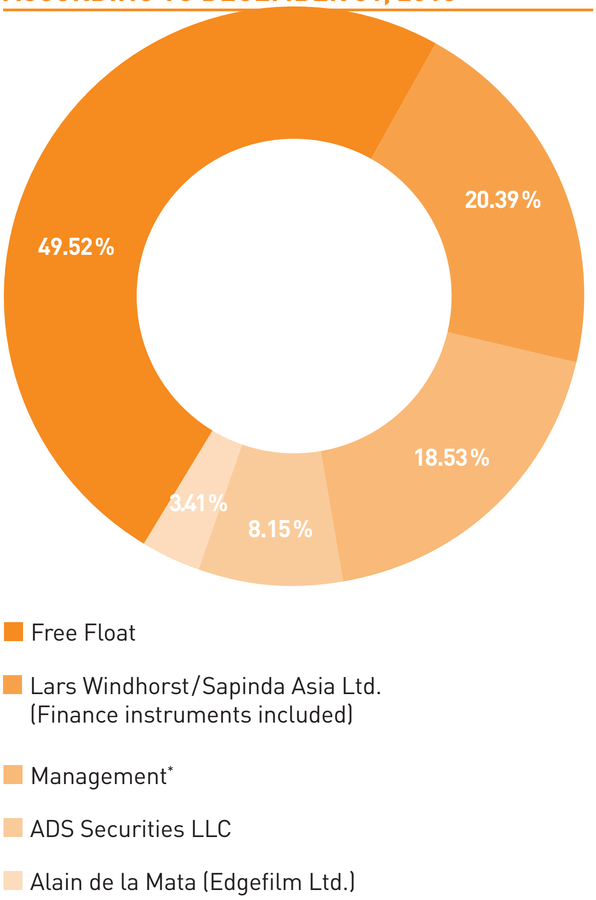
The aforementioned capital measures were approved by a wide majority at the Annual General Meeting.

In addition, the Management Board was authorized by resolution of the Annual General Meeting to increase the Company's share capital by up to a total of EUR 11,971,377.00 (Authorized Capital 2018/I) on one or more occasions before September 25, 2023 by issuing new no-par value bearer shares against cash and/or non-cash contributions by cancelling the Authorized Capital 2015/I and creating a new Authorized Capital 2018/I with the option of excluding shareholders' subscription rights (Authorized Capital 2018/I).

SHAREHOLDER STRUCTURE

The shareholder structure has been quite stable throughout 2018. The free float amounts to around 50 percent of the shares. The remaining 50 percent are owned by stable and long-term anchor investors, such as Sapinda Asia Ltd. and ADS Securities LLC, and management.

ACCORDING TO DECEMBER 31, 2018



* In August 2018, the management service contracts of Brahim Chioua and Vincent Maraval with Wild Bunch AG expired, both nonetheless retaining management positions at Wild Bunch SA level, and their participations are still included in the Management stake. Wild Bunch AG has, since that date, been managed by the two remaining members of the Management Board.

Registered Person	Direct shareholder	Number of Voting Rights of the Registered Person		
		Direct	Indirect	Total
Lars Windhorst[1] Sébastien Moerman[2] Mike Beattie[3]	Voltaire Finance B.V.[4]	23,032,998	–	23,032,998/96.20%
Vincent Grimond	Vincent Grimond	175,588	–	175,588/0.73%
Vincent Maraval	Vincent Maraval	64,953	–	64,953/0.27%
Brahim Chioua	Brahim Chioua	138,238	–	138,238/0.58%
Alain de la Mata	Edgefilm Ltd.	–	69,788	69,788/0.29%
Mahmood Ebraheem Al Mahmood	ADS Securities LLC	175,516	–	175,516/0.73%
Free float		285,674	–	285,674/1.19%
Total				**23,942,755/100.00%**

[1] Reporting chain: Lars Windhorst; Serene Holdings Ltd; Zuglex Trustee AG; Voltaire Investment B.V.; Voltaire Finance B.V.
[2] Reporting chain: Sébastien Moerman; Noble Trust Company AG; Zuglex Trustee AG; Voltaire Investment B.V.; Voltaire Finance B.V.
[3] Reporting chain: Mike Beattie; Zuglex Trustee AG; Voltaire Investment B.V.; Voltaire Finance B.V.
[4] Voltaire Finance B.V. was a 100 % subsidiary of Sapinda Holding B.V. (now operating under the name Tennor Holding B.V.) until the shares of Voltaire Investment B.V., the direct holding company of Voltaire Finance B.V., were fully transferred to Zuglex Trustee AG.

After the reporting period and before the publication of the annual report, the two capital increases against contributions in kind in March and April 2019 and the voluntary takeover offer made by Voltaire Finance B.V. to the existing shareholders of Wild Bunch AG in February 2019 led to significant changes in the shareholder structure.

INVESTOR RELATIONS

In the 2018 financial year, the Management Board worked on a restructuring concept to reduce the debt of the Company and the Group together with the investor and major shareholder Sapinda (Sapinda Holding B.V. and Voltaire Finance B.V., formerly SWB Finance B.V. – see section Annual General Meeting). Communication with the capital market was thus limited to the extent required by law due to the resulting capacity limitations.

CHARLESTON


CHOCOLATE TYTGAT


JOURNAL 64


THE STATE AGAINST MANDELA AND OTHERS


DR KNOCK

GENERAL INFORMATION ABOUT THE GROUP

GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

This combined Wild Bunch AG Group Management Report and Management Report was prepared pursuant to Section 315 of the German Commercial Code (HGB). It is based on the conditions and recommendations of no. 20 of the German accounting standards (DRS 20). Unless Wild Bunch AG or the Wild Bunch Group (hereafter referred to as "Wild Bunch" or "Group") is referred to specifically, the statements in this report apply equally to Wild Bunch AG and to the Group. The statements regarding the business performance and the net assets, financial position and result of operations of the Group made in this report are based on the consolidated financial statements prepared on the basis of the International Financial Reporting Standards (IFRS) as applicable in the EU.

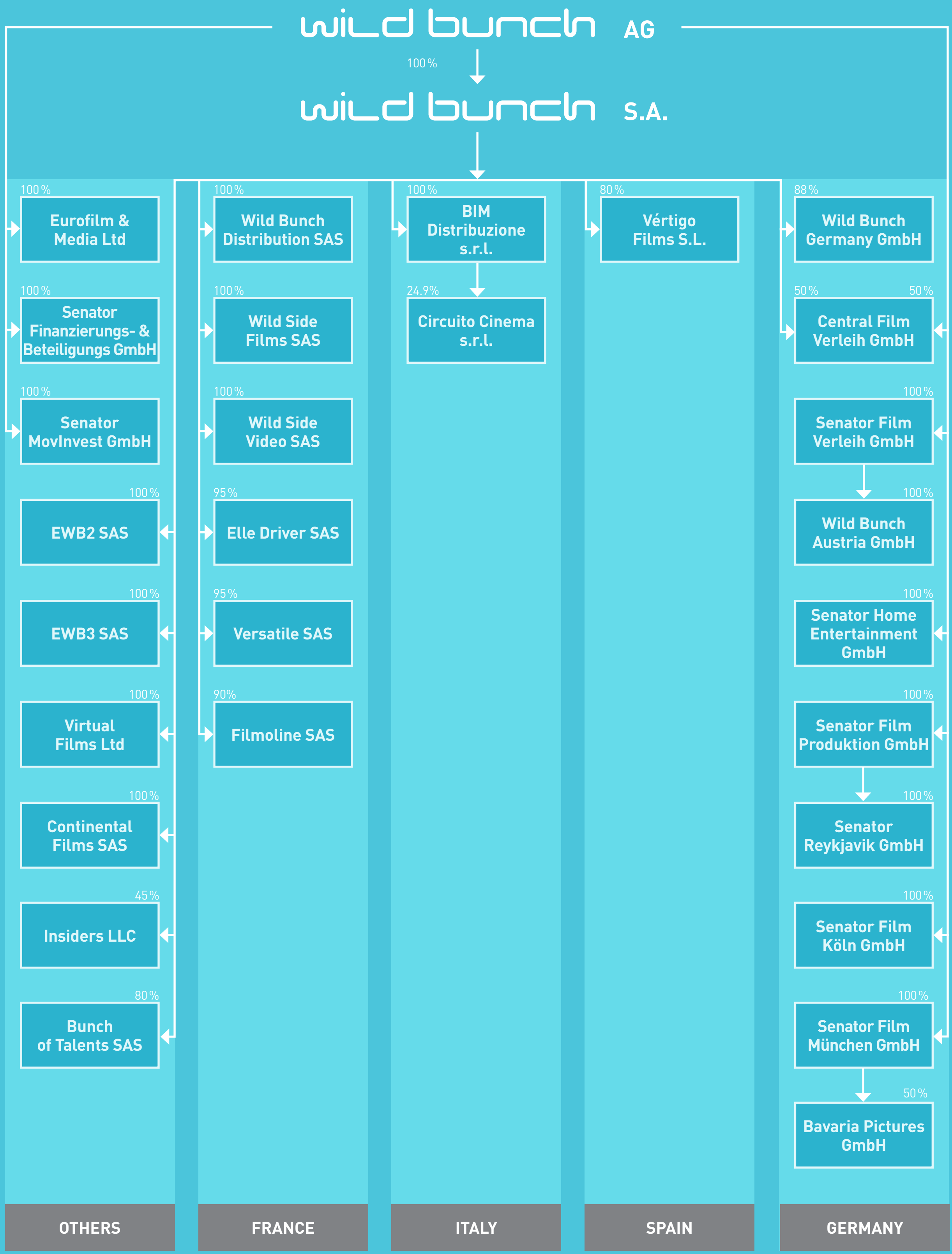
Totals and percentages were calculated on the basis of non-rounded amounts in euros and may differ from a calculation based on amounts reported in thousands or millions of euros.

1. GENERAL INFORMATION ABOUT THE GROUP

1.1 GROUP STRUCTURE AND BUSINESS MODEL

The Group is active in two segments: "International sales and distribution and film production" and "Miscellaneous". The "International sales and distribution and film production" operating segment includes the production and distribution of films. The "Miscellaneous" operating segment encompasses the operation of a VOD platform and other activities. As the parent company, Wild Bunch AG also acts as the Group's holding company and is responsible for general management, financial management, matters of corporate law, communications and IT services.

As of 31 December 2018, the Group structure with all material shareholdings is as follows:


wild bunch AG
100 %
wild bunch S.A.
100 %
Eurofilm & Media Ltd
100 %
Senator Finanzierungs- & Beteiligungs GmbH
100 %
Senator MovInvest GmbH
100 %
EWB2 SAS
100 %
EWB3 SAS
100 %
Virtual Films Ltd
100 %
Continental Films SAS
45 %
Insiders LLC
80 %
Bunch of Talents SAS
100 %
Wild Bunch Distribution SAS
100 %
Wild Side Films SAS
100 %
Wild Side Video SAS
95 %
Elle Driver SAS
95 %
Versatile SAS
90%
Filmoline SAS
100 %
BIM Distribuzione s.r.l.
24.9%
Circuito Cinema s.r.l.
80 %
Vértigo Films S.L.
88 %
Wild Bunch Germany GmbH
50 %
50 %
Central Film Verleih GmbH
100 %
Senator Film Verleih GmbH
100 %
Wild Bunch Austria GmbH
100 %
Senator Home Entertainment GmbH
100 %
Senator Film Produktion GmbH
100 %
Senator Reykjavik GmbH
100 %
Senator Film Köln GmbH
100 %
Senator Film München GmbH
50 %
Bavaria Pictures GmbH
OTHERS
FRANCE
ITALY
SPAIN
GERMANY

1.2 BUSINESS MODEL

Wild Bunch is a major independent European film distribution and production company. The company is active in direct sales in France, Italy, Germany, Spain and Austria, is active in international sales, finances co-productions and is active in the electronic direct sales of films and TV series. The Wild Bunch Group's activities cover the entire value chain of film production and sales, from the production of feature films and international sales to cinema and digital distribution (TV, home entertainment, VOD/SVOD). Due to its diverse editorial policy, the company can continually offer new and innovative films from around the world by investing in European film productions as well as US and international independent films. Thanks to its international sales activities through the sales labels Wild Bunch, Elle Driver, Versatile and Insiders, the company can offer international motion pictures to film distributors and broadcasting corporations around the world. Wild Bunch strives to be different, and combines its indispensable tradition-based knowledge of handling talents and the production of high-value content with a radical and novel approach to the market and innovative strategies in order to maximise the commercial value of such content. This includes aligning the business to accommodate alternative sales channels against the backdrop of digitisation and focussing on the production and marketing of high-quality content in the film and entertainment market.

The company has developed a pan-European sales network and is currently operating as a direct distribution company in five markets: in France with Wild Bunch Distribution SAS and Wild Side Film SAS, in Italy with BIM Distribuzione s.r.l. (hereinafter "BIM"), in Germany with Wild Bunch Germany GmbH (hereinafter "Wild Bunch Germany") and Central Film Verleih GmbH, in Spain with Vértigo Films S.L. (hereinafter "Vértigo") and in Austria with Wild Bunch Austria GmbH.

As part of its corporate strategy, Wild Bunch would like to push forward its geographical and content expansion, provided that the necessary investment capital is available. With its Wild Bunch TV label, which was established in September 2015, the company is focussing on co-producing, financing and marketing international TV series. Under the label Wild Bunch Digital, the company began developing a unified digital strategy for its products in 2017.

Wild Bunch currently offers a library of over 2,500 films and TV series, covering a variety of genres, and currently distributes up to 50 new independent films per year. The size and quality of its film library has made Wild Bunch a crucial partner for all buyers, ranging from TV broadcasting companies to providers of digital video content.

Wild Bunch has developed alternative approaches towards commercialisation that are largely based on new electronic sales channels and a redesign of scheduling.

This has allowed the company to position itself on the electronic direct sales market with its French VOD/SVOD platform FilmoTV, for example. The company is also continually working on expanding the reach and content of FilmoTV through partnerships with traditional broadcasters.

In addition, Wild Bunch has become one of the first distribution companies in Europe to offer online cinema services through an alternative sales model in order to promote "event films" and their economic potential to the public.

Aware of VOD's increasing share of the market worldwide and the limited availability of cinema screens, Wild Bunch is offering these films either directly to a number of VOD services, or, where legally permissible, simultaneously via VOD and a limited number of theatres.

1.3 EMPLOYEES

In the 2018 financial year, the Group had an average of 149 employees (incl. management), a slight decrease in comparison with the previous year (2017: 155 employees). This reflects efforts that were made to reduce overhead costs over time.

1.4 RESEARCH AND DEVELOPMENT

Wild Bunch does not conduct any research and development activities strictly speaking. Accordingly, there are no allocable expenses for research and development.

1.5 MANAGEMENT SYSTEM

The Management Board of Wild Bunch AG is responsible for the strategic direction of the Group and its management. Operational responsibility for the Group companies lies with the respective managing directors. The management of these companies is conducted through shareholder meetings, strategy meetings, short and medium-term planning and regular reporting on business performance. The Management Board has aligned the internal management system with the Group strategy and defined suitable performance indicators. One important element of the internal management and control system is the regular recording and updating of key figures and data, which is then reported to the Management and Supervisory Board. The main object of the analysis and reporting are the performance indicators listed in 2.2. Reporting and analysis are supplemented by the accounting-related internal control and risk management system (see section 4.), in particular the detailed risk recording and monitoring for the acquisition and distribution of films.

A PRAYER BEFORE DOWN

ZUHAUSE IST ES AM SCHÖNSTEN

KINGS

PETTERSSON UND FINDUS

BUSINESS REPORT

2. BUSINESS REPORT

2.1 MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

2.1.1 BUSINESS ENVIRONMENT

The regional focus of the Wild Bunch Group's operational activities is primarily on the countries of France, Germany/Austria, Italy and Spain. The Wild Bunch Group is also active in non-European markets, such as the US, chiefly through film purchasing and international sales activities. Accordingly, macroeconomic developments, particularly in these countries, are enormously important for the Wild Bunch Group's corporate success.

According to the World Economic Outlook published by the International Monetary Foundation (IMF) in April 2019, the IMF expects global economic growth of 3.6 % in 2018. Estimates for the following years are 3.3 % in 2019 and 3.6 % in 2020. The IMF therefore expects a downturn in global economic growth in the coming years. IMF bases this outlook in particular on weaker economic development in the regions of Europe and Asia. Amongst other circumstances, the escalating trade tensions between the US, Europe and China, the simmering national and financial crisis in Italy, a hard Brexit and a potentially steeper slowdown in the Chinese economy are all influencing growth momentum in these regions. At a global level, the IMF is also concerned about the deteriorating sentiment on the financial market, caused by stricter financing conditions and higher debt levels both in the private and public sectors, or unresolved budget problems in countries such as Italy and the US.

Broken down to individual regions and countries there are considerable discrepancies in economic developments.

Following solid growth of 2.9 % in 2018 (previous year: 2.2 %), the IMF expects growth of 2.3 % for the U.S. economy in 2019.

The IMF forecasts growth of 1.8 % in the European Union in 2018, following 2.4 % in 2017. This figure is expected to decline further to 1.3 % in 2019.

Wild Bunch's most important markets also recorded a slight drop-off in economic momentum in 2018.

According to information from the IMF, the French economy grew 1.5 % in 2018 following growth of 2.2 % in 2017. The IMF forecasts stable growth of 1.3 % in 2019.

The German economy also grew 1.5 % in 2018 (previous year: 2.5 %). With growth of just 0.8 % in 2019, however, the IMF expects a further decline.

The IMF reported economic growth of 0.9 % for Italy in 2018, compared with 1.6 % in the previous year. According to the IMF, Italy will see a further decline with growth of 0.1 % in 2019.

According to IMF estimates, Spain's GDP has once again recorded comparatively solid growth at 2.5 %, following 3.0 % in the previous year. However, the IMF does expect momentum to dwindle somewhat, forecasting growth of just 2.1 % for 2019.

The US dollar/euro exchange rate also has the potential to impact on the operations of the internationally active Wild Bunch Group.

At the beginning of 2018, the exchange rate stood at 0.83 euros to the US dollar according to data from the European Central Bank (ECB). Following a further price drop, the value of the US dollar climbed continually from May 2018 and finished the last day of trading at 0.87 euros to the US dollar.

2.1.2 INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

The Wild Bunch Group operates in the challenging Entertainment and Media industry market.

According to the "PwC Global Entertainment & Media Outlook 2018 – 2022" the industry is currently experiencing another multifaceted wave of convergence towards a direct-to-consumer relationship between different market participants with different origins of the respective business models. The convergence of the industry is being observed in the four areas of media/content, technological access, business models and geographical market cultivation.

Market drivers in this environment include, among others:

- the everlasting and technically improving consumer connectivity that enables round-the-clock delivery of content and experiences, direct and digital
- that consumers' mobile end devices are/will be serving as the primary point of contact with the content provider
- the market participants' search for sources of revenue is leading to new innovative products, services and experiences
- the technology and content driven trend towards platform offerings, which will enable a more efficient monetization of consumers in the future
- the increasing personalization of consumers' entertainment & media experiences, leading to new and innovative approaches based on data analysis and new technologies to improve decision making.

Despite, or rather because of these convergence efforts and the associated changes in the industry, PwC expects an average annual growth rate of 4.4 % for global revenues in the Entertainment & Media industry for the period 2017 to 2022 with the industry being expected to generate total sales of 2.4 trillion US dollar at the end of this period.

PwC anticipates that only high-quality content enables providers to establish a direct-to-consumer relationship with consumers of all demographic groups and technological end devices with a strong, loyal relationship and a high degree of usage in terms of duration and scope, thus enabling them to monetize their business models accordingly. The content must be tailored to the personal demands and preferences of consumers and at the same time convey an unparalleled user experience. This tailored user experience can be seen throughout the entire Entertainment & Media industry, for example by combining newspaper content with audio/video sequences. Further examples: Social media platforms integrate video streaming, especially from sports events, film studios produce video series, the gaming industry combines mobile gaming with live videos. Technological progress and advancing digitisation enable providers to expand their services at lower cost. New financially strong market participants with different roots in their business models are courting direct customer relationships. For example, the new fifth generation of mobile communication standard (5G) is regarded as the next major growth driver in the mobile access of media content through improvements in speed, quality and reliability. Shifts in the value chain, for example in home entertainment away from DVD and Blu-ray to Video-on-Demand (VOD), have already commenced and will continue to take place. The market development and especially the geographical expansion of large market participants is globally oriented and often appears to be only a roll-out of an established business model into the next market.

Due to its renowned and high-quality film library, its extensive contacts to talents worldwide and its international distribution and sales network, Wild Bunch as an established provider of high-quality content along the entire value chain considers itself well positioned to profit from the described development.

2.1.2.1 Cinema

PwC's analysts anticipate global gross box-office turnover amounting to USD 41.4 billion in 2018 in their study "PwC Global Entertainment & Media Outlook 2018–2022". The global cinema market is driven by high number of new cinema openings in the Asia-Pacific region and the competition in individual countries to entice large, international productions through tax breaks and other film subsidies. Other market drivers include the large U.S. Production firms that aggressively market their films internationally to an older cinema audience, a shift which can particularly be observed in the saturated markets, and a greater consolidation under cinema operators. Film piracy continues to represent a market barrier, especially due to the rising proportion of digital content in the film industry. Copyright holders and regulatory authorities have achieved further legal victories, but the impact of piracy on sales remains significant.

FRANCE

According to an evaluation by the European Audiovisual Observatory (EAO), around 200.5 million cinema tickets were sold in Europe's strongest cinema market in 2018. This represents a decrease of 4.3 % against the previous year (209.4 million cinema tickets). A significant market driver here is the solid national film production with a focus on comedy. The share of domestic film productions amounted to 39.3 % (previous year: 37.4 %). Going to the cinema is a standard leisure-time activity in France. Nevertheless, market players are facing growing competition from VOD platforms. The French government therefore, with the approval of the European Commission, levies a two per cent tax on certain VOD market players' revenue, making the French film market one of the best protected film markets in Europe. The additional income from this tax is used to subsidise national film production.

GERMANY

With a 13.9 % decrease from 122.3 million to 105.4 million visitors in 2018, Germany recorded the largest decrease of all member states of the European Union according to the EAO, which was reflected in the gross box-office turnover of EUR 899.3 million (previous year: EUR 1,056.1 million). The reasons for this weak development were the football World Cup and the good weather during the long summer. Ticket prices also stagnated in 2018, and there were not enough blockbuster productions to sustainably stimulate the market. Last but not least, the competition that cinema films are facing from high-quality series productions on Netflix, Amazon Prime and Sky are also contributing to the decline in cinemagoers.

The German cinema market was thus characterised from a solid and healthy showing of national productions with a market share of 23.5 % in the 2018 financial year – which were, however, not widely noticed internationally.

ITALY

Italy also recorded a decrease at the box offices in 2018. Despite the expansion of the national market share from 17.6 % to 23.2 % in 2018, 92.6 million tickets sold (previous year 99.6 million) equate to a 7.0 % decline. A corresponding 5.0 % decrease in income to EUR 589 million was recorded (previous year: EUR 619 million).

SPAIN

The Spanish cinema market also decreased slightly in 2018, recording 97.3 million visitors (previous year: 99.8 million). This represents a slight decrease of 2.5 %. A corresponding 2.2 % decrease in revenue to EUR 578 million was recorded (previous year: EUR 591 million).

The number of cinema visitors in Spain will be positively influenced by lower ticket prices, resulting from the VAT reduction (from 21 % down to 10 %) on cinema tickets introduced in July 2018.

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

Over-the-top video (OTT video) is considered the electronic distribution of content. In this process, consumers can receive Internet content directly either via a television connected to the Internet (smart TV), by log-in to an online platform or peripheral devices such as DVD players or game consoles. OTT-Video distinguishes between two variants: Transactional Video on Demand (TVOD) and Subscription Video on Demand (SVOD).

Transactional Video on Demand (TVOD): With TVOD, consumers purchase content on a pay per view basis. There are two sub-categories – known as Electronic Sell Through, by which consumers have permanent access to a piece of content once purchased; and download to rent where customers can access the content for a limited time upon renting.

Subscription Video-on-Demand (SVOD): The user subscribes to a subscription model, with mostly monthly payment for usage; multiple usage possible.

In order to successfully occupy the OTT video market segment and gain further market share, established providers are pushing forward with investments in local content. In addition, competitive pressure is rising as more major, well-funded media companies (such as Webedia, Google Play, Disney/Fox, Warner/ATT, Starz) create new SVOD applications and platforms.

VOD/SVOD platforms therefore represent an important customer group for the Wild Bunch Group's sales activities.

FRANCE

In Europe's fourth largest OTT video market, the market leader Netflix clearly dominates the SVOD service, followed by providers such as Canal Play, SFR Play and Amazon Prime Video.

GERMANY

Due to the ongoing shift in viewing habits in German households from traditional TV to video on demand on a variety of end devices, a mature and highly competitive OTT video market (Europe's second largest) has developed in Germany with a broad spectrum of market players ranging from SVOD providers to national pay-TV providers. In addition to the well-known SVOD providers such as Netflix, Amazon Prime Video and Sky Deutschland, smaller providers that fill special genres or niches, such as sports broadcasters DAZN and horror-film service Shudder by AMC Networks, are also targeting the market. For the necessary expansion of their catalogues, OTT providers are especially investing in local content.

ITALY

The Italian OTT video market remains in its infancy, which is also reflected in the revenue figures. According to PwC, revenue in 2018 amounted to just USD 298 million. This restrained development is due to the nature of the market that video-on-demand is already contained in pay-TV subscription packages and also a relatively ill-conceived broadband infrastructure. The expansion of broadband is a prerequisite for fully exploiting the revenue potential in this segment. In addition, the launch of new platforms and the increasing availability of local content and own productions by existing SVOD providers will impact Italy's OTT video market.

SPAIN

Only with the launch of Netflix in 2015 the OTT video market in Spain was revived. Ever since, other OTT platforms such as HBO, Sky or Amazon Prime Video have entered the market. Correspondingly, according to PwC, the OTT video market's revenue is only 158 million US dollars in 2018.

2.1.2.3 TV AND HOME ENTERTAINMENT

Just like the cinema segment, the largest market segment "TV and home entertainment" also faces challenges.

Consumers' changing viewing habits along with the ongoing digitisation with new innovative technologies and a variety of end devices are forcing market players to adapt their business models. Based on total viewing time, traditional TV remains the most consumed medium, but alternatives such as OTT video are catching up with traditional TV viewing and look set to overtake it in the long term. In recent years, the home entertainment segment has seen the rise of video-on-demand offers around the world, with a corresponding negative impact on revenue figures.

Due to the levels of market saturation achieved in developed countries, however, growth is slowing noticeably.

The strategy pursued in the past of gaining market share through takeovers or through geographic expansion or adding multi-play services to the range in order to win new consumers, is also no longer a focus for market players.

Currently, all market players are finding themselves investing in content, usually local, in order to provide consumers with the best entertainment possible in order to raise customer loyalty.

FRANCE

Free-TV

The French TV market is covered by the free-TV broadcasters (public TV France Télévision and private TF1, M6, ARTE) and pay-TV broadcasters (primarily Canal+) and TNT channels.

In 2018, TF1 dominated viewing figures with the broadcast of the FIFA World Cup and French and foreign TV series with 91 of 100 of the highest viewing figures, followed by M6, France 2 and France 3. ARTE recorded the greatest increase in viewer numbers in its history, with an increase of 9 % against the previous year; while Canal+ again faced declining subscriber numbers with a 4.4 % decrease in France to 4.73 million subscribers.

Pay-TV

Europe's fourth largest pay-TV market is characterised by high price pressure amongst the providers and consumers' demand for good value TV packages that supplement offers from the OTT video market.

GERMANY

The German market for traditional TV is characterised by advanced market maturity and saturation. The free-TV market continues to benefit from the second-highest broadcasting fees in the world, which still play an important role in funding public TV programming. This alone contributes 45.3 % to total market revenue.

The pay-TV market is characterised by the range of expensive premium services, extensive multi-play offers and advanced technology, such as 4k UHD broadcasting, for which consumers are willing to pay more.

In this segment, Sky Deutschland is able to continue to defend its leading position in Germany through its range of premium content, particularly in sports.

ITALY

The Italian TV market is currently feeling the impact of the macroeconomic uncertainties in Italy.

Market players are competing with new and expensive premium TV packages, for example with more TV channels, new technology offers, such as 4K UHD resolution and "TV everywhere" offers.

In the field of satellite broadcasting, the Italian pay-TV market continues to be dominated by market leader Sky Italy. There are no cable TV offers and IPTV activity is negligible. The outlook for Mediaset's pay-DTT (digital terrestrial TV) is bright, however, and all signs point to increasing user numbers.

SPAIN

The current market driver in the Spanish TV market is the strong expansion of multi-play offers, often quintuple offers (mobile, landline, (A)DSL internet, TV and wireless broadband), despite the fact that the market is facing strong competition from OTT providers. Technologically, IPTV is leading the pay-TV market, followed by cable and satellite.

2.1.2.4 PRODUCTION

The Wild Bunch Group's activities include the production of films and TV shows, particularly in Germany, and the co-production and co-financing of international TV series. This means the demand for content, set to rise constantly particularly from VOD providers, can be met in future. These providers are looking for local content in order to expand user numbers accordingly.

The Group is however operating in a very challenging market environment. According to the film industry's top organisation SPIO e.V., the number of new German films in the German market for film productions shown in cinemas rose by 9 % in 2018, with 153 films in comparison with 2017 with 141. Taking a look at the long-term figures, the 10-year average stands at 145 films. 49 % of new German films were German and international co-productions, with France, Austria, Switzerland, Belgium and the US representing the most popular co-production partners in the last ten years. 179 production companies were involved in German releases in 2018.

Like everywhere in Europe, film subsidies play an important role in film productions. Film subsidies can be applied for in various fields and generally consist of loans that are conditionally repayable. Subsidy funds can be applied for production, screenplays, international co-operations, distribution, video promotion or cinema refurbishments, for example. The German Federal Film Board (FFA) reported less applications for the year 2018 than in past years, but despite lower visitor numbers there was a 10 % increase in applications for modernisation, expansion and refurbishment funds for cinemas. Operators are increasing investment in their theatres.

2.2 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

The primary objective of the Wild Bunch Group is to sustainably increase the value of the company. Revenue, gross profit[1] and earnings before interest and taxes (EBIT) are the decisive performance indicators within the Group. As part of the Group's financial restructuring, the Management Board has also decided to use the net debt as a further decisive performance indicator.

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

Key figures in € thousand	**2018**	2017
Revenue	81,282	101,420
Gross profit[1]	12,945	17,985
Operating result (EBIT)	-6,503	734
Net debt[2]	98,180	85,990

[1] Revenue plus other film-related income less production costs of sales
[2] Net debt corresponds to financial liabilities less cash and cash equivalents

Wild Bunch AG is managed based on net income.

NON-FINANCIAL PERFORMANCE INDICATORS

Beyond the financial performance indicators, non-financial performance indicators and success factors are also crucial to the company's performance. These are derived from the specific challenges posed by the business model.

BOX OFFICE FIGURES

In the "International sales and distribution and film production" segment, the box office business, where sales are generated from film screenings, is an important factor in profitability, as a success on the big screen also determines the next steps in distribution. Film distribution remains a volatile business in this segment and screenings of Wild Bunch films in 2018 showed the same level of volatility.

ACCESS TO RIGHTS

The Wild Bunch Group competes with others to acquire the rights to literary works and screenplays and to conclude contracts with successful directors, actors and film studios. That is why the Wild Bunch Group maintains close relationships with renowned and experienced screenplay writers, directors and producers in Europe who evidently have the required amount of expertise in producing films for the big screen and for broadcasting on TV.

SPECIAL EXPERTISE AND NETWORK OF CONTACTS

Both technical expertise and content creation skills are vital, particularly in light of the increasing importance of the digital video market. Recruiting, training and retaining well-educated, professional, dedicated and creative employees is also paramount. A broad and reliable network of contacts, alongside forging business partnerships based on mutual trust, are also important factors in the Wild Bunch Group's success.

2.3 BUSINESS PERFORMANCE AND ANALYSIS OF NON-FINANCIAL PERFORMANCE INDICATORS

Wild Bunch's traditional distribution activities (theatrical distribution and international sales) showed a significant decrease in the 2018 financial year, which is attributable to the Group's low investment capacity continuing for the third consecutive year. The Group released only 38 films in 2018, compared to 50 films in 2017. The other sales areas developed satisfactorily overall, with SVOD's sales standing out positively.

The Wild Bunch Group responded to the financial challenges by, for example, acquiring TV series for international distribution in the following years through Wild Bunch TV and continuing to expand its production and co-production activities.

In fiscal 2018, Wild Bunch continued to pursue its production/co-production strategy for films. The Wild Bunch Group co-produced or launched the co-production of films such as DEUTSCHSTUNDE, produced by Senator Film Produktion, DILILI A PARIS, 3 SAECKE GELD, KINDER DER WEIRDNESS, produced or co-produced by Senator Film Produktion, LA PARENZA DEI BAMBINI by Roberto Saviano (scriptwriter of Gomorra), co-produced by Wild Bunch and internationally distributed by Elle Driver, LES INTRUS by Gonzague Legout co-produced by Wild Bunch, PETTERSSON AND FINDUS 3, LOTTA LEBEN and MEINE FREUNDIN CONNIE co-produced by Senator Film Produktion, the second season of OLAF MACHT MUT, produced by Senator Film Produktion for the television channel MDR, QUITTE MOI SI TU PEUX by Nadia Lakhdar, written by Leila Bekti and co-produced by Wild Bunch. In Spain, Vertigo is pre-producing the Spanish remake of the French smash hit LES TUCHE ("LOS BUITON"), jointly produced with Atresmedia, and is developing its first TV series.

Wild Bunch's International Distribution and Film Production segment covers the entire film exploitation chain and primarily comprises film distribution revenues from theatrical distribution, international sales, electronic direct distribution and home entertainment. Revenues in this segment decreased to € 76.4 million in 2018 compared to € 97.1 million in 2017.

In the Miscellaneous segment, sales increased to € 4.9 million in 2018 from € 4.3 million in 2017, which includes in particular the activities of the Group's SVOD platform and the marketing of music rights.

2.3.1 INTERNATIONAL SALES AND DISTRIBUTION AND FILM PRODUCTION SEGMENT

2.3.1.1 THEATRICAL DISTRIBUTION

In the 2018 financial year, the Group released a total of 38 films (previous year: 50 films) in France, Germany, Italy and Spain and generated total sales of € 13,804 thousand in these countries and slightly in other countries as well, compared with € 16,511 thousand in 2017.

Title	Director	Origin	Distribution company	Release date
VERONICA	Paco Plaza	Spain	Wild Bunch Distribution	01/24/2018
WIND RIVER	Taylor Sheridan	USA	Wild Bunch Distribution	02/08/2018
FINAL PORTRAIT – L'ARTE DI ESSERE AMICI	Stanley Tucci	Great Britain	BIM	02/08/2018
DOCTEUR KNOCK – EIN ARZT MIT GEWISSEN NEBEN-WIRKUNGEN	Lorraine Lévy	France	Wild Bunch Germany	02/22/2018
ULTIMA BANDERA, LA (LAST FLAG FLYING)	Richard Linklater	USA	VERTIGO	03/02/2018
OLTRE LA NOTTE	Fatih Akin	Germany	BIM	03/15/2018
CROC-BLANC	Alexandre Espigares	France	Wild Bunch Distribution	03/28/2018
A L'HEURE DES SOUVENIRS	Ritesh Batra	Great Britain	Wild Bunch Distribution	04/04/2018
SILENT MAN, THE	Peter Landesman	USA	BIM	04/12/2018
EUPHORIA	Lisa Langseth	Sweden	Wild Bunch Germany	05/25/2018
MCQUEEN	Mark Steven Johnson	Great Britain	VERTIGO	06/08/2018
VOM ENDE EINER GESCHICHTE	Ritesh Batra	UK	Wild Bunch Germany	06/14/2018
DAS IST ERST DER ANFANG	Ron Shelton	USA	Wild Bunch Germany	06/14/2018
UNE PRIÈRE AVANT L'AUBE	Jean Stéphane Sauvaire	Great Britain	Wild Bunch Distribution	06/20/2018
MEINE TEUFLISCH GUTE FREUNDIN	Marco Petry	Germany	Wild Bunch Germany	06/28/2018
¡CASATE, CONMIGO! POR FAVOR	Tarek Boudali	France	VERTIGO	06/29/2018
WHITNEY	Kevin Macdonald	Great Britain	VERTIGO	07/06/2018
UNE PLUIE SANS FIN	Yue Dong	China	Wild Bunch Distribution	07/25/2018
ZUHAUSE IST ES AM SCHÖNSTEN	Gabriele Muccino	Italy	Wild Bunch Germany	08/02/2018
GANS IM GLÜCK	Christopher Jenkins	USA	Wild Bunch Germany	08/09/2018

Title	Director	Origin	Distribution company	Release date
KINGS	Deniz Gamze Ergüven	Belgium	VERTIGO	08/31/2018
PETTERSSON UND FINDUS 3 – FINDUS ZIEHT UM	Ali Samadi Ahadi	Germany	Wild Bunch Germany	09/13/2018
MACKIE MESSER – BRECHTS DREIGROSCHENFILM	Joachim Lang	Germany	Wild Bunch Germany	09/13/2018
SHOPLIFTERS	Kore-Eda Hirokazu	Japan	BIM	09/13/2018
BOOK CLUB	Bill Holderman	USA	VERTIGO	09/14/2018
CLIMAX	Gaspar Noé	France	Wild Bunch Distribution	09/19/2018
CASA DEI LIBRI, LA	Isabel Coixet	Great Britain	BIM	09/27/2018
GIRL	Lukas Dhont	Belgium	VERTIGO	09/28/2018
CHILDREN ACT – IL VERDETTO, THE	Richard Eyre	Great Britain	BIM	10/18/2018
BURNING	Chang-dong Lee	South Korea	VERTIGO	10/19/2018
HIGH LIFE	Claire Denis	Germany	Wild Bunch Distribution	11/07/2018
LAZZARO FELIZ	Alice Rohrwacher	Italy	VERTIGO	11/09/2018
LES FILLES DU SOLEIL	Eva Husson	France	Wild Bunch Distribution	11/21/2018
TROPPA GRAZIA	Gianni Zanasi	Italy	BIM	11/22/2018
VEREDICTO, EL	Richard Eyre	Great Britain	VERTIGO	11/23/2018
NON CI RESTA CHE VINCERE	Javier Fesser	Spain	BIM	12/06/2018
EXPEDIENTE 64: LOS CASOS DEL DEPARTAMENTO Q	Christoffer Boe	Denmark	VERTIGO	12/14/2018
OLD MAN & THE GUN	David Lowery	USA	BIM	12/20/2018
MIRAÏ, MA PETITE SOEUR	Mamoru Hosoda	Japan	Wild Bunch Distribution	12/26/2018
SHOPLIFTERS	Hirokazu Koreeda	Japan	Wild Bunch Germany	12/27/2018

FRANCE

In 2018, Wild Bunch Distribution released nine films in France (previous year: 14 films), including the French animated film CROC-BLANC by Alexandre Espigares (478,779 admissions), the Japanese animated movie MIRAI from the Izu Studios by Mamoru Hosoda (11,124 admissions), the Spanish genre movie VERONICA by Paco Plaza (144.901 admissions), the Chinese thriller UNE PLUIE SANS FIN by Dong Yue (122,297 admissions) and the French movie CLIMAX by Gaspar Noé, described by The Guardian as "visually extraordinary, structurally and formally audacious" (60,288 admissions).

GERMANY

In 2018, Wild Bunch released 11 movies (previous year: 13 movies), including the adaptation of Bertolt Brecht's "The Beggars' Opera" MACKIE MESSER - BRECHTS DREIGROSCHENFILM by Joachim Lang (230,281 admissions), the third part of the successful PETTERSSON UND FINDUS franchise by director Ali Samadi Ahadi based on the books by Sven Nordquist (545,514 admissions) and the Senator Film co-production MEINE TEUFLISCH GUTE FREUNDIN by Marco Petry (321,734 admissions).

ITALY

In Italy, BIM released nine films in 2018 (previous year: 15 films), including the British movie starring Emma Thompson, MY LADY by Richard Eyre (327,239 admissions), the acclaimed movie SHOPLIFTERS by Kore-Eda Hirokazu (199.675 admissions), the US movie THE OLD MAN AND THE GUN by David Lowery with Robert Redford and Casey Affleck (138,664 admissions) and the Italian film TROPPA GRAZIA by Gianni Zanasi (167,478 admissions).

SPAIN

In Spain, Vértigo released 11 films in 2018 (previous year: 13 films). Almost all movies were released not before the second half of the year. Overall, 2018 was a very disappointing year for Vértigo's theatrical releases. The films BOOK CLUB by Bill Holderman with 179,093 admissions and MY LADY by Richard Eyre with 123,652 admissions achieved the best results among cinemagoers.

In 2018, the Wild Bunch Group released several films in different countries in parallel in cinemas in Italy and Spain, for example, such as the films MY LADY by Richard Eyre, KINGS by Deniz Gamze Ergüven or FINAL PORTRAIT by Stanley Tucci.

Even in 2018 some films could not meet expectations like LES FILLES DU SOLEIL in France (26.945 admissions), HIGH LIFE by Claire Denis in France (33.660 admissions), FINAL PORTRAIT in Italy by Stanley Tucci (24.257 admissions), LAST FLAG FLYING by Richard Linklater in Spain (8,531 admissions), THE FIRST START by Ron Shelton in Germany (11,642 admissions) and FROM THE END OF A HISTORY by Ritesh Batra in Germany (21,900 admissions).

At the current stage of the strategic development of Wild Bunch, the success of the films released remains a key factor in the Group's sales and profitability.

2.3.1.2 INTERNTIONAL SALES

Influenced by the Group's low investment capacities in the 2018 financial year, global sales revenues fell significantly to € 14.5 million (previous year: € 28.3 million). The list of films delivered in 2018 includes the internationally acclaimed Lebanese film CAPHARNAÜM by Nadine Labaki, CLIMAX by Gaspar Noé, a film that is visually extraordinary, daring and outrageous, SHOPLIFTERS, the heart-rending drama, great and full of hope by Kore-Eda Hirokazu, THE IMAGE BOOK by Jean-Luc Godard, one of the most authentic endpoints in the filmmaker's almost 60-year career, LES FILLES DU SOLEIL by Eva Husson, a story of resistance and sisterhood, a struggle for hope. Other films include THE MISEDUCATION OF CAMERON POST by Desiree Akhavan, a sensitively adapted film from Emily Danforth's acclaimed coming-of-age novel of the same name, a refreshingly original teenager film, or THE MAN WHO STOLE BANKSY by Marco Proserpio, KINGS by Deniz Gamze Ergüven, about a family in South Central, a few weeks before the outbreak of violence in the city after the Rodney King trial in 1992, THE SISTERS BROTHERS, a dark but comedic odyssey by award-winning director Jacques Audiard, THE STATE AGAINST MANDELA AND THE OTHERS by Gilles Porte and Nicolas Champeaux, with recently restored audio recordings of the Riviona process, illustrated with stylized animations and the French drama COMPTE TES BLESSURES by Morgan Simon.

WILD BUNCH TV WITH 4 SERIES IN 2018
(PREVIOUS YEAR: 2 SERIES)

Wild Bunch TV succeeded in strengthening its sales activities for TV series with the delivery of four new series: TEAM SCHOKOLADE by Marc Bryssinck and Filip Lenaerts, a 7 x 52' drama series for which WILD BUNCH TV sold remake rights to Canadian producer and sales partner Reel One Entertainment, and THE OIL FUND, a 10x26' Norwegian series selected for the Series FestivalMania and shot by Hollywood-based Norwegian director Harald Zwart. A brilliant and ambitious fictional drama that casts an insider's eye on the colliding worlds of high finance and the public sector. Also DRAGONSLAYER666, a 12x26' Finnish series, based on the award-winning book by critically acclaimed young writer Aleksi Delikouras. Content of the film: What it takes to become a champion and how to build a team you can trust to go to war, only this war takes place online on the net. Or MARY AND MIKE, a 7x52' Chilean miniseries, an espionage drama about the true story of the most dangerous couple in Latin America right after Pinochet's coup in Chile.

2.3.1.3 ELECTRONIC DIRECT SALES AND HOME ENTERTAINMENT

Global trends in the Wild Bunch Group's key markets continue to hold: demand for physical videos declined in 2018, VOD demand was disappointing, but SVOD stood out and increasingly contributed to total market sales.

Nevertheless, some physical releases of Wild Bunch (DVD/Blu-ray) achieved very good sales figures and were often successfully combined with digital releases. Among the numerous DVD/VOD releases in France, STARS 80, LA SUITE stood out, for example, which were marketed with a specific marketing campaign. Other highlights include GARDE ALTERNEE, with the highest DVD sales and the top VOD title of the Wild Bunch Group, the animated film CROC BLANC released during the Christmas season and the two TV series, BRITANNIA Season 1 and TIN STAR Season 1, released on 31 October. In Germany, films such as BALLERINA and FELT performed disproportionately well in terms of VOD sales compared to expectations. In Italy, the DVD market is very challenging. The 3 best BIM titles after VOD sales were THE SILENT MAN, SNOWDEN and HAMPSTEAD. In Spain, the total number of video and VOD sales stagnated.

As far as SVOD is concerned, although Netflix remains by far the leading SVOD player in Europe, Amazon launched its SVOD activities in 2018 in several new areas and signed its first agreement with Wild Bunch for films from the film library in May 2018. In 2018, the group sold more than 100 titles in SVOD worldwide, mainly on the Netflix and Amazon services.

In 2018, Wild Bunch also generated significant sales with local television stations. In France, for example, the highest viewer numbers were achieved with 9 MOIS FERME (France 2), LE GRAND PARTAGE (France 2) or LA VIE D'ADELE (ARTE).

2.3.2 MISCELLANEOUS BUSINESS SEGMENT

The activities of the Wild Bunch Group in the Miscellaneous segment include the operation of the company's own VOD platform FilmoTV, the sale of "on-board entertainment" in aircraft, the administration of music publishing rights and film screenings at film festivals (e.g. Cannes Film Festival).

The activities of the digital platform FilmoTV in the 2018 financial year focused, among other things, on the further expansion of its new and innovative interface FilmoGeneric. FilmoTV increased the use of FilmoGeneric through more installations at its distribution partners and was launched on Orange, Playstation and AndroidTV. FilmoTV's development of FilmoGeneric has focused on personalized marketing through the development of profile tests, as planned, allowing it to refine the editorial and marketing proposal and thus improve the performance of the application. FilmoTV has also introduced a new marketing system that has helped improve the visibility of the service on operators' set-top boxes.

In the on-board entertainment segment, the films MACKIE MESSER - BRECHTS DREIGROSCHENFILM and A CASA TUTTI BENE were successfully marketed to airlines.

2.3.3 OTHER INFORMATION

AWARDS AT FILM FESTIVALS

The 2018 award season started with THE MIS-EDUCATION OF CAMERON POST by Desiree Akhavan, distributed by Elle Driver, who received the Grand Jury Prize at the Sundance Festival. This was followed by an exceptionally successful Festival de Cannes 2018 for Wild Bunch in terms of Awards wining with 2 Palmes d'or, the palme d'or for SHOPLIFTERS by Kore-Eda Hirokazu, a special palme d'or for LE LIVRE D'IMAGES by Jean-Luc Godard, the jury price for CAPHARNAÜM by Nadine Labaki, and the Directors' Fortnight prize for CLIMAX by Gaspard Noé.

2.4 NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE GROUP

2.4.1 OVERALL ASSESSMENT OF THE REPORTING PERIOD

The Group was able to take important first steps with regard to its financial restructuring in the 2018 financial year. However, these steps were largely only completed at the beginning of the year 2019, not in 2018 as originally planned. This particularly applies to the conversion of all of the bonds relating to the 8 % company bond with a total nominal value of EUR 18.0 million in new company shares, and the contribution of existing bank liabilities and other liabilities of the French Group companies in the form of a non-cash capital increase in return for issuing new Wild Bunch AG shares. For this reason, neither the financial liabilities nor interest expenses of the Wild Bunch Group were reduced in the 2018 reporting year, despite being planned for that period. The delay in the financial restructuring also meant that only EUR 18.7 million was available to invest in new films in 2018, not EUR 25.0 million, as planned. The ongoing weak investment ability in the reporting year led to a decrease in revenue due to a lower number of attractive first-run proceeds. Like others, the Wild Bunch Group was not able to avoid the reticence on the market for library titles. In addition, restructuring costs came in higher than originally planned.

These factors have had a negative impact on sales revenue and earnings before interest and taxes (EBIT) overall. The Wild Bunch Group's material earnings indicators developed as follows in the reporting year:

Key figures in € thousand	**2018**	2017
Total income	81,282	101,420
Gross Profit[1]	12,945	17,985
Operating result (EBIT)	-6,503	734

[1] Revenue plus other film-related icome less costs of sales

The Group recorded revenues of EUR 81,282 thousand in the reporting year. This put revenues considerably below the 2017 figure (EUR 101,420 thousand) as expected, but also below the forecast figure. In contrast to the Management Board's forecast, EBIT in 2018 was markedly down year-on-year at EUR -6,503 thousand (previous year: EUR 734 thousand). The Management Board originally anticipated EBIT slightly above the 2017 EBIT figure for the 2018 financial year due to the one-off effects from the capital measures described above and the recognition of expenses related to capital increases in other comprehensive income. The reasons for the deviation from the forecast were the delays in restructuring resulting in investments in new films being lower than planned, which in turn led to lower sales revenue and a lower gross profit margin with simultaneously higher administrative expenses. Legal and consulting fees in 2018 in particular were higher than planned due to the delays in implementing the restructuring measures.

Expenses of EUR 2,293 thousand related to the non-cash capital increase performed in 2019 were recorded in the 2018 financial year in other comprehensive income and therefore did not reduce EBIT. These costs will be offset against equity in 2019 in accordance with IFRS regulations.

2.4.2 SEGMENT PERFORMANCE

2.4.2.1 INTERNATIONAL SALES AND DISTRIBUTION AND FILM PRODUCTION SEGMENT

In the 2018 financial year, revenue declined 21.3% to EUR 76,370 thousand (previous year: EUR 97,082 thousand), other film-related proceeds amounted to EUR 4,420 thousand (previous year: EUR 6,929 thousand). This decline in revenue is chiefly the result of lower investment in new film titles. The individual areas contributed to revenue as follows:

Key figures in € thousand	**2018**	2017	Change
International sales	14,516	28,274	-13,758
Cinema rights	13,804	16,511	-2,707
Electronic direct sales / Home Entertainment / TV	46,443	50,713	-4,270
Film production	1,607	1,584	+23
Total	**76,370**	**97,082**	**-20,712**

In the financial year 2018, revenue was offset by lower production costs of EUR 68,834 thousand (previous year: EUR 88,251 thousand), which were in turn due to lower investment activity. Production costs include sales costs, the amortisation of film rights and licensor royalties. Gross profit fell to EUR 11,956 thousand, following EUR 15,760 thousand in the same period of the previous year. The gross profit margin amounted to 15.7 %, following 16.2 % in 2017.

2.4.2.2 MISCELLANEOUS SEGMENT

The miscellaneous segment, which includes the VOD platform and other activities, generated revenue of EUR 4,912 thousand in 2018 (previous year: EUR 4,338 thousand) and other income of EUR 1,000 thousand (previous year: EUR 792 thousand). With production costs of EUR 4,923 thousand (previous year: EUR 2,906 thousand) the Group was able to achieve gross profit of EUR 989 thousand (previous year: EUR 2,224 thousand). The gross profit margin declined to 20.1 % (previous year: 51.3 %).

2.4.3 THE GROUP'S FINANCIAL PERFORMANCE

At EUR -13,267 thousand, the Group's annual earnings came in below the previous year's result (EUR -6,677 thousand) and clearly below the forecast figure. Earnings attributable to the Group's shareholders amounted to EUR -13,005 thousand (previous year: EUR -6,237 thousand).

In addition to the effects mentioned above and the revenue developments of the segments, and the production costs for services provided for generating revenue, the following changes should also be mentioned with regard to the 2018 reporting year:

Changes in other operating income to EUR 3,248 thousand (previous year: EUR 9,404 thousand) are primarily due to the decline in exchange rate gains of EUR 4,864 thousand and the decrease in income from the reversal of provisions of EUR 1,478 thousand.

Administration expenses rose slightly, specifically due to restructuring expenses that were higher than forecast, to EUR 22,428 thousand (previous year: EUR 21,663 thousand). The personnel expenses contained therein amounted to EUR 13,693 thousand (previous year: EUR 12,679 thousand).

The financial result in the reporting year was EUR -6,581 thousand, following EUR -6,170 thousand in the previous year. The result was lower than forecast due to the delay in implementing the financial restructuring. It was dominated mainly by interest expenses from financial liabilities in the amount of EUR 6,598 thousand (previous year: EUR 5,753 thousand), and other interest expenses of EUR 182 thousand (previous year: EUR 251 thousand). Other financial expenses and exchange rate losses from non-operating activities were virtually offset by interest income and exchange rate gains from non-operating activities.

2.4.4 THE GROUP'S NET ASSETS

As of 31 December 2018, the Group's total assets amounted to EUR 271,677 thousand (previous year: EUR 282,446 thousand). A decrease in non-current assets of EUR 19,644 thousand was recorded in equity (31 December 2018: EUR 194,708 thousand; 31 December 2017: EUR 214,352 thousand), which was offset by a EUR 8,876 thousand increase in current assets (31 December 2018: EUR 76,970 thousand; 31 December 2017: EUR 68,094 thousand). The decrease in non-current assets was chiefly the result of a EUR 17,860 thousand decrease in intangible assets to EUR 63,829 thousand. This primarily relates to film assets. Amortisation on film assets significantly exceeded new investment. The increase in current assets is mainly the result of the EUR 11,990 thousand increase in cash and cash equivalents to EUR 18,583 thousand. Trade receivable declined slightly (EUR 1,256 thousand decrease to EUR 34,764 thousand). Overall, developments in the net assets in the reporting year reflected the lower investments in films and the decrease in business volume.

2.4.5 THE GROUP'S FINANCIAL SITUATION

To finance itself, the Wild Bunch group employs both equity and borrowed capital.

To finance the operating activities of its French subsidiaries, the Group uses a number of loans from French commercial banks and film financing companies. These financial liabilities were replaced with a loan from an investor as well as an assumption of debt followed by a non-cash capital increase which were converted to new Wild Bunch AG shares in 2019. In addition, the Group also has a syndicated credit facility agreed with London-based commercial bank Bank Leumi (UK) plc ("Bank Leumi") in April 2017, which has a term of three years with a revolving credit line of EUR 30 million, and is available to the German, Italian and Spanish companies of the Wild Bunch Group and Wild Bunch AG. The credit facility, which is based on the value of the borrowing base amounted to EUR 26,770 thousand at the reporting date and EUR 25,003 thousand had been used. Furthermore, there were liabilities of EUR 18,285 thousand relating to an 8 % bearer bond (bond 2016/2019) as of 31 December 2018. These liabilities were converted into new Wild Bunch AG shares in March 2019 through a non-cash capital increase. Sapinda Holding B.V. granted Wild Bunch AG and Wild Bunch S.A. a bridging loan to finance overheads. As of 31 December 2018, this loan totalled EUR 21,550 thousand (previous year: EUR 5,000 thousand), of which EUR 21,550 thousand (previous year EUR 0 thousand) was used.

Wild Bunch AG consistently monitors all borrowed capital items.

In total, the Wild Bunch Group has non-current and current financial liabilities of EUR 116.8 million (previous year: EUR 92.6 million) as of 31 December 2018, which are virtually all in use. The Wild Bunch Group had unused credit lines amounting to EUR 2.1 million available to the Group as of the reporting date.

As of 31 December 2018, the Wild Bunch Group's equity amounted to EUR 67,677 thousand (previous year: EUR 81,175 thousand). This equates to an equity ratio of 24.9 % (31 December 2017: 28.7 %).

Non-current liabilities decreased to EUR 28,812 thousand as of 31 December 2018 (previous year: EUR 53,019 thousand). The liabilities related to the 8 % bearer bond (bond 2016/2019) of EUR 18,285 thousand (previous year: EUR 17,964 thousand) are now recognised under current liabilities because the bond matures in March 2019. You can find out more about maturities and securitisation of financial liabilities in the Notes to the consolidated financial statements. Deferred tax liabilities amounted to EUR 2,693 thousand as of 31 December 2018 (previous year: EUR 2,881 thousand).

Current liabilities as of 31 December 2018 amounted to EUR 175,189 thousand (previous year: EUR 148,252 thousand). The increase in current liabilities chiefly resulted from a EUR 48,222 thousand increase in financial liabilities to EUR 92,345 thousand (31 December 2017: EUR 44,123 thousand). This includes the reclassification of the 8 % bearer bond amounting to EUR 18,285 thousand (see above). Trade payables and licensor royalties decreased by EUR 9,342 thousand to EUR 42,735 thousand (31 December 2017: EUR 52,077 thousand). Here, the lower business volume in the reporting period is also prominent.

There were no off-balance-sheet financial instruments as of 31 December 2018, nor 31 December 2017. The Wild Bunch Group uses operating leases primarily for office space, storage space and office equipment. The extent of the leases remains immaterial to the Group's economic position.

2.4.6 WILD BUNCH GROUP LIQUIDITY TRENDS

In the reporting period, the Wild Bunch Group recorded cash inflows from operating activities of EUR 5,509 thousand (previous year: cash inflows of EUR 26,418 thousand). This decrease is chiefly due to the decrease in business volume and the reduction of current operating liabilities.

Investment activity led to cash outflow of EUR 16,575 thousand (previous year: EUR 39,450 thousand). Due to the Wild Bunch Group's increasingly restricted financial flexibility there was a significant decrease in its ability to invest in film rights. Expenditure on intangible assets, which largely related to film rights, amounted to EUR 18,879 thousand in 2018 (previous year: EUR 44,510 thousand).

Cash flow from financing activities was again positive at EUR 21,381 thousand (previous year: EUR 12,490 thousand). Operating activities were financed through increased use of the bridging loan granted to Wild Bunch AG and Wild Bunch S.A. by Sapinda Holding B.V. Overall cash flow in the reporting period was positive at EUR 10,315 thousand (previous year: EUR -542 thousand).

Wild Bunch AG manages cash and cash equivalents in close cooperation with the operating companies in Germany, Italy and Spain, and Wild Bunch S.A., Paris, France. Wild Bunch S.A. in turn works closely with the French operating companies. Cooperation is based on liquidity planning and monitoring developments in net debt. The liquidity status in the Group is also regularly reviewed. Securing the Group's liquidity is the highest priority. Operating companies are expected to finance their operating activities from operating cash flow whenever possible.

Net debt developed as follows:

Net debt in € thousand			Change	
	2018	2017	absolute	%
Cash and cash equivalents	18,583	6,593	11,990	181.9
non current financial liabilities	24,418	48,459	-24,041	-49.6
current financial liabilities	92,345	44,123	48,221	109.3
Net debt	**98,180**	**85,990**	**12,190**	**14.2**

In contrast to the Management Board's forecast, net debt increased to EUR 98,180 thousand (previous year: EUR 85,990 thousand) due to the additional credit taken, the delay in the financial restructuring of the 8 % company bond and the French companies' liabilities to banks.

2.4.7 INVESTMENTS MADE BY THE WILD BUNCH GROUP

Additions to intangible assets, which first and foremost comprise film rights and payments made on film rights, amounted to EUR 18,879 thousand (previous year: EUR 36,297 thousand) in the 2018 financial year. Additions to property, plant and equipment in comparison were less significant.

2.5 NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATIONS OF WILD BUNCH AG

The management report and Group management report of Wild Bunch AG for the 2018 financial year have been combined in accordance with Section 315 (5) of the German Commercial Code (HGB) in connection with Section 298 (2) HGB.

As the parent company of the Wild Bunch Group, Wild Bunch AG is responsible for management functions such as corporate strategy and risk management for the Wild Bunch Group, tasks relating to shareholding management, central financing and Group accounting. Income from winding up legacy business from the time before the merger with Wild Bunch Group took place in 2015 are now of lesser importance. Wild Bunch AG also performs services for its subsidiaries in Germany. As in the previous year, a tax group consisting of a total of six domestic companies for VAT and income tax was formed in the reporting period.

Wild Bunch AG's economic framework conditions largely correspond to the framework conditions of the Group as described in chapter 2.1. The Group-wide opportunity and risk management system also includes Wild Bunch AG. More information on this topic is available in the risk and opportunities report in chapter 4.

2.5.1 EARNINGS POSITION OF WILD BUNCH AG

In contrast to the forecast, Wild Bunch AG's net income was down significantly in the financial year 2018 against the previous year. The deviation from the budget is primarily due to higher legal and consultancy expenses connected to the financial restructuring of the business, as these were not completed in the 2018 financial year, as originally planned, but mostly only in the first quarter of 2019. See the supplementary report in the notes to the consolidated financial statements for an explanation.

Net income for the year under review was EUR -6,265 thousand (previous year: EUR -2,517 thousand). In comparison to the previous year, this result was primarily influenced by three factors. Other operating expenses climbed by EUR 2,002 thousand to EUR 5,485 thousand (previous year: EUR 3,483 thousand) and income from profit transfers declined by EUR 2,341 thousand to EUR 2,859 thousand (previous year: EUR 5,200 thousand). The result for the financial year was also negatively impacted by impairments on receivables from associated companies (impairment losses on assets recognised under current assets, insofar as these exceed standard impairment losses in corporations) in the amount of EUR 2,547 thousand (previous year: EUR 2,924 thousand).

Revenue in 2018 was EUR 664 thousand (previous year: EUR 412 thousand), chiefly comprising of invoicing for passing on costs in the amount of EUR 642 thousand (previous year: EUR 374 thousand). Sales revenue also includes home video proceeds of EUR 7 thousand (previous year: EUR 13 thousand) and proceeds from the distribution of other rights of EUR 15 thousand (previous year: EUR 22 thousand). These proceeds from legacy business were offset by material costs amounting to EUR 88 thousand (previous year: EUR 14 thousand), of which EUR 66 thousand are attributable to a project launched in 2018 but since abandoned.

Wild Bunch AG's other operating income amounted to EUR 118 thousand (previous year: EUR 322 thousand) and specifically include income from the reversal of provisions and derecognition of liabilities in the reporting year.

Excluding members of the Management Board, Wild Bunch AG employed an average of seven employees in the 2018 financial year, unchanged from the previous year. Personnel expenses in 2018 amounted to EUR 919 thousand (previous year: EUR 922 thousand).

The company's other operating expenses amounted to EUR 5,485 thousand in 2018 (previous year: EUR 3,483 thousand). This item includes considerable expenses relating to the financial restructuring of the company and the Wild Bunch Group. Other operating expenses also include rental expenses, Supervisory Board costs, travel costs and other administrative expenses.

As the parent company, Wild Bunch AG assumes Group financing and provides the Group companies with liquid funds. To fulfil this role, it takes up loans or refinances itself through the capital market. Interest is charged on receivables and payables between the Group companies resulting from financing activities. Interest and similar income in 2018 amounted to EUR 1,289 thousand (previous year: EUR 651 thousand). This was offset by interest and similar expenses amounting to EUR 3,033 thousand (previous year: EUR 2,519 thousand).

2.5.2 ASSETS AND FINANCIAL POSITION OF WILD BUNCH AG

Wild Bunch AG's net assets of EUR 147,058 thousand as of 31 December 2018 were slightly higher than the figure recorded in the previous year (EUR 144,238 thousand). The slight increase in assets is virtually entirely due to the increase in current assets.

Fixed assets amounted to EUR 132,076 thousand (previous year: EUR 132,031 thousand) as of 31 December 2018, while as in the previous year, the vast majority consists of shares in affiliated companies, at EUR 111,698 thousand. Loans granted to Wild Bunch S.A., Paris, France (loans to affiliated companies) totalled EUR 18,182 thousand as of 31 December 2018, unchanged from the previous year (EUR 18,182 thousand). Investments in associates again amounted to EUR 2,108 thousand. Intangible fixed assets amounted to EUR 2 thousand (previous year: EUR 1 thousand); property, plant and equipment amounted to EUR 86 thousand (previous year: EUR 42 thousand).

Current assets amounted to EUR 14,873 thousand as of the 2018 reporting date (previous year: EUR 11,976 thousand). The increase was primarily due to the increase in receivables from affiliated companies in the amount of EUR 13,043 thousand (previous year: EUR 11,766 thousand) and an increase in cash on hand and credit balances with banks to EUR 1,673 thousand (previous year: EUR 64 thousand).

On the liabilities side of the statement of financial position, Wild Bunch AG's equity amounted to EUR 89,597 thousand (previous year: EUR 95,862 thousand) as of 31 December 2018; the equity ratio amounted to 60.9 % (previous year: 66.5 %). The decrease in equity is chiefly due to the net loss recorded in 2018.

Provisions amounted to EUR 1,566 thousand as of the end of the financial year (previous year: EUR 823 thousand). The increase was first and foremost due to higher provisions for outstanding invoices and litigation.

As of the 2018 reporting date, liabilities increased to EUR 55,894 thousand (previous year: EUR 47,552 thousand), firstly as a result of the increase in liabilities to affiliated companies in the amount of EUR 9,508 thousand (previous year: EUR 8,702 thousand), and, secondly, due to the rise in other liabilities to EUR 5,458 thousand (previous year: EUR 38 thousand). This includes a loan granted by Sapinda Holding B.V. Schiphol, Netherlands, of EUR 5,258 thousand (previous year: EUR 0 thousand). In addition, a company bond is recognised at EUR 18,298 thousand (previous year: EUR 18,032 thousand) and liabilities to banks at EUR 22,155 thousand (previous year: EUR 19,964 thousand).

There were no off-balance-sheet financial instruments as of 31 December 2018, nor 31 December 2017. Wild Bunch AG has operating leases for offices, storage space and office equipment.

In contrast to the forecast, Wild Bunch AG's financial position could not be improved materially in the 2018 financial year in comparison to the previous year due to the delays in the financial restructuring. Net debt (cash on hand and credit balances with banks less liabilities from the company bond 2016/2019, liabilities to banks and the loan from Sapinda Holding B.V.) stood at EUR -44,038 thousand, thus up against the previous year's figure (EUR -37,932 thousand). The increase was primarily due to the loan from Sapinda Holding B.V. and the increase in the loan from Bank Leumi.


DAS IST ERST DER ANFANG!


DRAGONSLAYER666


WIND RIVER

THE MAN WHO STOLE BANKSY

FORECAST REPORT

3. FORECAST REPORT

3.1 TRENDS IN THE MARKET ENVIRONMENT

As outlined in the sector report "PwC Global Entertainment & Media Outlook 2018–2022", with average annual growth of 4.4 %, the auditing and consulting firm PwC anticipates that the growth trend for global Entertainment & Media industry will continue for the period from 2017 to 2022. By the end of the cycle, the Entertainment & Media industry should generate revenue totalling USD 2.4 trillion.

The global entertainment market is expected to be dominated by a new wave of convergence, with fundamental changes at various levels, to a direct-to-consumer relationship for individual market players that will lead them to adapt processes and business models.

Advancing digitisation and the increasing expansion of broadband have already made it clear how much systems can change. The industry segment home entertainment (DVD and Blu-rays) will be gradually replaced by the over-the-top video (OTT video). Decline and growth display comparable absolute percentages in the estimates from PwC. In 2022 the home entertainment segment will only generate global revenue of USD 11.7 billion, OTT video on the other hand should generate USD 58.4 billion.

The increase in speed and improvements in coverage and reliability in mobile data traffic on many end devices from new 5G mobile communications technology will also change how content is sold on mobile devices. And this will not be restricted to the field of mobile technology.

Changing trends in individual reception technology can also be observed in stationary content reception. While cable is tending to decline, IPTV reception via satellite will continue to grow. Together with Pay-DDT, IPTV will profit the most with average annual growth of 6 % until 2022 according to PwC analysts. PwC estimates that total revenue from traditional TV will stand at around USD 226 billion in 2022.

The digital triumph will therefore proceed and will also open up new paths of content consumption for consumers. Consumers will have more flexibility in their viewing habits in line with the slogan: what I want, when I want it, where I want it. In addition, they can and will personalise their programmes based on their preferences and receive customised offers. OTT video offers are made to satisfy this demand, putting traditional TV and the cinema market under considerable pressure. PwC estimates global cinema revenue at USD 53.4 billion in 2022, putting it below the OTT video market.

The key to success in the fight for consumers in this changing market environment is and will remain high-quality content. This is the only way to gain consumer loyalty and for market players to generate revenue.

Wild Bunch currently has a library with a total of over 2,500 films and co-finances or sells up to 50 new independent films per year. With Wild Bunch TV, which was established in 2015, the Group is also focussing on co-production and distribution of TV series for the international market. Wild Bunch therefore considers itself to be perfectly positioned to face the challenge of finding high-quality content in the next years with its corporate structure along the film industry's entire value creation chain and aims to profit in this way from future growth opportunities.

3.2 GROUP FOCUS FOR THE 2019 FINANCIAL YEAR

Wild Bunch remains ambitious for the future. In the months and years to come, the company wants to resume its growth and assert itself as a leading pan-European group on the global market for filmed entertainment. The financial restructuring is expected to be completed in the first half of the 2019 fiscal year and will enable Wild Bunch to implement its strategic direction: increased presence in TV programs, increased focus in production, increased commercial presence through digital distribution, expansion of its presence as SVOD operator in Europe and optimization of its film library.

The company also pursues its efforts to improve its efficiency and to reduce costs. Wild Bunch also maintains its efforts to commercialize its sizable library, taking advantage of the appetite of new digital services.

3.3 EXPECTED DEVELOPMENT

2019 will be marked by a big step in the finalization of the financial reorganization. The management team, up to now mainly dedicated to this financial reorganization, will from there on be able to fully focus on operations.

The best possible exploitation of the film library, in particular through the expansion of customer relationships with digital distribution platforms, has high priority.

The Wild Bunch Group will continue its rationalisation efforts in 2019, simplifying structures, harmonising its instruments and reviewing its organisational structure.

Wild Bunch plans to release a total of 48 feature films in France, Germany, Italy and Spain in 2019. Some films are released through the Wild Bunch distribution network in several markets, such as FAHIM by Pierre-François Martin-Laval (BIM and Wild Bunch Distribution), LES FILLES DU SOLEIL by Eva Husson (BIM, Vértigo and Wild Bunch Germany) or UN HOMME PRESSE by Hervé Mimran (BIM and VÉRTIGO).

PLANNED CINEMA RELEASES BY COUNTRY:

FRANCE

Wild Bunch Distribution is planning a total of 10 feature film releases in France, including DRAGON BALL SUPER BROLY, an animated film by Tatsuya Nagamine from the cult saga of Akira Toriyama 35 years after its creation; FAHIM by Pierre-François Martin-Laval, inspired by Fahim Mohammad's bestseller "A King In Hiding"; LA PARANZA DEI BAMBINI by Claudio Giovannesi, after the bestseller by Roberto Saviano, who received the Silver Bear for Best Screenplay at the Berlinale 2019.

GERMANY

Wild Bunch Germany plans to release 14 films in Germany, including MEIN LOTTA-LEBEN by Neele Leana Vollmar, a funny story about Lotta's chaotic, crazy life based on the world's best-selling children's books; THE QUEENS CORGI by Ben Stassen and Vincent Kesteloot, an animated film about the adventure of Rex, the British monarch's most popular dog; the horror film CHILD'S PLAY by Lars Klevberg, the 8th edition in the famous franchise, in which a mother gives her son a toy doll called Chucky, but both are not aware of his malevolence; Christian Schwochow's film DEUTSCHSTUNDE, a remake of Siegfried Lenz's novel about the story of Siggi Jepsen, who is trapped in an institution for young, difficult to educate people in post-war Germany.

ITALY

BIM plans to release 15 films in Italy, including George Nolfi's THE BANKER, based on the true story of two African American entrepreneurs who hired a working class white man in the 1950s to pretend to be the head of their business empire while posing as janitors and chauffeurs; BOOK CLUB by Bill Holderman, an American comedy in which the lives of four long-time girlfriends change forever after reading "50 Shades of Grey" in their monthly book Club, and WILD ROSE by Tom Harper about a Glasgow musician who dreams of becoming a star in Nashville.

SPAIN

Vértigo plans to release 9 films in Spain, including THE SECRET by Andy Tennant, a film adaptation of the self-help book "The Secret", which focuses on the power of positive thinking; WHAT IS LIFE WORTH by Sara Colangelo, about a lawyer in Washington D.C. which fights against cynicism, bureaucracy and politics to help the victims of September 11; THE OLD MAN AND THE GUN by David Lowery, based on the true story of Forrest Tucker and his bold escape from San Quentin at the age of 70 to an unprecedented series of robberies that confuses the authorities and the public; and the horror film CHILD'S PLAY by Lars Klevberg.

E-CINEMA RELEASES IN FRANCE:

The company will continue its e-Cinema testing with the release of PURITY OF VENGEANCE by Christoffer Boe, a Danish film, the fourth and final film in the popular Department Q series based on the novels by Jussi Adler-Olsen.

INTERNATIONAL SALES:

In 2019, numerous films are to be marketed worldwide, including major titles such as THE TRUTH ABOUT CATHERINE by Kore-Eda Hirokazu. For his first feature film outside Japan, Kore-Eda combines the French film legends Deneuve and Binoche in a powerful and emotional story marked by family conflicts; AHMED by Jean-Pierre & Luc Dardenne, a young fanatic who has just passed his childhood and plans to kill his teacher in the name of his religion; LONG DAY'S JOURNEY INTO NIGHT a Chinese film by Bi Gan, in the style of Wong Kar Wai, a courageous, beautiful and ambitious journey into the secrets of a troubled life. Also THE ROOM by Christian Volkman, a genre film about a young New York couple in the 30s. They soon discover a secret hidden space that has the extraordinary power to realize everything they desire. But the room could very well turn her dream into a nightmare. Also the films LA PARANZA DEI BAMBINI by Claudio Giovannesi; JESSICA by Ninja Thyberg, about 20-year-old Jessica, who leaves small-town life in Sweden for Los Angeles with the goal of becoming the next big porn star in the world; CASANOVA, LAST LOVE by Benoît Jacquot, 45-year-old Casanova is in exile in London, where he meets a 25-year-old woman unimpressed by his overtures. Other titles include GIRL WITH NO MOUTH by Can Evrenol, the story of the growing up of Perihan, a girl born without a mouth on the run from the wasteland into which she was born; DUMPLIN' by Anne Fletcher, about a teenage daughter of a former beauty queen who enters her mother's Miss Teen Bluebonnet contest in protest and then escalates as other participants follow her; WAITING FOR THE BARBARIANS by Ciro Guerra, a magistrate who works in a distant outpost and begins to question his loyalty to his empire.

DISTRIBUTION OF TV SERIES:

Despite lower investments, WILD BUNCH TV will remain an active and attractive player in 2019. Overall, WILD BUNCH TV distributes several new international series, including HAYA, a 10 x 50' Israeli drama series in which a pregnant homeless woman has the opportunity to infiltrate a criminal ring and solve the case; IN SEARCH OF THE ORIENT, a 2x45' British series of a timeless journey between myth and reality of the mythical Orient-Express.

ELECTRONIC DIRECT SALES AND HOME ENTERTAINMENT:

Wild Bunch's digital distribution and home entertainment activities are in line with market trends, with a decline in physical video releases on the one hand and rapidly growing electronic distribution activities, particularly in SVOD, on the other, as well as a solid development of television sales thanks to the strong presence of free and pay TV in their respective markets. In addition, Wild Bunch has local film exploitation rights in its markets to a large number of currently successful titles (international and local) and an attractive film library, which makes it a preferred supplier of films for television stations and electronic video platforms.

Wild Bunch has adapted to new consumption patterns, defining its strategy and operating on a country by country basis.

In France, more and more home entertainment content is being produced under a new model: electronic exploitation (VOD/EST) followed by physical release, as it will be for such titles such as CLIMAX, HIGH LIFE and SOLIS.

While traditional TV sales activities remain strong, home entertainment revenues are declining overall.

In Germany, the VOD/SVOD market is one of the most important in Europe but traditional broadcasters also remain important customers. Thus, both VOD/SVOD and TV segments are of equal importance to Wild Bunch Germany. Extensive deals have already been concluded in this segment for 2019.

In Italy, the good performance of some theatrical titles at the end of 2018 will have a positive impact on their VOD releases in 2019. The SVOD segment continues to grow thanks to the arrival of new services such as Huawei in 2018, Starz and Turner in 2019. The biggest segment for BIM remains TV sales, with a large number of titles that have already been sold for 2019 for free or pay TV exploitation.

In Spain, the main segment for Vértigo is also TV sales, with strong first pay TV windows and profitable free TV deals. All big platforms already launched their SVOD services, the more recent one being Sky and Amazon, but the market is not yet mature, and this segment remains to be developed.

FilmoTV:

In 2019 will pursue its discussions with existing partners such as telecommunication operators in order to initiate new business models to drive additional revenues (bundles, integration in packages) which should lead to new business opportunities.

FilmoTV will also improve its interface intelligence, being more and more adapted to consumers, thanks to profiling and data mining.

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

Wild Bunch intends to remain a renowned player in the film and entertainment market, specifically by strengthening its operations in the growth segments of VOD/SVOD and production.

Its pan-European presence, measures to expand the portfolio and exploitation of the current digital revolution are important factors for its future success. In 2019, after the implementation of its refinancing measures, Wild Bunch will concentrate on further adapting its business model to the changes in the market and exploiting the resulting advantages. In the future, this should lead to revenue growth from Wild Bunch TV's business activities, or increased business activities in electronic direct sales, for example.

Prerequisites for completing the implementation of the refinancing measures is the outstanding completion of a credit agreement with either a bank or an investor in relation to liabilities to Bank Leumi that are still open.

Financial resources for acquiring films were limited in 2018, but the Group's portfolio for new content for 2019 is more extensive.

The Management Board also anticipates a decline in overheads in the operating business for the 2019 financial year.

The Wild Bunch Group therefore expects Group revenue to come in between EUR 80.0 million and EUR 90.0 million in the 2019 financial year, with Group EBIT between EUR -2.0 million and EUR -4.0 million before one-off effects in connection with the financial restructuring measures, and therefore an improvement against the 2018 financial year. One-off effects comprise the results from the non-cash capital increase from March/April 2019 as well as costs associated with the refinancing of open financial liabilities to Bank Leumi, planned for 2019, and a simpler and leaner Group structure.

Once the refinancing measures have been implemented, the Management Board anticipates net debt to be noticeably reduced in comparison with 2018.

The results of Wild Bunch AG as the holding company depend on the developments in results and dividend payments of the operating associated companies. The Management Board expects lower proceeds from profit transfer agreements in the financial year 2019, and as in the previous year, it does not expect dividend payments to Wild Bunch AG. Taking into account the costs expected in 2019 in connection with refinancing and reorganisation measures still to be performed in 2019, the Management Board of Wild Bunch AG anticipates a net loss on a par with the previous year.


GANS IM GLÜCK


HIGH LIFE


QUIETUD

REPORT ON OPPORTUNITIES AND RISKS

4. REPORT ON OPPORTUNITIES AND RISKS

4.1 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 net assets, financial position and results of operations. The risk management system applies to all areas of the Group. Strategic and operational events and measures that have a material impact on the existence and economic positions of the company are considered to be risks. This also includes external factors, such as the competitive situation, regulatory developments and others that could threaten the company's ability to achieve its goals. The material risks and opportunities are described in 4.3.1.

The Wild Bunch Management Board's objectives remain the Group-wide standardisation of risk and opportunity evaluation using a unified and comprehensive risk management system, the optimisation of which is still ongoing. Risks shall only be taken to the extent that they will have no foreseeable negative impact on company development. All employees should examine their own conduct to ensure risks that pose a threat to the company's existence are avoided.

The Wild Bunch Group's risk management system is primarily based on recording risks in detail and monitoring risks during the acquisition and distribution of film rights. Extensive analyses of the film rights' suitability for distribution and financial viability along the entire value chain, detailed estimates of sales revenues and direct costs at the individual stages of the distribution chain, and comparisons of targets with reality are all elements of risk monitoring. Liquidity management and ensuring adherence to financial target figures are monitored by the Management Board, which reports back to the Supervisory Board at regular intervals. The Wild Bunch Group also monitors the risks to which subsidiaries are exposed through ongoing communication between local management and the Management Board. The liquidity and cash flow forecast are regularly prepared from the Group's individual cash pools and consolidated at Group level through the use of customised Excel-based tools. The company plans to implement improved tools at Group level in 2019 and to optimise the underlying process.

The complete standardisation of material components of the risk management system across the entire Wild Bunch Group to improve efficiency is planned for 2019.

4.2 INTERNAL CONTROL SYSTEM

The accounting-related internal control and risk management system is designed to ensure that all events and transactions in the accounting department are recorded fully, applied and evaluated correctly, and are presented in the financial reports of Wild Bunch AG and its subsidiaries in accordance with legal and contractual obligations as well as internal guidelines. Group-wide adherence to legal and internal regulations is a prerequisite for this. We must point out, however, that despite appropriate and functional systems, complete certainty in identifying and managing risks cannot be guaranteed.

The internal accounting processes for the Wild Bunch Group are centred in the headquarters in Paris and Berlin. Certain central functions of the subsidiaries of Wild Bunch S.A. are handled in Paris. The headquarter in Berlin is responsible for the accounting for the German subsidiaries and the consolidation of the consolidated financial statements.

The Group uses SAGE as its ERP system in Paris and SAP R/3 in Berlin. The Wild Bunch Group also uses Opera to consolidate the individual Group companies. In addition, data from other IT systems is monitored to ensure correct transfer and processing. The IT systems used with regard to financial reporting are protected against unauthorised access. The Wild Bunch Group has authorisation protocols in place that are regularly updated and monitored.

The accounting department regularly prepares separate financial statements for all local Wild Bunch Group companies in accordance with local accounting regulations and reports to the Management Board with consolidated IFRS financial information every six months. Reporting packages for the relevant companies are prepared in the individual countries for consolidation purposes. These form the foundation of the consolidated financial statements. Material aspects of the reporting (including film assets and provisions) are the basis for the items used in the spreadsheet calculations.

Wild Bunch AG has a system that covers compliance issues, authorisation protocols for orders and concluding contracts, signatory authorisations and internal accounting guidelines. The material processes are documented.

The Supervisory Board also regularly deals with material issues relating to accounting and the associated internal control and risk management system.

4.3 RISK REPORT

Basic methodology in place for determining risk

Risks are evaluated on the basis of the likelihood of their occurrence and the potential financial damage. The arithmetic mean of the sum of likelihood of occurrence and the potential damage provides the relevance of the overall risk.

The following levels of likelihood of occurrence were used in evaluating risk:

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

Furthermore, the following damage levels were defined for risk evaluation:

Class	Effect	
1	€ 0.01 million – € 0.5 million	Relevant
2	>€ 0.5 million	Important

Risks assigned to damage level 2 and with a level 3 or 4 likelihood of occurrence are classified as material risks and presented individually. The risk recording and classification process is currently not fully completed following further improvements in risk documentation. This is scheduled to be completed over the course of 2019.

4.3.1 MARKET, OPERATIONAL AND BUSINESS RISKS

IN TERMS OF SELLING ITS PRODUCTS, THE WILD BUNCH GROUP FACES FIERCE COMPETITION.

The Wild Bunch Group's planning assumes a certain market share, as well as box office figures and proceeds from the various distribution levels. If the assumptions prove false, the planned revenue will not be attained. Not being able to adjust cost structures in time also carries a considerable risk. Market changes in the cinema and home entertainment segment, for example, such as decreasing viewing figures or an increase in competition could lead to a decrease in prices for production or licence products. The expiry of framework contracts or a deterioration of licence holders' financial situations can lead to a decrease in the purchase prices of licences, threatening the value of existing film rights. A strong competitive environment could lead to decreasing margins, particularly in cinema distribution.

The Wild Bunch Group's diversification to include various products and markets reduces the risk of competition in individual segments. Since market share and viewer figures are key factors for potential revenue, the Wild Bunch Group aims to find appealing programme content for TV broadcasters and other platforms as well as for its films and TV series, in order to increase its competitiveness, refine its profile and improve the attractiveness of its products through higher spending on marketing.

Should these risks, which are dependent on the competitive environment, occur either in full or in part, it would have considerable negative impacts on the Wild Bunch Group's net assets, financial position and results of operations.

EVERY DETERIORATION IN THE ECONOMIC SITUATION ON THE MARKETS IN WHICH THE WILD BUNCH GROUP IS ACTIVE CAN HAVE A NEGATIVE IMPACT ON THE GROUP'S BUSINESS OPERATIONS AND THE RESULT.

The revenue growth and profit margin that Wild Bunch is able to attain depend partially on the global and regional economic conditions of the markets in which the Wild Bunch Group is active, and the impact of these conditions on private consumer spending. Private consumption tends to decrease in times of economic uncertainty and during recessions. As a result, the Entertainment & Media industry may be more strongly affected by such developments than other industries.

Adverse economic developments and economic uncertainty can result from a number of different factors, such as terror attacks in Europe or around the world, or other political tensions.

Our revenue can also be affected by other factors that impact private consumer spending, such as weather conditions or sporting events. Sunny and warm weather tends to lead to lower visitor numbers in cinemas because consumers prefer to be outside. The 2018 World Cup sporting event led to lower cinema visits for almost a month. Seasonality also makes it difficult for us to exactly anticipate demand for our film rights. If the Wild Bunch Group does not anticipate demand during the green-lighting process correctly, revenue losses and lower profit margins can impact individual projects negatively.

A decrease in private consumer spending and spending power could lead to less cinema visits.

Every deterioration in the economic framework conditions could have a considerably negative impact on our business activities and our financial position, cash flows, net assets and outlook.

THE WILD BUNCH GROUP'S BUSINESS MODELS DEPEND ON THE ABILITY TO CORRECTLY JUDGE CUSTOMER TASTES, UNDERSTAND USER BEHAVIOUR AND REACT TO CHANGES RAPIDLY.

The technical possibility of creating illegal copies of films and the lack of sufficient protection against copyright infringements carries the risk of a downturn in revenue. In addition, market changes in the area of home entertainment are particularly dominated by digitisation, and an increase in supplementary offers and distribution forms may lead to permanent changes in media use. Wild Bunch Group companies try to anticipate future trends through targeted market research and user analyses. The attractiveness of our products is increased through the creation of user-friendly programmes and materials. The consequences of piracy are being reduced through lobbying, awareness campaigns and consistent legal action against infringements in order to alleviate the impact on revenue losses. If one of the Wild Bunch Group's measurements should prove to be incomplete or incorrect, it may have a significant negative impact on the Wild Bunch Group's net assets, financial position and results of operations.

THE WILD BUNCH GROUP IS DEPENDENT ON CUSTOMERS AND BUSINESS PARTNERS.

The Wild Bunch Group depends on the major German, French, Italian and Spanish TV broadcasters, IPTV providers, VOD/SVOD platforms and DVD retailers for its direct sales. A considerable proportion of the guaranteed minimum investment amount is covered by sub-licence distribution rights for films and TV series. Attainable margins may be lower than planned due to the strong position of these broadcasters or platforms or a decrease in demand. If this occurs it may impact negatively on the Wild Bunch Group's net assets, financial position and results of operations.

The global economic situation in a country or region can have an immediate negative impact on the financial position of film distributors who acquire films (depreciation of national currency, risk of insolvency, etc.). The Wild Bunch Group also relies on good business relationships with international film distributors. This particularly applies to the unrestricted adherence to and implementation of the contracts signed, i.e. accepting the materials provided on delivery, paying the rates as agreed, and appropriate marketing spending and activities to accompany the release of a film.

Premature termination of individual contracts can lead to higher costs due to the necessity of having to find new partners and build up new structures. Maintaining good relationships with customers and business partners is therefore one of Management's most important tasks. Adherence to contractual provisions and the quality of the goods delivered/services provided is checked at regular intervals.

However, it cannot be ruled out that the conduct of customers or business partners leads to higher costs for the Wild Bunch Group, which in turn would lead to a significant negative impact on net assets, financial position and the results of operations.

WILD BUNCH GROUP COMPANIES COULD LOSE ACCESS TO LICENCES AND MATERIALS.

Access to and acquisition of rights to screenplay source material, distribution rights and screenplays, along with concluding contracts with successful directors, actors and licensors, are all decisive factors in the co-production and acquisition of films and TV series as well as the Wild Bunch Group's economic success. The Wild Bunch Group's production units work closely with famous, experienced screenplay writers, directors and producers both domestically and internationally, who are experts in feature films and who have an excellent reputation with public film funding agencies. However, there is no guarantee that this will continue to be the case in future.

In addition, third-party productions are generally acquired in the film market in which they are produced. The prices paid depend on the specific project and market environment in question. Film projects are usually not complete at the time of purchase. Rights are therefore bought in advance based on the screenplay or an outline of development. Up to two years may pass between the acquisition and the actual delivery of a film. If Wild Bunch Group companies have paid too much for a film, it may have a negative impact on the Wild Bunch Group's operating activities, financial position and results of operations, especially if the film purchased flops.

Despite the fact that the companies belonging to the Wild Bunch Group have introduced processes for monitoring these risks (e.g. a benchmark-based procurement approval process or monitoring by employees in the legal and licence purchasing departments with years of in-depth experience in redistributing film rights before project completion in order to counter risks appropriately), it cannot be ruled out that such risks do not materialise either in full or in part.

DEPENDENCE ON FILM SUBSIDIES.

Unfavourable changes in the funding guidelines for film projects or (partial) non-granting of planned subsidies could lead to the Wild Bunch Group facing financing gaps on Wild Bunch productions and co-productions that must then be covered by other free funds or that affect a change in medium-term production planning, which would in turn have a negative impact on the contributions to earnings of individual films.

There is also the risk that certain payment or distribution conditions are not met. Infringements of these regulations can lead to the Wild Bunch Group being obliged to repay the subsidies.

ANY DISRUPTIONS TO THE IT SYSTEMS THAT THE WILD BUNCH GROUP RELIES ON CAN HAVE A NEGATIVE IMPACT ON ITS SERVICES, OPERATIONS OR REPUTATION.

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

Despite IT maintenance and security measures, the Wild Bunch Group's internal IT systems and networks are subject to the risk of malfunctions and disruptions from a variety of sources, including unauthorised access, cyber-attacks, device damage, inadequate data base design, power cuts, computer viruses, and a range of hardware, software and network problems. Wild Bunch's IT personnel may not be able to solve such problems in time or at all. Some potential causes that may lead to a malfunction or interruption of Wild Bunch's IT systems or networks may be difficult to recognise or can only be seen once the risk has occurred. A significant or far-reaching malfunction or interruption, whether malicious or not, of one or more of the Wild Bunch Group's IT systems or networks could impact the Wild Bunch Group's ability to operate efficiently. Longer downtime of the communication networks used by the Wild Bunch Group's IT systems or networks, or a similar event that is outside of the Wild Bunch group's sphere of control, could lead to a longer interruption of the Wild Bunch Group's IT systems or networks than foreseen, which would have a negative impact on business. Data leaks resulting from infringements against information technology security could lead to the release or misuse of protected or confidential information, including customer and employee data, which in turn would expose the Wild Bunch Group to the risk of monetary fines, damage claims and reputational damage.

If one of the risks listed above were to occur, it could have a considerable negative impact of the Wild Bunch Group's net assets, financial position and results of operations.

THE WILD BUNCH GROUP RELIES ON RETAINING AND GAINING QUALIFIED PERSONNEL.

The success of the Wild Bunch Group depends greatly on their qualified managers and experts, including heads of departments and employees with comprehensive expertise in content production or a solid network in the film and media industry. With competition for managers and experts in the media market growing, the risk of the Wild Bunch Group not being able to attract enough qualified managers and experts in time also grows – or if already employed, that they cannot be deployed in another area. The inability of the Wild Bunch Group to gain and retain a sufficient number of experts and managers to support their business activities could have a considerable negative impact on its business activities, net assets, financial position and results of operations.

RISKS RESULTING FROM CHANGES IN LEGAL FRAMEWORK CONDITIONS AND TAX LAWS.

The Wild Bunch Group is convinced that all tax declarations of the Group and the individual companies were correct and complete. A tax audit was performed on Wild Bunch AG in Germany for all periods up to 31 December 2008. Actual taxes assessed during future audits for periods that were not included in the last tax audit could exceed the taxes that we have already paid. As a result, Wild Bunch AG could be obliged to make considerable tax payments retroactively for earlier periods. The tax authorities could also change the original tax rate. Tax assessments that deviate from our expectations could lead to an increase in the tax burden. Wild Bunch AG may also be obliged to pay interest on additional taxes and on arrears. Deviations on tax assessments can have a negative impact on the results of operations.

As the controlling company, Wild Bunch AG has a number of corporate and commercial tax loss carryforwards. Following implementation of the financial restructuring measures, Voltaire Finance B.V.'s shareholdings in Wild Bunch AG will increase to approximately 96.2 %. There is a risk that tax loss carryforwards can only be used to a limited extent in future, or not all.

Changes in the tax environment and future tax audits could have a considerably negative impact on our business activities and our financial position, cash flows, net assets and expectations.

4.3.2 FINANCIAL RISKS

Through its activities, the Wild Bunch Group is subject to a number of financial risks, such as market risks (including exchange rate and interest rate risks) for instance, or credit and liquidity risks. Market risks result from open items in foreign currencies (exchange rate risks) and interest-bearing assets and liabilities (interest rate risks) that react to general and specific movements on the markets.

- **Exchange rate fluctuations**
  The Wild Bunch Group is sensitive to exchange rate fluctuation between the euro, its reporting currency, and other currencies, particularly the US dollar, as the majority of film rights acquired on the international film market are traded in US dollars. Proceeds from film distribution in contrast are primarily in euros. Fluctuations in the EUR/USD exchange rate can therefore have an impact on results of operations and lead to either exchange rate gains or losses. Financial instruments to hedge against exchange rate fluctuations are currently not used.
- **Interest rate changes**
  The Wild Bunch Group is affected by changes in interest rates, particularly when it comes to financial liabilities. If rates increase, the Group would be forced in some cases to pay higher interest rates.
- **Credit risks**
  In addition, there are also credit risks, if a debtor cannot repay receivables back or in time. Credit risks include direct default risk and the risk of a deterioration in the credit rating. The potential risk of a debt default is continually countered through regular monitoring and impairments where necessary.

  There is no guarantee, however, that credit risk will remain within the Group's boundaries and Wild Bunch will not experience any losses.

- **Liquidity risks**
  The Wild Bunch Group requires cash and cash equivalents to cover its financial liabilities. Cash and cash equivalents are partially generated through operating activities and partially through financing. Wild Bunch therefore regularly communicates with financial institutions and investors at home and abroad in order to secure access to financial means that are in line with planned investments.

  Liquidity risks occur when the Wild Bunch Group is not able to meet its payment obligations or not meet them in time either through available cash and cash equivalents or the use of credit lines.

  The largest liquidity risk that the Wild Bunch Group faces is losing access to cash and cash equivalents. This can occur in particular when guarantee or framework credit agreements are cancelled or not extended by banks or investors. The possibility of a credit line being cancelled during its term is particularly likely if the debtor falls into arrears on contractually agreed payments and cannot remedy the situation within an agreed period of time or, if during a review of the financial covenants, the company's economic health proves to have deteriorated significantly, leading to a deviation from the contractually agreed financial position.

  The termination of such contracts would then lead to Wild Bunch (taking into consideration the availability of operating loans) being forced to take up more debt on the capital market or with banks in order to finance new projects in the short and medium term or to refinance existing liabilities.

  With the completion of a series of refinancing measures in April 2019, the Management Board has laid the foundations for the company to continue as a going concern for the long term. By implementing all material aspects of the restructuring agreement between Wild Bunch AG, its French subsidiary Wild Bunch S.A., the French banks, the relevant investor (Voltaire Finance B.V. [formerly SWB Finance B.V.] hereinafter "investor") and others, the company was able to transfer existing liabilities to banks and other liabilities amounting to EUR 36.6 million through a non-cash capital increase, precluding shareholders' subscription rights, to Wild Bunch AG (Debt-Equity Swap II). With the registration of the Debt-Equity Swap II in the commercial register on 12 April 2019, the Wild Bunch Group's financial liabilities decreased by the same amount. The transfer of the 18,298,680 newly created shares as part of the Debt-Equity Swap II for the previously stated EUR 36.6 million liability to the investor took place on 20 April 2019.

  Another EUR 26.1 million will initially remain with Wild Bunch S.A. as a shareholder loan and will be replaced by bank loans following completion of the loan contract between Wild Bunch S.A. and the investor in the 2019 financial year.

  In addition, the creditors of the 8 % corporate bond with a total nominal amount of EUR 18.0 million issued in 2016 resolved to swap all bonds held by them for new shares in Wild Bunch AG through an additional non-cash capital increase under the exclusion of shareholders' subscription rights ("Debt Equity Swap I"). This decision was taken in September 2018 by a vote without meeting involving bonds with voting rights with a nominal value of EUR 14,700,000.00, which corresponds to 81.67 % of the 180 outstanding bonds with a nominal value of EUR 100,000.00 each. As part of Debt Equity Swap I, the bond creditors acquired acquisition rights to a total of 3,600,000 new shares in Wild Bunch AG when the capital increase was entered into the commercial register on 14 March 2019 and exercised these rights in the subsequent period. The Debt-Equity Swap I has decreased Wild Bunch AG's financial liabilities by a further EUR 18.0 million.

In total, the two Debt-Equity Swaps outlined above reduced the Wild Bunch Group's financial liabilities by EUR 54.6 million.

In another contribution to the restructuring, Sapinda Holding B.V. granted the Wild Bunch Group interim financing during the implementation of the restructuring measures, EUR 27 million of which Wild Bunch S.A. and Wild Bunch AG have currently utilised (31 December 2018: EUR 21.6 million). This bridge loan will be fully refinanced through a shareholder loan in the amount of EUR 40 million. The signing of the loan contract and the payment of EUR 13 million not necessary for refinancing the bridging loan are scheduled for May 2019.

The investor placed the condition of the company's prior debt reduction on the capital and financing measures described above. To that end, the Company's Annual General Meeting on 26 September 2018 passed a resolution to reduce the share capital by means of a simplified withdrawal of 15 shares and to reduce the share capital of Wild Bunch AG at a ratio of 40 to 1 from EUR 81,763,000 to EUR 2,044,075. The capital reduction was entered into the commercial register on 26 November 2018. Furthermore, this Annual General Meeting passed a resolution on the subsequent non-cash increase in share capital (transfer of the 8 % bearer bonds 2016/2019 of EUR 18.0 million issued by Wild Bunch AG – Debt Equity Swap I) under the exclusion of shareholders' subscription rights and the non-cash increase in share capital (transfer of receivables from French loans and investment agreements – Debt Equity Swap II) under the exclusion of shareholders' subscription rights. No objections to these resolutions were submitted.

The credit facility agreed with Bank Leumi of up to EUR 30 million has a term until 5 April 2020. The amount of funds available to the Group depends on the borrowers' assets as calculated on a monthly basis and is currently EUR 25.2 million (31 December 2018: EUR 26.8 million). Since 5 April 2019, the credit facility has been in an early repayment phase, during which time further utilisation of the funds by the Company is not envisaged. Although the financial covenants agreed under the loan agreement continue to apply during this early repayment phase, they were modified in September 2018 into a form that is more favourable for the Company and takes into account of the restructuring. These mainly relate to the following performance indicators: the EBITDA ratio, i.e. consolidated EBITDA in relation to sales revenue, liquidity ratio, i.e. the volume of financing sources available in comparison to the expected financing needs, leverage ratio, i.e. net debt in relation to consolidated EBITDA, and a guaranteed minimum balance sheet equity. As part of the aforementioned restructuring measures, several agreements were concluded with Bank Leumi to waive the repayment of the loans as part of the implementation of these restructuring measures. As part of this waiver, the Company is required in addition to the aforementioned covenants to report regularly to Bank Leumi on certain key economic indicators, such as in relation to the borrowers' cash account balances and restructuring progress. If the loan is terminated prematurely, the Group's continued existence depends on procuring other sufficient financial means at short notice.

The Group's continued existence also requires that the Bank Leumi credit facility is refinanced at the end of the term. The Management Board is in advanced discussions on this.

An additional financing need, beyond the described refinancing measures, may arise if there is a negative difference with the business plan prepared by the Management Board for the planning period from 2019 to 2023. The Management Board believes that a significantly negative difference could have an adverse impact on the Company's expected performance and negatively affect the ability to refinance the Bank Leumi credit facility.

In addition to the aforementioned steps for optimising the financial position, the Management Board is also planning operational measures to improve the earnings situation.

The Management Board does not see any indication at present that the aforementioned risks will materialise. However, if the aforementioned financing and refinancing measures which have been implemented do not come to a successful conclusion or the existing loans must be repaid early or the course of business is significantly below expectations, this would have an adverse impact on the future performance of the Company and Group and could endanger their existence if the financial shortfalls cannot be offset by other capital measures.

4.3.3 LEGAL RISKS

REGULATORY RISKS.

As a pan-European company, the Wild Bunch Group's business activities are subject to regulations and legal framework conditions in both the countries in which the Group companies are domiciled as well as at a European level. Unforeseen changes in the regulatory and legal framework conditions could impact the companies' individual business processes. Wild Bunch's operational business activities are particularly subject to regulatory risks in cases in which they affect the making and distribution of films and media content. The Wild Bunch Group is represented in interest groups and trade associations through its managers and employees in order to ensure that its interests are represented as comprehensively as possible.

Changes in legal framework conditions through new laws or regulations, or changes to laws and regulations, or changes to how they are applied by authorities or jurisprudence could have a negative impact on the Wild Bunch Group's business activities. This particularly applies to changes in laws relating to intellectual property and media regulations as well as laws governing financing conditions in such industries. Changes in legal framework conditions could lead to increased costs for the Wild Bunch Group or restrict its ability to simplify projects.

For example, a change in copyright contract law that sees copyright holders enjoying a greater share of the economic success from film productions if the film's success is above average came into force in Germany in March 2017. Copyright holders have the right to receive information from the film distributor about the proceeds generated by the film to support their claim, which can lead to higher administration costs. On the other hand, copyright holders like Wild Bunch are hugely bolstered in their legal position by the EU copyright law resolved in April 2019, particularly when it comes to the automatic protection against making content available illegally (upload filter).

This has shown that the protection of local cultural assets, which includes films and local companies that are active in the entertainment industry, is and remains an important focus in national and European regulations.

Overall, regulatory and legal risks are considered to be low for the Wild Bunch Group, and manageable should they occur.

RISKS ARISING FROM DATA PROTECTION BREACHES.

Wild Bunch Group companies collect, store and use data during their normal business activities that is protected by data protection laws such as the German Federal Data Protection Act and other similar regulations applied in other EU member states. From May 2018, all Wild Bunch Group activities and services had to comply with the new European General Data Protection Regulation (EU 2016/679) (GDPR), which standardises all data protection regulations throughout the European Union, forces a stricter data protection concept and considerably raises the monetary fines for infringements against data protection laws. Data protection authorities have the right to audit publishers and to hand out tasks and fines if they discover that publishers have not sufficiently complied with applicable laws or protected customer data. Restrictions resulting from stricter application of existing requirements or future changes to data protection laws could have considerable impacts on the Wild Bunch Group's operations and the ability of the Wild Bunch Group to market products and services to existing or potential customers. It is impossible to prevent data losses or misuse resulting from human error, technical errors or other factors that are beyond the control of the Wild Bunch Group. We could also be subject to the loss of user data as a result of cyber-attacks on our data systems or criminal activities perpetrated by Wild Bunch Group employees or service providers.

The use of data, particularly customer data, by the Wild Bunch Group is subject to the provisions contained in the Federal Data Protection Act and similar regulations. If unauthorised third parties gain access to data processed by a Wild Bunch Group company, it could lead to damage claims and damage the reputation of Wild Bunch and thereby considerably impact the Group's operations, net assets, financial position and results of operations.

RISKS ARISING FROM INTELLECTUAL PROPERTY RIGHTS INFRINGEMENTS.

The Wild Bunch Group uses technology that draws on the intellectual property of third parties. It can therefore be subject to considerable claims resulting from infringements against third-party intellectual property rights and not able to sufficiently protect its own intellectual property rights. The film production industry's increasing reliance on technologies and content that are protected by intellectual property rights increases the likelihood that Wild Bunch Group companies are exposed to litigation or other proceedings in order to defend itself against alleged infringements or disputes relating to the intellectual property rights of others. Film authors in particularly have the right to both appropriate compensation and additional compensation if the proceeds from the distribution of a film in relation to the original compensation are deemed to be extraordinarily high pursuant to German copyright law.
Wild Bunch Group companies in Germany could therefore face claims from film authors for further payments.

The Wild Bunch Group's business activities could also involve the personality rights of third parties. If there are infringements against these rights, third parties could assert, cease and desist orders or damage claims. People involved in events that are the subject of a film could attempt to prevent the release of the film in court by claiming it infringes on their personality rights. This could considerably delay or entirely prevent the release of a film.

In addition, Wild Bunch Group companies may be forced to acquire additional and expensive licences in future or to pay additional licence fees for technology that they use or for content. Contractual obligations that serve to protect the Wild Bunch Group include claims for compensation against subcontractors. However, these may have ceased operations or may not be able to fulfil their obligations for other reasons. Furthermore, owners of intellectual property that assert an infringement can claim considerable damages and demand that Wild Bunch Group companies cease using protected technologies or content, which in turn can lead to us having to wind up film production or delay a film release.

The Wild Bunch Group has a number of licences, copyrights and contractually protected pieces of intellectual property and expertise that the Wild Bunch Group companies use to make their products and services available. If the measures taken and the protection provided for by law are insufficient to protect this intellectual property and expertise, the Wild Bunch Group could experience revenue and profit losses caused by more competitive products and services that are illegally based on the intellectual property or expertise of the Wild Bunch Group. Litigation or other proceedings may be necessary for the Wild Bunch Group in order to assert or protect their intellectual property rights. Such litigation or proceedings to protect intellectual property can be expensive. An unfavourable ruling from the court in a legal dispute or proceedings could lead to the loss of intellectual property, which could lead to considerable liabilities or negatively impact Wild Bunch Group's business operations.

Each of these risks could have a considerable negative impact of the Wild Bunch Group's business activities, financial position and results of operations.

THE IMPLEMENTATION OF THE OPERATIONAL RESTRUCTURING CONCEPT COULD FAIL.

The Wild Bunch Group has already initiated various operational measures for the purposes of restructuring the Group. Purchasing processes, also known as green-lighting, for film rights is to be optimised in order to prevent the procurement of film content/projects that are not viable. Company structures are also to be optimised and employees trained in order to improve their skill levels. Another objective is the reduction in the budgeted increase in personnel cost. A tax grouping between Wild Bunch AG and Wild Bunch Germany GmbH will also be reviewed in order to achieve a reduction in the Wild Bunch Group's tax payments.

It is possible, however, that the estimates on which this operational restructuring concept is based are incorrect or the planned measures prove insufficient. There is also the risk that material measures of the restructuring concept are insufficiently implemented and cannot be replaced by measures with a similar effect. If material aspects of the operational restructuring concept are unsuccessful for the reasons mentioned, it could have a considerably detrimental effect on our business activities, financial position and results of operations, as well as our outlook for the future.

RISKS ARISING FROM LEGAL PROCEEDINGS.

As a supranational company, the Wild Bunch Group is subject to a number of legal risks, particularly risks arising from litigation. In terms of the individual legal areas, these risks primarily relate to copyright law, company law, securities trading and stock corporation law, and labour law. The result of ongoing, pending or future proceedings often cannot be determined with any certainty, which can lead to costs from court judgements or official decisions, or settlement agreements that cannot be (fully) covered through insurance policies and can have significant negative impacts. The Management Board therefore not only includes pending legal proceedings under litigation but also legal disputes that are ongoing between the parties or regulatory authorities. In order to minimise risks, the company strives to find solutions outside of the courts in litigation cases through active communication and negotiations led by lawyers. Two proceedings are currently pending, the Management Board considers the risk from these proceedings to be significant. Provisions amounting EUR 0.9 million were formed to cover risks based on legal assessments. However, it cannot be ruled out that a further significant burden to the results of operations may occur.

4.4 REPORT ON OPPORTUNITIES

4.4.1 OPPORTUNITY MANAGEMENT

As with its risk management, the Wild Bunch Group pursues opportunity management in order to implement its strategic and operational objectives swiftly and efficiently through specific activities. Opportunities may arise in all fields. Identifying and exploiting them in a purposeful way is a task for management that is present in their everyday decision-making. Comprehensive market research is a significant element of handling opportunities in a structured manner.

4.4.2 INFORMATION REGARDING INDIVIDUAL OPPORTUNITIES

The Management Board defines an opportunity as a potential future development or future event that can lead to a positive departure from the forecast or target. This means that events that are already included in the budget or in medium-term planning are not considered an opportunity according to this definition and are not dealt with in this report.

THE WILD BUNCH GROUP RECOGNISES OPPORTUNITIES ARISING FROM THE DISTRIBUTION AND DEVELOPMENT OF LICENCES, FORMATS AND MATERIALS ALREADY SECURED AS WELL AS THEIR INCLUSION IN A DISTINCT INTERNATIONAL NETWORK.

The Wild Bunch Group, which has become a renowned pan-European film company, owns, in light of the Group structure, a number of utilisation and/or marketing rights (especially film rights and physical materials) that partially extend well beyond the planning period. These form the foundation for generating income well beyond the planning period. Both the Group's image and the maintenance and preservation of a distinct network also promote access to these types of rights in the future.

The distribution of these rights can improve the attractiveness and therefore the reach of the marketing platforms more than expected, which could lead to higher future revenue than planned for.

THE WILD BUNCH GROUP RECOGNISES OPPORTUNITIES FOR STRENGTHENING ITS MARKET POSITION THROUGH ENTERING INTO NEGOTIATIONS WITH COPYRIGHT HOLDERS, PRODUCERS, ACTORS AND CUSTOMERS, FOR INSTANCE.

Synergies that surpass expectations may result from the successful merger of Wild Bunch and Senator and the resulting improved market position. This applies in particular to purchasing, costs and financing. The marked increase in the company's size and the international orientation may, for example, lead to the company securing rights and contracts with copyright holders at much more beneficial conditions than originally expected due to its stronger negotiating position. As a result, the more open and efficient access to talent may result in business opportunities that have not yet been taken into consideration in our planning.

THE WILD BUNCH GROUP RECOGNISES OPPORTUNITIES ARISING FROM INCREASING DIGITISATION AND THE ASSOCIATED CHANGES IN MEDIA USAGE BEHAVIOUR.

Media consumption is changing due to increasing digitisation. The electronic distribution of video content has overtaken the sale and borrowing of physical videos (DVD and Blu-Ray) in absolute figures. The Wild Bunch Group is continually developing its business model and continues to work on introducing new direct sales channels. Due to the increasing pressure to support digitisation, online cinema was established and has now been expanded as a new sales channel for "event films", while FilmoTV was established and expanded to serve as a new sales channel for the Group's French VOD/SVOD services. The Group has also developed new ways to licence and market its rights, which, thanks to agreements with digital sales partners, offer new digital marketing opportunities, including productions for international and national providers such as Netflix. Its pan-European positioning for films and TV series and its solid and well-known brand have given Wild Bunch a strong footing in the media industry.

THE WILD BUNCH GROUP RECOGNISES OPPORTUNITIES IN THE CONTINUED POPULARITY OF TV SERVICES WITH VIEWERS, USERS AND ADVERTISERS.

From the customers' point of view, TV remains the media stronghold in the area of film entertainment. Today, TV's appeal doesn't just lie in the larger reach that advertisers can attain in a short period of time or its ability to raise their profile, but also in the fact that TV has reinvented itself and managed to go from linear to non-linear programme planning. This has attracted younger, more flexible and more independent viewers who constantly demand new content. Online TV, with its endless opportunities for customised advertising, combines the broadcasting capacity of intensified advertising with the viewers' need for a broader range of quality products. Higher advertising income should boost networks' acquisition activities further in order to satisfy viewers' demands for new products. The Management Board believes that the establishment of Wild Bunch TV will result in important opportunities. The internal co-production and marketing unit for international TV series is focussing on the challenges posed by the growing market for TV services. Now that two TV series with international appeal have been successfully produced and sold, management perceives opportunities to sell more TV series that are being developed by the unit than originally planned.

THE WILD BUNCH GROUP RECOGNISES OPPORTUNITIES IN THE FURTHER INTERNATIONALISATION OF BUSINESS.

The Wild Bunch Group is currently present on most important European film markets (Germany/Austria, France, Italy and Spain). In addition to the further penetration of these core markets, expansion into new markets offers opportunities that may go beyond the Group's current planning. Other important opportunities may arise from rapidly developing regions such as China, India and South America. Depending on how these potential market entries develop, these measures may lead to higher revenue than planned. Attractive conditions were created on the Chinese core market with the establishment of the China Europe Film Fund (CEFF) in 2016, which provides a unique environment for developing and financing Chinese-European joint productions that may lead to additional growth opportunities.

THE WILD BUNCH GROUP RECOGNISES OPPORTUNITIES IN FURTHER COOPERATION AND COMPANY MERGERS.

Important synergies and more intensive or accelerated internationalisation of business activities could, for instance, result from acquisitions or mergers; this is not currently taken into consideration in planning. In addition, the extent to which the existing film library is used could be boosted by new sales channels as a result of M&A transactions. The experience and reputation of the Group's management allow the company to play an active role in bringing film distributors and producers together.

4.5 OVERALL ASSESSMENT OF THE OPPORTUNITIES AND RISKS

Based on the information available and the estimates, particularly of the likelihood of occurrence, the maximum damage and the effect of countermeasures opted for, the Management Board of Wild Bunch AG is of the opinion that other than the risks that present a threat to its existence, listed in paragraph 4.3.2 financial risks, there are currently no other risks that would appear to threaten the existence of the Group. This includes both individual risks and cumulative risks, insofar as the impact of cumulative risks can be meaningfully simulated or otherwise estimated.

However, if the expected contributions to earnings from acquired film distribution rights and from film distribution rights yet to be acquired do not develop according to plan and the operating business of the subsidiaries falls well below expectations, the continuation of the company with its prior scope of business depends materially on whether it is able to access further financing, despite financing contracts that have already been concluded and the additional funds provided by investors if the restructuring measures are successful.

The Management Board believes that the measures decided upon keep the risk within economically justifiable limits and considers the Group's risk-bearing capacity to be sufficient.

In the Management Board's opinion, the greatest opportunities lie in the further integration of the Group and the synergies that this would produce, the reduction in overheads, the growth potential and the stabilisation of income.

This would also present more opportunities from collaborating with screenplay writers, directors and producers at home and abroad as well as from access to appealing material and licences, closer cooperation with talent and an expansion of the business model through the internationalisation of production and marketing activities, along with the possibility of making further strategic acquisitions.


GIRL


TROPPA GRAZIA

CORPORATE GOVERNANCE

5. DISCLOSURE REQUIRED BY TAKEOVER LAW PURSUANT TO SECTION 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB)

In accordance with Section 315a (1) HGB, corporations that participate in trading in a regulated market as described in Section 2 (7) of the German Securities Acquisition and Takeover Act through distributing shares with voting rights must make the following disclosures in their management reports:

COMPOSITION OF SUBSCRIBED CAPITAL:

Wild Bunch AG's share capital amounts to EUR 2,044,075. It is divided into 2,044,075 no-par-value shares. There are no other types of share. Please refer to the disclosures in the notes to the Wild Bunch AG annual financial statements as of 31 December 2018 for information regarding conditional and authorised share capital.

RESTRICTIONS ON VOTING RIGHTS OR THE TRANSFER OF SHARES:

The Management Board is not aware of any restrictions relating to voting rights or the transfer of shares.

DIRECT OR INDIRECT SHAREHOLDINGS IN CAPITAL THAT EXCEED TEN PER CENT OF THE VOTING RIGHTS:

Shareholdings in Wild Bunch AG that exceed 10 % of the voting rights are listed in the notes to the Wild Bunch AG annual financial statements as of 31 December 2018, which are available online at www.wildbunch.eu/investors/publications/. In accordance with the German Securities Trading Act, the current voting rights notifications are available at www.wildbunch.eu/investors/the-share/.

SHAREHOLDERS WITH SPECIAL RIGHTS THAT CONFER POWERS OF CONTROL:

There are no shares with special rights that confer powers of control.

TYPES OF VOTING RIGHTS CONTROL IF EMPLOYEES HOLD SHARES BUT DO NOT DIRECTLY EXERCISE THEIR RIGHTS OF CONTROL:

The Management Board is not aware of any employees holding shares who do not directly exercise their rights of control.

LEGAL REGULATIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION REGARDING APPOINTING AND DISMISSING MEMBERS OF THE MANAGEMENT BOARD AND AMENDING THE ARTICLES OF ASSOCIATION:

Members of the Management Board are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act (AktG). Amendments to the Articles of Association follow Sections 179 and 133 AktG, according to which the Supervisory Board is authorised to decide on amendments that only concern the wording of the Articles of Associations and do not constitute substantive changes.

THE POWERS OF THE MANAGEMENT BOARD, PARTICULARLY RELATING TO THE ABILITY TO ISSUE AND BUY BACK SHARES:

The Management Board of Wild Bunch AG was authorised by various Annual General Meetings to acquire own shares up to a total volume of 10 % of the share capital existing at the point in time of the resolution, most recently for the period up to 29 June 2020 by resolution of the 2015 Annual General Meeting. The last acquisition of own shares was at various points in the 2000 financial year. As of the reporting date (31 December 2018), Wild Bunch AG held 60 treasury shares with a nominal value of EUR 60, or around 0.003 % of the share capital. With the resolution of the 2018 Annual General Meeting, the authorised capital 2015/I was cancelled to the extent that no use was made of it by the company, and a new authorised capital was determined, which authorises the Management Board, subject to approval by the Supervisory Board, to increase the share capital until 25 September 2023 by up to a total of EUR 11,971,377.00 (Authorised Capital 2018/I).

MATERIAL COMPANY AGREEMENTS THAT APPLY AS A RESULT OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID:

No such contractual arrangements exist for members of the Management Board.

COMPANY COMPENSATION AGREEMENTS FOR THE EVENT OF A TAKEOVER BID BY WHICH MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES ARE AFFECTED:

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

6. CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289f HGB

The statement pursuant to Section 289f HGB is available at:
http://wildbunch.eu/investors/corporate-governance/.

7. REPORT ON AFFILIATED COMPANIES

Pursuant to Section 312 AktG, the Management Board has prepared a report on its relationships with affiliated companies, which contains the following concluding statement:

"We declare that the company received appropriate compensation for all legal transactions with controlling and affiliated companies according to the circumstances known to us at the time at which the legal transaction took place, and that the company was not disadvantaged by the measures taken or omitted in this manner.

No legal transactions took place or measures were taken, nor were they omitted, at the initiative of or in the interest of the controlling company or any affiliated company."

8. REMUNERATION REPORT

Members of the Management Board receive a fixed annual salary (including a subsidised pension and, in some cases, subsidised health and care insurance) as well as a bonus on achieving certain corporate targets that take into consideration the economic position of the company and the performance of the member of the Management Board. The Supervisory Board is also able to grant members of the Management Board an additional voluntary bonus of a maximum of EUR 100 thousand for extraordinary performance. The foundations of the remuneration system remain unchanged against the previous year, with the exception of the fact that members of the Management Board are no longer granted a bonus that takes into account the short and long-term business performance.

Management Board contracts do not contain any express confirmation of severance payments for employment relationships that end prematurely. However, severance payments may result from individual termination agreements.

Members of the Supervisory Board receive fixed compensation, the amount of which is determined by resolution of the Annual General Meeting. They are also reimbursed for expenses associated with their activities for the Board.

For more details, please see section 5.10 of the Notes to the consolidated financial statements, "Total remuneration of the Supervisory Board and the Management Board".

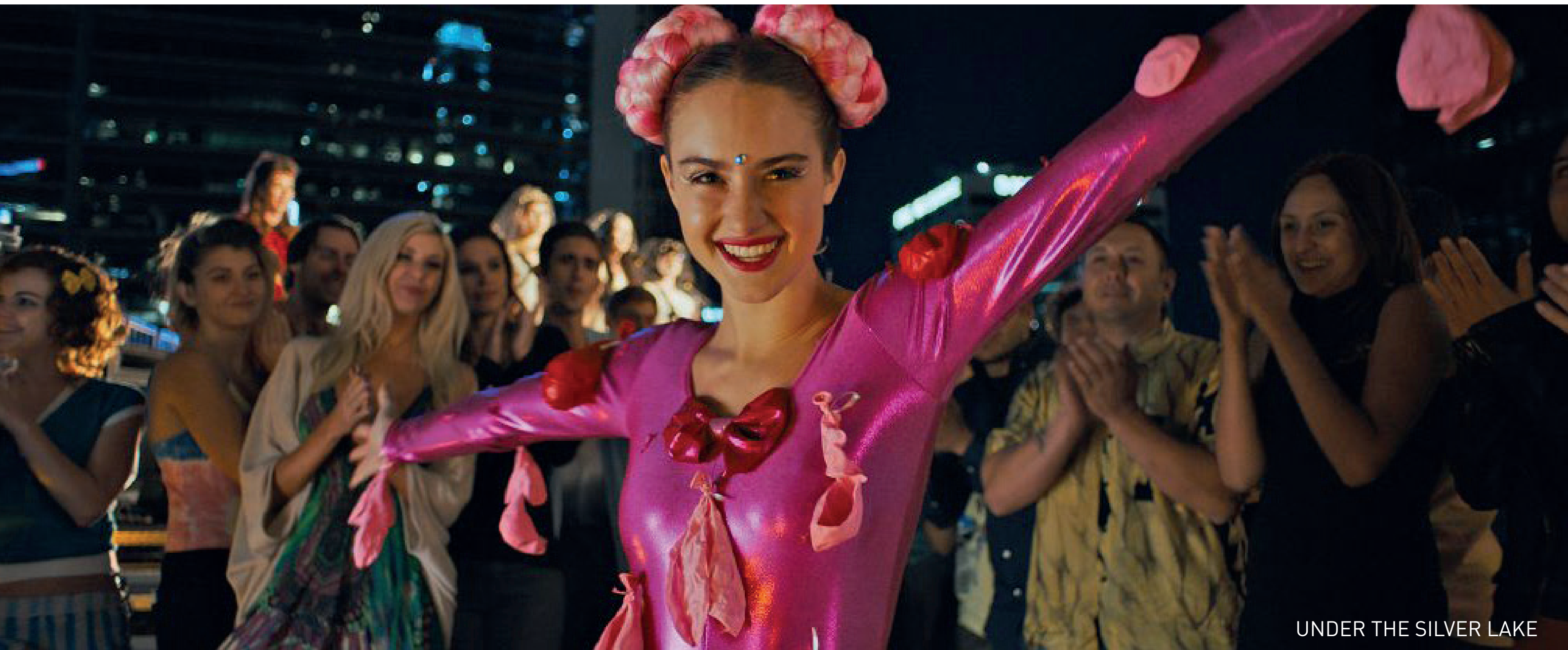
Berlin, 5 May 2019

Vincent Grimond	Max Sturm
Chief Executive Officer (CEO)	(CFO)

MEINE TEUFLISCH GUTE FREUNDIN

WHITNEY

LES FILLES DU SOLEIL



UNDER THE SILVER LAKE

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT (IFRS)

In € thousand	Note	**2018**	2017
Revenue	2.1	81,282	101,420
Other film related income	2.2	5,419	7,722
Total income		**86,702**	**109,141**
Cost of sales	2.3	-73,757	-91,157
Gross profit		**12,945**	**17,985**
Other operating income	2.4	3,248	9,404
Administration costs	2.5	-22,428	-21,663
Other operating expenses	2.6	-269	-4,991
Operating result		**-6,503**	**734**
Finance income	2.7	1,038	897
Finance costs	2.7	-7,652	-6,809
Result of an associate or joint venture	2.7	33	-258
Finance result	2.7	**-6,581**	**-6,170**
Profit/(loss) before tax		**-13,085**	**-5,436**
Income tax	2.8	-182	-1,241
Net income		**-13,267**	**-6,677**
Minority interest in profit or loss		-262	-440
Profit/(loss) attributable to shareholders		**-13,005**	**-6,237**
Weighted average number of shares (no.)		2,044,075	2,044,075
Potential number of diluted shares (no.)		2,044,075	2,044,075
Total weighted average number of shares (no.)		2,044,075	2,044,075
Earnings per share			
Basic earnings per share (€ per share)	2.9	-6.36	-3,05
Diluted earning per share (€ per share)	2.9	-6.36	-3,05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

In € thousand	Note	**2018**	2017
Statement of recognized income and expenses			
Consolidated net income		**-13,267**	**-6,677**
Items that will be reclassified in the income statement			
Exchange differences on translating foreign operations		0	-1
Items that will not be reclassified in the income statement			
Actuarial gains/loss from defined benefit plans	3.14	-47	167
Deferred taxes		13	-50
Ohter income		**-33**	**116**
Total consolidated income		**-13,300**	**-6,561**
Minority interests		-262	-440
Profit attributable to shareholders		**-13,038**	**-6,121**

CONSOLIDATED BALANCE SHEET – ASSETS (IFRS)

In € thousand	Note	31/12/2018	31/12/2017
Goodwill	3.1	124,454	124,454
Intangible assets	3.2	63,829	81,689
Tangible assets	3.3	1,143	1,156
Other financial assets	3.5	1,403	2,511
Investments accounted for using the equity method	3.4	1,550	1,516
Deferred tax assets	2.8	1,781	1,736
Other non-current accounts	3.8	548	1,290
Non current assets		**194,708**	**214,352**
Inventories and work in progress	3.6	1,710	1,299
Accounts receivables and related accounts	3.7	34,764	36,020
Income tax receivables		382	350
Other financial current assets	3.8	12,295	14,781
Other non-financial current assets	3.8	9,236	9,051
Cash and cash equivalent		18,583	6,593
Current assets		**76,970**	**68,094**
Total assets		**271,677**	**282,446**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES (IFRS)

In € thousand	Note	**31/12/2018**	31/12/2017
Equity attributable to shareholders	3.9-3.11	67,945	81,151
Non-controlling interests	3.12	-268	24
Equity		**67,677**	**81,175**
Retirement and related commitments	3.14	762	645
Non-current provision	3.15	25	25
Deferred tax liability	2.8	2,693	2,881
Non-current debt	3.16	24,418	48,459
Other non-current liabilities		913	1,009
Non-current liabilities		**28,812**	**53,019**
Current provision	3.15	2,645	2,915
Current debt	3.16	92,345	44,123
Suppliers – accounts payables	3.17	42,735	52,077
Contract liabilities	3.18	10,418	–
Income tax payables		535	57
Other financial current liabilities	3.19	19,738	24,631
Other non-financial current liabilities	3.19	6,773	24,449
Current liabilities		**175,189**	**148,252**
Total equity and liabilities		**271,677**	**282,446**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

In € thousand		**2018**	2017
Consolidated net result		**-13,267**	**-6,677**
Depreciation, amortization, impairments and write-ups		34,371	42,979
Result form investments accounted for using the equity method		-33	258
Changes in provisions		-153	-1,184
Changes in deferred taxes		-233	-223
Other non-cash income and expenses		-198	270
Changes in trade receivables		1,546	4,935
Changes in trade payables		-9,337	-15,434
Changes in other assets and liabilities		-7,188	1,495
Cash flow from operating activities	4.2	**5,509**	**26,418**
Proceeds from disposals of intangible assets, property plant and equipment		2,555	6,328
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up		0	1
Proceeds from disposals of non-current financial assets		0	387
Purchases of intangible assets		-18,879	-44,510
Purchases of property, plant and equipment		-180	-57
Purchases of investments in non-current financial assets		-72	-1.600
Cash flow from investing activities	4.3	**-16,575**	**-39,450**
Proceeds from other financial liabilities		22,426	36,172
Repayments of other financial liabilities		-1,045	-23,682
Cash flow from financing activities	4.4	**21,381**	**12,490**

In € thousand		**2018**	2017
Cash flow-related changes in cash and cash equivalents		**10,315**	**-542**
Changes in cash and cash equivalents due to exchange rates		0	-35
Cash and cash equivalents at the beginning of period		6,593	7,170
Cash and cash equivalents at end of period	4.1	**16,907**	**6,593**
Cash flows contained in cash flow from operating activities			
Income taxes paid	4.2	-651	-1,369
Income taxes received	4.2	50	113
Interest paid	4.2	-2,532	-5,170
Interest received	4.2	21	12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

In € thousand	Issued capital	Capital reserve	Accumulated result
As of 1 January 2017	**81,761**	**2,709**	**2,941**
Change in scope of consolidation	–	–	–
Cash capital increase	–	–	–
Costs relating to capital increase	–	–	–
Result of the year	–	–	-6,237
Other comprehensive income	–	–	–
Other adjustments	–	–	–
As of 31 December 2017	**81,761**	**2,709**	**-3,296**
Initial application IFRS 9		–	-197
As of 1 January 2018	**81,761**	**2,709**	**-3,493**
Change in scope of consolidation	–	–	–
Cash capital increase	-79,717	24,160	55,557
Costs relating to capital increase	–	–	–
Result of the year	–	–	-13,005
Other comprehensive income	–	–	–
Other adjustments	–	–	29
As of 31 December 2018	**2,044**	**26,869**	**39,088**

For more details, please refer to sections 3.9 Subscribed capital, 3.10 Capital reserves, 3.11 Other reserves and 3.12 Non-controlling interests.

Accumulated other equity					
Foreign currency translation differences	Other comprehensive income	Other comprehensive income tax	Equity attributable to shareholders	'Non-controlling interests	Consolidated equity
	-208	**69**	**87,271**	**465**	**87,736**
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	-6,237	-440	-6,677
–	167	-50	117	–	117
–	–	–	-	-1	-1
	–41	**19**	**81,151**	**24**	**81,175**
–	–	–	-197	-1	-198
	-41	**19**	**80,954**	**23**	**80,977**
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	-13,005	-262	-13,267
0	-47	13	-33	–	-33
–	–	–	29	-29	–
0	**-88**	**32**	**67,945**	**-268**	**67,677**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES AND METHODS

1.1 GENERAL INFORMATION

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

The legal acquisition of Wild Bunch S.A., Paris, at the beginning of 2015 by Wild Bunch AG, Berlin (formerly Senator Entertainment AG, Berlin), is a reverse takeover. These consolidated financial statements therefore represent a continuation of the consolidated financial statements of Wild Bunch S.A., Paris, France.

The Wild Bunch Group, established in Berlin and Paris, is a leading independent European film distribution and production company that is active in the areas of acquisition, co-production, film distribution and international sales, and currently manages a film library of over 2,500 titles.

The Company is listed under commercial register number HR B 68059 of the Berlin-Charlottenburg District Court. The registered office of the Group parent company Wild Bunch AG is at Knesebeckstrasse 59–61, 10719 Berlin, Germany.

The consolidated financial statements of Wild Bunch AG for the financial year ending as of 31 December 2018 were released to the Supervisory Board by the Management Board on 5 May 2019 and approved by the Supervisory Board on 5 May 2019.

1.2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared according to Section 315e of the German Commercial Code (HGB) under the application of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) applicable on the reporting date in the European Union (EU) and the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB. All IFRS/IAS and IFRIC/SIC provisions/interpretations subject to mandatory application as of 31 December 2018 were applied. The provisions of German commercial law applicable pursuant to Section 315e (1) HGB were also complied with.

A list of the subsidiaries, joint ventures and associates included in these consolidated financial statements can be found in these notes in Section 1.3 Scope of 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 annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting methods corresponding to the respective business activities.

The statement of profit or loss was prepared using the cost of sales classification method.

The consolidated financial statements are strictly prepared using the cost principle, which is based on historical purchase and production costs. This does not apply to certain financial assets and liabilities, including derivative financial instruments and the plan assets of defined benefit pension plans, which are measured at fair value.

The consolidated financial statements of Wild Bunch AG for the financial year from 1 January to 31 December 2018 were prepared on a going concern basis. See also Section 1.4 Discretionary decisions and estimation uncertainties.

The consolidated financial statements are prepared in euros, which is the functional and reporting currency of the Group parent company. Unless otherwise indicated, all values are rounded up or down to the nearest thousand (EUR thousand) in accordance with commercial rounding practices. For technical accounting reasons, rounding may result in deviation from mathematically precise values.

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

1.3 SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

CHANGES IN THE SCOPE OF CONSOLIDATION IN 2018

There were no changes in the scope of consolidation in the 2018 financial year.

CHANGES IN THE SCOPE OF CONSOLIDATION IN 2017

Circuito Cinema s.r.l.

In the 2017 financial year, BIM Distribuzione s.r.l., Rome, Italy, sold shares in Circuito Cinema s.r.l., Rome, Italy. The shareholding declined from 35.47 % to 24.90 %. The company is still accounted for using the equity method.

INFORMATION ON THE SCOPE OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Wild Bunch AG and those of the subsidiaries it controls as of 31 December 2018. Control is said to exist if the Group has a risk exposure resulting from, or entitlement to, fluctuating rates of return from its commitment to the investee and it can use its power of disposal over the investee to influence these rates of return. In particular, the Group controls an investee if, and only if, it has all of the following characteristics:

- The power over the investee (i.e. under currently existing rights, the Group is able to manage the activities of the investee that have a material influence on its rate of return),
- A risk exposure resulting from, or entitlement to, fluctuating rates of return from its commitment to the investee, and
- The ability to use its power of disposal over the investee in such a way that the investee's rate of return is influenced.

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

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

When examining whether the Group is able to determine the relevant business activities of this investee despite holding less than 50 % of the voting rights, all the relevant facts and circumstances are taken into consideration. These include:

- A contractual agreement with the others who hold voting rights,
- Rights resulting from other contractual agreements,
- Voting rights and potential voting rights of the Group.

The consolidation of a subsidiary begins on the day on which the Group obtains control over the subsidiary. It ends when the Group loses control over the subsidiary. The assets, liabilities, income and expenses of a subsidiary that were acquired or sold during the reporting period are reported in the statement of financial position or the statement of comprehensive income from the day on which the Group obtains control over the subsidiary until the day on which the control ends.

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

Non-controlling interests constitute the share of earnings and net assets which is not allocated to the shareholders of the parent company. Non-controlling interests are reported separately in the consolidated statement of profit or loss, the consolidated statement of comprehensive income and the consolidated statement of financial position. They are reported under equity in the consolidated statement of financial position, separately from the equity attributable to the shareholders of the parent company.

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

Interests are deconsolidated if the ability to control no longer exists. Deconsolidation is the disposal of all assets attributable to the subsidiary, including goodwill, liabilities and differences resulting from currency translation. The income and expenses generated until this time continue to be included in the consolidated financial statements.

INVESTMENTS IN ASSOCIATES OR JOINT VENTURES

An associate is a company over which the Group has significant influence. Significant influence is the ability to take part in the financial and operating policy decisions of the investee, but not to control or jointly control the decision-making processes.

A joint venture is a mutual agreement in which the parties exercise joint control and hold joint rights over the net assets. Joint control only exists if decisions about significant activities require the unanimous agreement of the parties involved in joint control.

The Group's shares in an associate or a joint venture are reported in the statement of financial position using the equity method.

According to the equity method, the shares in an associate or joint venture are recognised at cost on the acquisition date. The carrying amount of the investment is adjusted to reflect changes in the Group's share in the net assets of the associate or joint venture since the acquisition date. Any goodwill linked to the associate is included in the carrying amount of the share and is not accounted for as separate goodwill.

The statement of profit or loss includes the Group's share in the profit or loss for the period of the associate or joint venture. This is allocated to the carrying amount of the investment. Dividends paid by these companies reduce the investment amount. Changes in the other comprehensive income of these investees are recognised in the other comprehensive income of the Group. In addition, changes recognised directly in the equity of the associate or joint venture are recognised by the Group in the amount of its share and, if necessary, are shown in the statement of changes in equity. Unrealised gains and losses from transactions between the Group and the associate or joint venture are eliminated according to the share in the associate or joint venture.

After applying the equity method, the Group determines whether it is necessary to recognise an impairment loss for its shares in an associate or joint venture. On each reporting date, the Group determines whether there are any objective indications that the Group's net investment in an associate or joint venture could be impaired. If there are such indications, the amount of the impairment is determined as the difference between the recoverable amount of the share in the associate or joint venture and the carrying amount of the share, and the loss is then recorded as "Impairment of companies accounted for using the equity method" in profit or loss.

BUSINESS COMBINATIONS

Business combinations are reported using the acquisition method. They are initially consolidated by offsetting the cost of the investment (total consideration paid) against the remeasured pro rata equity of the subsidiaries on the date of their acquisition. The assets and liabilities are recognised at their fair value on the acquisition date irrespective of the extent of any non-controlling interests in equity. For each business combination, the Group decides whether it measures the non-controlling interests in the acquiree at fair value (full goodwill method) or using the corresponding share of the identifiable net assets of the acquiree (partial goodwill method). In the latter case, the goodwill is only recognised using the acquirer's percentage share of the goodwill. Costs incurred as part of the business combination are recorded as expenses and reported as administrative expenses. In the case of gradual business combinations, interests already held by the acquirer before obtaining control are remeasured at fair value on the acquisition date and added to the consideration paid. The gain or loss resulting from the remeasurement is recognised in profit or loss. Any remaining positive differences are capitalised as goodwill. Goodwill is tested for impairment annually or if there are any indications that it has become impaired. Any negative differences resulting from the consolidation of capital are reported as income in full in the year in which they arise following another assessment.

If goodwill was allocated to a cash-generating unit and a business area of this unit is sold, the goodwill attributable to the sold business area is accounted for as a component of the carrying amount of the business area in determining the result from the sale of this business area. The value of the sold portion of the goodwill is determined on the basis of the relative values of the sold 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 2018 is shown below:

	12/31/2018	12/31/2017
Fully consolidated companies		
Domestic	11	11
Foreign	17	17
Shares in joint ventures and associates		
Domestic	1	1
Foreign	1	1
Total	**30**	30

The following companies were recorded in the consolidated financial statements.

Ser. no.	Fully consolidated entities	Seat	Main business activity	Share in % 2018	2017	Held by	See footnote for further information
	Domestic						
1	Wild Bunch AG	Berlin	Holding	**–**	–	–	–
2	Wild Bunch Germany GmbH	Munich	Sales	**88.0**	88.0	12	–
3	Senator Film Produktion GmbH	Berlin	Production	**100.0**	100.0	1	1, 2
4	Senator Film Verleih GmbH	Berlin	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 12	–
	Foreign						
12	Wild Bunch S.A.	Paris, France	Holding and international sales	**100.0**	100.0	1	
13	BIM Distribuzione s.r.l.	Rom, Italy	Sales	**100.0**	100.0	12	-
14	Bunch of Talents SAS	Paris, France	Other	**80.0**	80.0	12	-
15	Continental Films SAS	Paris, France	Sales	**100.0**	100.0	12	–
16	Elle Driver SAS	Paris, France	International sales	**95.0**	95.0	12	–
17	Eurofilm & Media Ltd.	Killaloe, Ireland	Sales	**100.0**	100.0	1	–
18	EWB2 SAS	Paris, France	Sales	**100.0**	100.0	12	–
19	EWB3 SAS	Paris, France	Sales	**100.0**	100.0	12	–
20	Filmoline SAS	Paris, France	SVOD and VOD sales	**90.1**	90.0	12	–
21	Wild Bunch Austria GmbH	Vienna, Austria	Sales	**100.0**	100.0	4	–

Ser. no.	Fully consolidated entities	Seat	Main business activity	Share in % 2018	Share in % 2017	Held by	See footnote for further information
22	Versatile SAS	Paris, France	International sales	**95.0**	95.0	12	–
23	Vértigo Films S.L.	Madrid, Spain	Sales	**80.0**	80.0	12	–
24	Virtual Films Ltd.	Dublin, Ireland	Sales	**100.0**	100.0	12	–
25	Wild Bunch Distribution SAS	Paris, France	Sales	**100.0**	100.0	12	–
26	Wild Side Film SAS	Paris, France	Sales	**100.0**	100.0	12	–
27	Wild Side Video SAS	Paris, France	Sales	**100.0**	100.0	12	–
28	Insiders LLC	Los Angeles, US	Sales	**45.0**	45.0	12	–
	Consolidated at-equity						
	Domestic						
29	Bavaria Pictures GmbH	Munich	Production	**50.0**	50.0	9	3
	Foreign						
30	Circuito Cinema s.r.l.	Rom, Italy	Sales	**24.9**	24.9	13	3

[1] Profit and loss transfer agreement with parent company
[2] § Section § 264 (3) German Commercial Code was applied
[3] Consolidated at-equity

1.4 DISCRETIONARY DECISIONS AND ESTIMATION UNCERTAINTIES

The preparation of the consolidated financial statements in accordance with IFRS requires that the management make estimates, assumptions and discretionary decisions that affect the reported income, expenses, assets, liabilities, contingent assets and contingent liabilities at the time of the accounting. These estimates and assumptions are based on management's best judgement, which is founded on past experience and other factors, including predictions of future events. The assessments and assumptions are reviewed on an ongoing basis. Changes in estimates are necessary if the circumstances on which the estimates are based have changed or new information/additional findings have become apparent. Such changes are recorded in each reporting period in which the estimate was adjusted.

The most important assumptions about the future development and the most important sources of uncertainties regarding the estimates, which could make significant adjustments to the reported assets and liabilities, income, expenses and contingent liabilities necessary in the next twelve months, are listed below.

CONSOLIDATION OF COMPANIES IN WHICH THE GROUP DOES NOT OWN THE MAJORITY OF VOTING RIGHTS (FACTUAL CONTROL)

The Group assumes that it controls Insiders LLC, although it holds only 45 % of the voting rights. This is due to the fact that a Managing Director of a wholly-owned subsidiary and former member of the Group's Management Board has been appointed as the Managing Director with sole power of representation of Insiders LLC. A change in Managing Director is possible only with an 80 % majority of the votes. To this extent, the Group has a corresponding veto minority when it comes to dismissing and/or reappointing the Managing Director. Even without a majority of voting rights, the Group therefore has sufficient rights to give it power of disposal over Insiders LLC, since it has the practical capacity to unilaterally control its relevant activities.

REVENUE RECOGNITION

The Wild Bunch Group concludes agreements with customers whereby the effective transaction price is fixed but the amount of revenue depends on a future event (e.g. number of cinema visitors, number of film downloads). In these cases, the Wild Bunch Group classifies the consideration as variable consideration. In individual cases, it may be necessary to make estimates when identifying the transaction prices if the corresponding calculations of the licensee are not yet available. For this, the Wild Bunch Group uses the most probable amount to determine the consideration payable to the Wild Bunch Group.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The goodwill is tested for impairment at least once a year and if there are any indications of impairment. The film assets and other non-financial assets are tested for impairment if there are indications that the carrying amount exceeds the recoverable amount. To assess whether an impairment is necessary, estimates are made of the expected future flows of funds for each cash-generating unit from the use and possible sale of these assets. The actual flows of funds may deviate significantly from the discounted future flows of funds based on these estimates. Changes to the revenue and cash flow forecasts may lead to an impairment (Section 3.2 Intangible assets and 3.3 Property, plant and equipment (other equipment, operating and office equipment)).

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

The shareholdings in companies accounted for using the equity method and other companies are tested for impairment if there are indications that their carrying amount exceeds their recoverable amount. To assess whether an impairment is necessary, estimates are made of the expected future flows of funds for each cash-generating unit from the use and possible sale of these assets. The actual flows of funds may deviate significantly from the discounted future flows of funds based on these estimates.

IMPAIRMENT OF FINANCIAL ASSETS

When assessing the expected credit risks, the Group takes into consideration all the information available on the reporting date that is relevant for the measurement of expected losses and their probability of occurrence. In addition to internal information, the Wild Bunch Group uses probabilities of default extracted from external company ratings. Based on this information, it estimates the expected losses over the remaining terms by allocating the financial assets to rating categories. These estimates result in uncertainty as to whether unanticipated losses on receivables must be recorded in future periods.

PROVISIONS

Estimates are used to a considerable extent when calculating provisions for impending losses from film rights involving onerous contracts with customers, provisions for the expected return of goods and provisions for legal disputes and regulatory processes. The Group forms a provision for impending losses from contracts with customers if the currently estimated total costs exceed the estimated revenue. The Group identifies losses from contracts with customers by continuously monitoring and comparing the revenue generated by the film with the outstanding minimum guarantees and selling costs and by updating the estimates. This requires the use of estimates to a considerable extent as regards fulfilling certain performance obligations and project delays, which includes assessing how these delays are allocated to the project partners involved.

The Group's provisions for the expected return of goods is based on the analysis of contractual or legal obligations and historical developments, as well as the Group's experience. Based on currently available information, the management believes that the provisions formed are appropriate. Since these provisions are partly based on past experience, these may need to be adjusted in light of any new information. Such adjustments could have an influence on the reported provisions in future reporting periods (Section 3.15 Other provisions).

Legal disputes and regulatory processes are often based on complex legal questions and associated with considerable uncertainty. As a result, an assessment of whether a current obligation is likely to be the result of a past event as of the reporting date, whether a future cash flow is likely and whether the amount of the obligation can be reliably estimated is based on the Group's discretion to a considerable extent. Internal and external legal lawyers are usually involved in making this assessment. It may be necessary to form a provision for an ongoing process based on new developments or to adjust the amount of an existing provision. Furthermore, the outcome of a process may result in costs for the Group that exceed the provision formed for the particular matter.

LIABILITIES ARISING FROM LICENSOR SHARES

The Group companies are exposed to various supplementary claims from licensors with regard to their shares from the marketing of film rights. The Group currently assumes that the liabilities cover the risks. It is possible however that further claims could be asserted whose costs are not covered by the existing liabilities. Such changes may impact the liabilities reported for licensor shares in future reporting periods.

INCOME TAXES

The determination of the assets and liabilities arising from current and deferred income taxes requires extensive exercising of discretion and making widespread assumptions and estimates.

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

There are degrees of uncertainty in relation to deferred tax items with regard to the time at which an asset is realised or a liability is fulfilled and with regard to the tax rate applicable at this time. The recognition of deferred tax assets with regard to loss carryforwards requires an estimate of the probability of the future realisability of loss carryforwards. Influential factors taken into account as part of this estimate are the earnings history, profit planning and future profit performance. Actual profits may vary from expected profits. These variations may impact claims and liabilities arising from current and deferred income taxes accounted for in future reporting periods.

GOING CONCERN ASSUMPTION

The company's consolidated financial statements have been prepared on a going concern basis.

With the completion of a range of refinancing measures in April 2019, the Management Board has laid the foundation for ensuring that the business continues as a going concern in the long term. By implementing all of the key aspects of the restructuring agreement between Wild Bunch AG, its French subsidiary Wild Bunch S.A., the French banks and the investor (Voltaire Finance B.V. (formerly SWB Finance B.V.), hereinafter "investor"), inter alia, the Company transferred existing bank liabilities and other liabilities of EUR 36.6 million to Wild Bunch AG through a non-cash capital increase under the exclusion of shareholders' subscription rights ("Debt Equity Swap II"). The Wild Bunch Group's financial liabilities decreased by the same amount when Debt Equity Swap II was entered into the commercial register on 12 April 2019. The 18,298,680 new shares created as part of Debt Equity Swap II in return for the aforementioned liabilities of EUR 36.6 million were transferred to the investor on 20 April 2019.

Another EUR 26.1 million will initially remain with Wild Bunch S.A. as a shareholder loan and will be replaced by bank loans following completion of the loan contract between Wild Bunch S.A. and the investor in the 2019 financial year.

In addition, the creditors of the 8 % corporate bond 2016/2019 with a total nominal amount of EUR 18.0 million issued in 2016 resolved to swap all bonds held by them for new shares in Wild Bunch AG through an additional non-cash capital increase under the exclusion of shareholders' subscription rights ("Debt Equity Swap I"). This decision was taken in September 2018 by a vote without meeting involving bonds with voting rights with a nominal value of EUR 14,700,000.00, which corresponds to 81.67 % of the 180 outstanding bonds with a nominal value of EUR 100,000.00 each. As part of Debt Equity Swap I, the bond creditors acquired acquisition rights to a total of 3,600,000 new shares in Wild Bunch AG when the capital increase was entered into the commercial register on 14 March 2019 and exercised these rights in the subsequent period. The completion of Debt Equity Swap I reduced the financial liabilities of Wild Bunch AG by a further EUR 18.0 million.

In total, the two debt-equity swaps outlined above reduced the Wild Bunch Group's financial liabilities by EUR 54.6 million.

As a further contribution to the restructuring, the Wild Bunch Group's investor granted interim financing during the implementation of the restructuring measures, EUR 27 million of which Wild Bunch S.A. and Wild Bunch AG have currently utilised (31 December 2018: EUR 21.6 million). This interim financing will be fully refinanced by a company loan of EUR 40 million. The signing of this loan agreement and payment of the EUR 13 million not needed to refinance the interim financing are scheduled for May 2019.

The reduction of the Company's debt was a prerequisite of the investor for the implementation of the aforementioned capital and refinancing measures. To that end, the Company's Annual General Meeting on 26 September 2018 passed a resolution to reduce the share capital by means of a simplified withdrawal of 15 shares and to reduce the share capital of Wild Bunch AG at a ratio of 40 to 1 from EUR 81,763,000 to EUR 2,044,075. The capital reduction was entered into the commercial register on 26 November 2018. Furthermore, this Annual General Meeting passed a resolution on the subsequent non-cash increase in share capital (transfer of the 8 % bearer bonds 2016/2019 of EUR 18.0 million issued by Wild Bunch AG – Debt Equity Swap I) under the exclusion of shareholders' subscription rights and the non-cash increase in share capital (transfer of receivables from French loans and investment agreements – Debt Equity Swap II) under the exclusion of shareholders' subscription rights. No objections to these resolutions were submitted.

The credit facility agreed with Bank Leumi (UK) plc ("Bank Leumi") of up to EUR 30 million has a term until 5 April 2020. The amount of funds available to the Group depends on the borrowers' assets as calculated on a monthly basis and is currently EUR 25.3 million (31 December 2018: EUR 26.3 million). Since 5 April 2019, the credit facility has been in an early repayment phase, during which time further utilisation of the funds by the Company is not envisaged. Although the financial covenants agreed under the loan agreement continue to apply during this early repayment phase, they were modified in September 2018 into a form that is more favourable for the Company and takes account of the restructuring. These mainly relate to the following performance indicators: the EBITDA ratio, i.e. consolidated EBITDA in relation to revenue, liquidity ratio, i.e. the volume of financing sources available in comparison to the expected financing needs, leverage ratio, i.e. net debt in relation to consolidated EBITDA, and a guaranteed minimum balance sheet equity. As part of the aforementioned restructuring measures, several agreements were concluded with Bank Leumi to waive the repayment of the loan as part of the implementation of these restructuring measures. As part of these waivers, the Company is required in addition to the aforementioned covenants to report regularly to Bank Leumi on certain key economic indicators, such as in relation to the borrowers' cash account balances and restructuring progress. If the loan is terminated prematurely, the Group's continued existence depends on procuring other sufficient financial means at short notice.

The Group's continued existence also requires that the Bank Leumi credit facility is refinanced at the end of the term. The Management Board is in advanced discussions on this. An additional financing need, beyond the described refinancing measures, may arise if there is a negative difference with the business plan prepared by the Management Board for the years 2019 to 2023. The Management Board believes that a significantly negative difference could have an adverse impact on the Company's expected performance and negatively affect the ability to refinance the Bank Leumi credit facility.

In addition to the aforementioned steps for optimising the financial position, the Management Board is also planning operational measures to improve the earnings situation.

The Management Board does not see any indication at present that the aforementioned risks will materialise. However, if the aforementioned financing and refinancing measures which have been implemented do not come to a successful conclusion or the existing loans must be repaid early or the course of business is significantly below expectations, this would have an adverse impact on the future performance of the Company and Group and could endanger their existence if the financial shortfalls cannot be offset by other capital measures.

1.5 FUNDAMENTAL ACCOUNTING METHODS

With the exception of the standards below which are applicable for the first time in the 2018 financial year, the accounting methods applied uniformly across the Group in the 2018 financial year are essentially unchanged from the previous year and are presented below:

The balance sheet was structured according to current and non-current assets and liabilities, whereby all assets and liabilities that are expected to be realised within twelve months from the reporting date or within one business cycle are viewed as current. All other assets or liabilities are classified as non-current.

The Group applied the following standards and amendments for the first time in the 2018 financial year:

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- Amendments to IFRS 15 – Revenue from Contracts with Customers
- IFRS annual improvements (2014–2016 cycle) in relation to amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards and IAS 28 – Investments in Associates and Joint Ventures
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 replaces the requirements of IAS 39 and contains new requirements for the classification and measurement of financial assets, fundamental amendments with regard to the accounting treatment of impairments of certain financial assets and revised regulations on hedge accounting. For the measurement of financial instruments, IFRS 9 continues to use the existing categories of "amortised cost" and "fair value" and to distinguish between changes in fair value recognised through profit or loss and outside profit or loss.

Classification and measurement of financial instruments

The classification and measurement of financial assets under IFRS 9 is based on both the cash flow condition (excluding cash flows from interest and capital repayments) and the business model that is used to manage the portfolios of financial assets.

The initial application of these requirements did not have any material effect on the Wild Bunch Group's net assets, financial position and results of operations. The previous year's figures were not restated in accordance with the relief measures (modified retrospective method) of IFRS 9.

The financial assets previously recognised at amortised cost, with the exception of investments in companies, continue to be measured at amortised cost under IFRS 9 as these are held for the purpose of generating contractual cash flows which only constitute interest and redemption payments. Likewise, financial liabilities continue to be measured at amortised cost.

The changes resulting from the classification of financial instruments in accordance with the new impairment requirements under IFRS 9 are presented in the following table:

CLASSIFICATION OF FINANCIAL INSTRUMENTS IN ACCORDANCE WITH IFRS 9

	Assessment category		Book value of 1/1/2018		
in € thousand	**acc. IAS 39**	**acc. IFRS 9**	**acc. IAS 39**	**acc. IFRS 9**	**Change**
Financial assets – Equity instruments	Financial instruments available for sale	Fair value with change in value in the income statement	480	480	0
Financial assets – Debt instruments	Loans and receivables	Amortized costs	2,031	2,031	0
Cash and cash equivalents	Loans and receivables	Amortized costs	6,593	6,593	0
Trade receivables	Loans and receivables	Amortized costs	36,020	35,823	-197
Other financial assets	Loans and receivables	Amortized costs	14,781	14,781	0
Financial liabilities	Amortized costs	Amortized costs	92,582	92,582	0
Trade payables	Amortized costs	Amortized costs	52,077	52,077	0
Other financial liabilities	Amortized costs	Amortized costs	24,631	24,631	0

Impairment of financial assets

Under IFRS 9, impairment losses on financial assets which are not measured at fair value through profit or loss are no longer only recognised when there is objective evidence of an impairment, as was the case with IAS 39. Instead, impairment losses must also be recognised for expected credit losses. The extent of these losses is determined by the credit risk of a financial asset as well as any changes to this credit risk. If the credit risk of the financial asset has significantly increased since its initial recognition in the statement of financial position, expected credit losses are recognised for the full term of an asset. However, if the credit risk has not significantly increased during this period, only the expected credit losses over the next twelve months are recognised as an impairment. In deviation from these requirements, the expected credit losses for the full term of trade receivables are always recognised as an impairment in accordance with the aforementioned simplified approach.

In addition to internal information, the Wild Bunch Group uses probabilities of default extracted from external company ratings and assigns its customers to specific rating groups based on their historical and expected risk profiles. The counterparty's credit risk is assumed to have increased significantly if its rating has fallen by a specified number of levels. The Wild Bunch Group uses the simplified impairment model of the credit loss which arises over the full term. The initial application of the new requirements caused impairment expenses to increase by EUR 198 thousand as of 1 January 2018 (before taking deferred taxes into consideration). This amount was recognised directly in equity (retained earnings) in accordance with the simplified approach.

The initial application of the new impairment model did not have any material effects on cash and cash equivalent and other financial receivables.

Hedge accounting

The Wild Bunch Group did not have any hedging relationships on either the initial application date of 1 January 2018 or the reporting date of 31 December 2018.

FIRST-TIME APPLICATION OF IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (INCLUDING CLARIFICATIONS)

IFRS 15 Revenue from Contracts with Customers contains new accounting requirements for recognising revenue from contracts with customers and replaces IAS 18 Revenue and IAS 11 Construction Contracts. Application of IFRS 15 is mandatory as of 1 January 2018. A detailed analysis of contracts was conducted to examine the Group's business models in the various areas within the segments. The examination of the components identified in the contracts did not have any material effects on the initial application of IFRS 15. This applies in particular to the recognition of revenue over time and a point in time and the recognition of assets and liabilities associated with the contracts. The amended requirements for determining the principal and agent did not have any material effects either. The additional disclosures are made in the notes to these consolidated financial statements and the corresponding items.

The Wild Bunch Group elected to use the modified retrospective method. As a result, the previous year's figures were not restated. There were no cumulative effects from the first-time application of IFRS 15 which would accordingly have required recognition in equity. Furthermore, the Wild Bunch Group made use of the exception under IFRS 15.C7 and did not reassess contracts which were fulfilled prior to the date of initial application. Contract assets in the form of prepayments requested which fall due over time are reported under trade receivables. On the liabilities side of the statement of financial position, prepayments received were reclassified as contract liabilities as a result of the new terminology. In the previous year, they were recognised as deferred income under other non-financial liabilities. The previous year's figure of EUR 13,951 thousand included in it was not reclassified.

Up until 31 December 2017, revenue was recognised in accordance with IAS 18 Revenue. Revenue was recognised if it was possible to reliably determine the amount of revenue, if it was probable that the future benefit would flow to the Company irrespective of actual payment and if existing risks and rewards had been transferred to the customer.

No material changes to the previous year have arisen from the application of the other amendments outlined above.

STANDARDS AND INTERPRETATIONS WHICH HAVE NOT BEEN APPLIED YET AND WHICH ARE SIGNIFICANT FOR FUTURE CONSOLIDATED FINANCIAL STATEMENTS OF WILD BUNCH AG

IASB and IFRIC have published new and amended standards and interpretations that were not yet subject to mandatory application in the reporting period and some of which had also not yet been adopted by EU law. The Group intends to apply the standards and interpretations as soon as their mandatory application arises.

Standard / Interpretations		Date of the EU Endorsement	(expected) Mandatory application in the EU
IFRS 16 Leases	IFRS 16 replaces IAS 17 "Leases" and the associated interpretations. According to the new regulation, lessees must always report all leases in the form of a right of use and a corresponding leasing liability in the statement of financial position	31 October 2017	1 January 2019
IAS 19 Employee Benefits	Clarification on how the service cost and net interest should be recognised if there is a plan amendment, curtailment or settlement in relation to the pension obligation	13 March 2019	1 January 2019
IAS 28 Long-term Interests in Associates and Joint Ventures	Clarification that companies are required to apply IFRS 9 to long-term interests in associates and joint ventures	18 February 2019	1 January 2019
IFRS 9 Financial Instruments	Clarifications on Prepayment Features with Negative Compensation	22 March 2018	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	Application instructions for the recognition of actual and deferred tax assets and liabilities under IAS 12	23 October 2018	1 January 2019
AIP 2015-2017 Annual Improvements	Various standards	14 March 2019	1 January 2019

Standard / Interpretation		Date of the EU Endorsemen	(expected) Mandatory application in the EU
Amendments to References to the Conceptual Frame-work in IFRS Standards	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	Undecided
IFRS 3 Business Combinations	More precise definition of a business. The amendment contains guidelines for more easily distinguishing between the acquisition of a business and the acquisition of an asset or group of assets. Only the acquisition of a business falls within the scope of application of IFRS 3.	1 January 2020	Undecided
IAS 1 und IAS 8 Definition of Material	Amendments to the definition of "material" aimed at refining this definition and standardising the various definitions in the conceptual framework and in the standards themselves.	1 January 2020	Undecided

IFRS 16 LEASES

IFRS 16 replaces IAS 17 Leases and the associated interpretations. The distinction made under IAS 17 between finance leases recognised in the statement of financial position and operating leases not recognised in the statement of financial position no longer applies under IFRS 16. According to the new regulation, lessees must in future always report all leases in the form of a right of use as assets and the corresponding discounted leasing liability on the liabilities side of the statement of financial position. The right of use must, as a rule, be amortised on a straight-line basis and the leasing liability must be adjusted according to the effective interest method. In the statement of profit or loss, the expense from operating leases has up until now been reported under the Other operating expenses item. In the future, amortisation of the right of use and interest expenses for the leasing liabilities will be reported instead. The payments from leases will in future be split in the statement of cash flows into interest payments and redemption payments. While the interest payments will continue to be reported in cash flow from operating activities, the redemption payments will be allocated to the cash flow from financing activities.

Relief provisions exist for leases with a total term of a maximum of twelve months and no purchase option and for low-value leasing objects (original value of less than EUR 5,000). In these cases, the lessee has the option of selecting to report in the statement of financial position in a manner comparable with the previous operating lease. This means that the lease is not recognised in the statement of financial position and that the lease payments continue to be recognised as operating expenses on a straight-line base over the lease term. The Wild Bunch Group intends to make use of these relief provisions. The Group will apply the new standard as of the mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition method and will not retrospectively restate comparative figures for the year of initial application.

As part of its implementation preparations for the initial application of IFRS 16, the Wild Bunch Group analysed the effects of applying IFRS 16 to its consolidated financial statements. The analysis is not yet complete for its foreign subsidiaries. When it applies the standard for the first time on 1 January 2019, the Group expects to recognise rights of use and leasing liabilities of approximately EUR 5.6 million for the first time in its consolidated financial statements. The type of expenses associated with these leases will also change. Under IFRS 16, the straight-line expenses for operating leases will be replaced by an amortisation expense for rights of use and interest expenses for leasing liabilities. An immaterial improvement in Group EBIT is expected in the 2019 financial year.

The Group's activities as a lessor (subletting office space) are immaterial.

No further detailed presentation of new or amended standards or interpretations which have not yet been applied will be provided, since the effects of their initial application on the presentation of the Group's net assets, financial position and results of operations 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 company are recorded by the companies using the exchange rate applicable on the transaction date. Monetary assets and liabilities are translated using the closing rate on the balance sheet date.

Gains or losses from processing these transactions and gains or losses from translating monetary assets and liabilities are recognised directly in profit or loss under operating income or expenses if they are associated with the operating business; otherwise, they are recognised in translation differences under the financial result.

The functional currency of the foreign subsidiaries always corresponds to the currency of the country in which they carry out their activities. The results and balance sheet items of those Group companies that have a different functional currency from the Group's reporting currency, are translated into euros as follows:

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

The translation of the foreign currency items in the individual financial statements and the US subsidiary are based on the following exchange rates:

	Closing rate (based on € 1)	
	12/31/2018	12/31/2017
US-Dollar	**1.1450**	1.1993
	Average rate (based on € 1)	
	1/1 to 12/31/2018	1/1 to 12/31/2017
US-Dollar	**1.1810**	1.1297

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

SEGMENTS

The Group is divided into two segments/business areas, which are controlled separately. Financial information about business areas and geographical segments is presented in the explanatory notes in Section 5.1 Segment reporting.

The Group's segments are determined on the basis of the organisational units. The allocation of the organisational units to the segments and the distinction between the segments is based on internal reporting by the organisational units to the Group management in relation to the allocation of resources and the measurement of profitability. The Group consists of the following segments:

- International sales and distribution; film production and
- Miscellaneous. This segment encompasses the operation of a VOD platform and other activities

The Group functions are shown under the non-allocable income and expenses. These comprise the actual Group management itself, legal, Group accounting, controlling and IT.

FAIR VALUE MEASUREMENT

The Group assesses its financial instruments, including derivatives and the non-financial assets and liabilities measured at fair value, on each balance sheet date.

The fair value is the price that independent market participants would receive on the sale of an asset, or pay (exit price) on the transfer of a liability, at standard market conditions on the measurement date.

This measurement assumes that the sale or transfer is to be made on the primary market or the most advantageous market for this asset or liability. If a primary market is not available, the most advantageous market for the measurement of fair value is utilised. 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 significant 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 the measurement overall:

- Level 1: (Unadjusted) prices (e.g. stock market prices) listed on active markets for identical assets or liabilities accessible to 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 the asset or liability (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 amortised costs for the disclosures in the notes to the financial statements is determined – if the remaining term is more than one year – by discounting the expected future cash flows with the currently applicable interest rates for financial instruments with comparable conditions and remaining terms.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is an independent European film distribution and production company. The company is active in direct distribution in France, Italy, Germany, Spain and Austria, is active in international sales, finances co-productions and is active in the electronic direct sales of films and TV series. Film distribution rights are typically sold individually in contracts with customers. There are no financing components that form a material part of the contracts.

The Group receives both usage-based and revenue-based licence fees as defined by IFRS 15 for transferred film distribution rights. The revenue is not recognised until the later of the following two events has occurred:

a. The licensee itself has realised revenue, or

b. The usage prompted by the licence fee has actually occurred and the performance obligation has been met in full

IFRS 15 contains requirements relating to reporting on performance surpluses or obligations existing at the contractual level. These are assets and liabilities from customer contracts that arise in connection with the relationship between the service rendered by the Company and the customer's payment. A contract liability is an obligation of the Group towards a customer to supply goods or render services for which the customer has already rendered payments, for example in the form of prepayments.

The individual revenue transactions are explained in detail below. The normal payment period is 30 days.

1. International sales

Sales of global rights (all distribution stages in a distribution territory) made for a fixed fee are licence sales. As with the sale of goods, they are recognised at the point in time at which the customer obtains the power of disposal over the film material, i.e. when the customer has the ability to determine how the film material is used, essentially draws the remaining benefit from it, and when the contractually agreed licence distribution period has begun. This always occurs at a point in time. A prerequisite here is that a contract with enforceable rights and obligations exists and that receipt of the consideration – taking account of the customer's credit rating – is probable. The revenue corresponds to the transaction price that Wild Bunch is expected to generate.

The minimum guarantee is the amount for a film right that does not need to be repaid by a third party (e.g. film producer). If licensor shares exceed this minimum guarantee, the excess is recognised as revenue if this is confirmed in writing by the local distributor.

2. Theatrical rights

Revenue from the theatrical rights to films is recognised upon theatrical release. Theatres submit reports stating the size of audiences and corresponding proceeds. Revenue from theatrical rights that is paid by cinema operators to the distributor is determined on the basis of a contractually agreed percentage of the proceeds from the sale of cinema tickets.

3. Home entertainment

Proceeds from the Group's video/DVD rights are accounted for on the basis of monthly sales figures, while taking account of quantity discounts and rights of return. Quantity discounts and rights of return contractually granted to the customer are classed as variable remuneration. They are not performance obligations of the Group. Wild Bunch produces estimates of how many returns can be expected in the reporting period. The estimates are based on an analysis of contractual or statutory obligations, historical trends and the Group's experience. Based on currently available information, the management believes that the variable remuneration recognised is appropriate. The amount is of minor importance to the Group. The expected returns are measured on each reporting date. The Group uses the portfolio method for calculating the expected returns.

4. Revenue from VOD and pay-per-view sales

This is recognised upon receipt of the invoices from the platform operators on a monthly basis.

5. TV rights (Pay-TV and Free-TV)

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

Revenue from a licence agreement for TV programmes is reported if all of the following conditions have been satisfied:

a. the licence 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 appropriately

c. the collectability of the entire licence fee is sufficiently certain

d. the licensee accepts the film on the basis of the terms accompanying the licence agreement

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

GOVERNMENT GRANTS

In addition to the scope of project film funding listed in the sections below, government grants were made available according to the guidelines of the German Federal Commissioner for Culture and Media (BKM), the German Federal Film Fund (DFFF) and distribution funding as a contingently repayable loan for the remaining funding types amounting to EUR 2,170 thousand (previous year: EUR 4,950 thousand).

A distinction is made between project funding that consists of contingently repayable loans and subsidies/film project funding awarded as non-repayable grants based on the guidelines of the German Federal Commissioner for Culture and Media (BKM) and the German Federal Film Fund (DFFF).

Project funding as a contingently repayable loan

Film project funding is granted in the form of a non-interest-bearing contingently repayable loan 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 distributing the film exceeds a certain level. These constitute government grants for assets. The amount which, it is sufficiently certain, 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 in profit or loss during the distribution cycle of a film by applying a reduced amortisation amount of capitalised production costs. The amount which, it is sufficiently certain, will not need to be repaid can typically be determined on the date of the 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 recognised. The additional amortisation that would have been recognised if the grant had been repaid by this date is recognised directly in profit and loss.

Project subsidies

Project subsidies are non-repayable grants to which a producer is entitled depending on the number of visitors to a (reference) film to finance the project costs of a subsequent film. These constitute government grants. In the statement of profit or loss, project subsidies are recorded under Other film-related income if the conditions for granting the subsidy are met. At the same time, the receivables are reported under Other assets in the statement of financial position.

Film project funding based on the guidelines provided by the BKM (DFFF)

Film project funding based on the guidelines provided by the BKM (DFFF) comprises non-repayable grants awarded to reimburse the production costs of a cinema film when clearly defined requirements are fulfilled.

These constitute government grants for assets. In the statement of financial position, the granted film project funding is deducted from the carrying amount of the film as of the date of the cinema release at the latest. Project funding of EUR 44 thousand (previous year: EUR 103 thousand) was deducted from the production costs in the financial year. The grants are capitalised as other receivables prior to the cinema release.

The grants are reported in profit or loss during the distribution cycle of a film by applying a reduced amortisation amount of capitalised production costs.

1. Distribution funding

A distinction is made between distribution funding in the form of contingently repayable loans and sales subsidies in the form of non-repayable grants.

Distribution funding as a contingently repayable loan

Distribution funding is granted in the form of a non-interest-bearing contingently repayable loan 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 distributor from distributing the film exceeds a certain level.

These constitute government grants for expenses that have already been incurred. These are reported as a reduction in release costs in the amount which, it is sufficiently certain, will not need to be repaid. The grants amounted to EUR 480 thousand in the financial year (previous year: EUR 592 thousand). The grants are reported in the period in which the corresponding release costs are incurred.

The amount which, it is sufficiently certain, will not need to be repaid can typically be determined on the date of the 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 subsidies

Sales subsidies are non-repayable grants to which a distributor is entitled depending on the box office figures reached by a reference film for the purposes of financing the release costs for a subsequent film or to finance the minimum guarantee of a subsequent film. The sales subsidies granted are reported in the statement of financial position as receivables from European, governmental or state funding institutions and in the statement of profit or loss as Other film-related income (Section 2.2 Other film-related income).

2. Investment grants

Investment grants are recognised as liabilities. The investment grants are written down in profit or loss based on the useful life of the subsidised investments (EUR 4 thousand; previous year: EUR 23 thousand).

INTEREST

Interest is recognised as income or expense in the period to which it relates using the effective interest method as it arises.

INCOME TAXES

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

Current and deferred taxes are recognised in the consolidated statement of profit or loss, unless they relate to items that are recognised either in other comprehensive income or directly in equity. In this case, current and deferred taxes are also recognised 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 consideration when accounting for the business combination.

CURRENT TAXES

Current taxes are calculated on the basis of the results of the financial 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 TAX ASSETS AND LIABILITIES

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

Deferred tax assets arising from deductible temporary differences and tax loss carryforwards are only disclosed to the extent that it is reasonably probable that the company in question will generate sufficient taxable income for the future tax purposes of the loss carryforwards.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced in value if it is no longer probable that sufficient taxable income will be available to allow for all or part of the asset to be realised. The planning for the valuation of deferred tax assets needs to be consistent with the projections used for the measurement of goodwill.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are assessed on the basis of the tax rules and tax rates that are expected to be applicable when the asset is realised or the liabilities are paid, based on known tax rates applicable in the different countries on the reporting date. The valuation of deferred tax assets and liabilities reflects the consequences pertaining to taxation that will arise from the ways in which the Group expects to realise the assets or pay the liabilities by the reporting date.

Deferred tax assets and deferred tax liabilities are offset against each other if a legally enforceable claim exists to offset actual tax reimbursement claims against actual tax liabilities, and they relate to the income tax of the same taxable entity and were levied by the same taxation authority.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the share in the profit after tax belonging to the parent company's shareholders by the weighted average number of shares in circulation during the financial year.

With regard to the specific circumstances for the calculation of earnings per share in the 2018 financial year as a result of the capital measures carried out, we refer to Section 2.9 Earnings per share.

INTANGIBLE ASSETS

The Wild Bunch Group capitalises separately acquired (i.e. not acquired as part of a 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, development costs are capitalised as internally generated intangible assets with the production costs if the following capitalisation criteria are cumulatively satisfied:

a. completion of the intangible asset is technically feasible to the extent that it is possible to use the asset internally or sell it

b. there is an intention to complete the intangible asset and to use or sell it

c. the Company is able to use or sell the intangible asset

d. it can be demonstrated that the asset will generate future economic benefit

e. adequate technical, financial and other resources are available to conclude the development

f. the costs which are incurred during development and are attributable to the intangible asset can be reliably determined.

Intangible assets that do not satisfy these conditions are recognised as expenses.

Intangible assets are carried at cost less any cumulative amortisation and any cumulative impairment losses. The capitalised production costs are amortised over the useful life of the assets as soon as the development phase is complete and it is possible to use the assets. The amortisation period is calculated based on the expected useful economic life. The expected useful lives, residual values and amortisation methods are reviewed annually and all necessary changes to estimates are taken into account prospectively. The amortisation period and plan are reviewed at the end of a financial year. The useful lives of the material intangible assets are detailed below:

1. Film rights

Film assets include acquired international sales rights and rights to third-party productions, i.e. films that the Group has not produced itself, as well as the production costs for films that are produced within the Group (in-house productions and co-productions) and 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 dubbing costs for films. Individual instalments of the minimum guarantee are reported as prepayments and capitalised as film assets upon the delivery and acceptance of the material. The dubbing costs are capitalised with the acceptance of the dub along with the film rights.

In-house productions are recognised at their production cost. Production costs also include borrowing costs attributable to the respective production. Financing for projects is primarily hedged using rights arising from these projects.

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

The Group writes down the film assets using a revenue-based amortisation method. Films are not subjected to physical depreciation, since they are intangible assets. They are typically distributed by subsequent distribution stages (theatrical, home entertainment, TV and miscellaneous) and are therefore economically consumed through this distribution. The allocation of the utilisation to the individual stages of distribution is essentially related to the respective share of the realisable revenue generated at the respective distribution stage. For this reason, the revenue realised and the economic utilisation of the respective film are highly correlated and the Company therefore considers that the conditions for an exception pursuant to IAS 38.98A have been met. To determine the amortisation of a film, the carrying amount is multiplied by the ratio of net proceeds received in the reporting period and future expected net proceeds. The amortisation 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 over a maximum period of ten years. The minimum amortisation amounts to at least the straight-line accumulated amortisation of 10 % per year.

Film libraries acquired as part of a company acquisition are amortised over their expected useful lives, which may also not exceed twelve years.

If indications of impairment exist, an impairment test is also conducted for each film title. A write-down is recorded on 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 discount factors that take into account the terms 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 amortisation expenses as changes occur in the data expected so far.

Capitalised development costs for new projects (particularly screenplay rights) are also reviewed regularly to assess whether they can still be used as the basis for a film production. If, after the initial capitalisation of project costs, the start of filming for a film or the sale of the rights is not significantly probable, such costs are written off. If there is an indication of early impairment, it is recognised in profit and loss.

Further information can be found in (3) Other intangible assets.

2. Goodwill

Goodwill is carried at cost less possible impairment losses, and is reported separately in the consolidated statement of financial position. The acquisition costs of goodwill are calculated by adding:

a. the fair value of the consideration transferred on the acquisition date

b. the amount of any non-controlling interests and

c. the fair value of interests in the acquired company already held by an acquirer in the case of a gradual business combination less the fair value of the identifiable acquired assets, assumed liabilities and contingent liabilities.

Goodwill acquired is allocated to each of the Group's cash-generating units (or groups of such) expected to benefit from the synergies of the business combination.

Cash-generating units to which part of the goodwill has been allocated must be tested for impairment at least once a year. If there are indications of an impairment of a unit, it may be necessary to carry out impairment tests more frequently. If the recoverable amount of a cash-generating unit is smaller than its carrying amount, the impairment loss first reduces the carrying amount of any goodwill, and the impairment loss is then allocated to the carrying amount of the assets of the unit pro rata, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill cannot be reversed in subsequent periods.

If goodwill was allocated to a cash-generating unit and a business area of this unit is sold, the goodwill attributable to the sold business area is accounted for as a component of the carrying amount of the business area in determining the result from the sale of this business area. The value of the sold portion of the goodwill is determined on the basis of the relative values of the sold business area and the remaining part of the cash-generating unit.

3. Other intangible assets

This category primarily comprises software programs which are measured at cost less amortisation using the straight-line method and impairment losses.

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

The intangible assets identified as part of the purchase price allocation are also recognised under other intangible assets. The carrying amount corresponds to the fair value on the acquisition date less amortisation and impairment losses.

An intangible asset must be derecognised 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 recognised in the statement of profit or loss at the time at which the asset is derecognised. It is presented in other income or in other expenses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises land, rights and constructions pertaining to land, leasehold improvements, technical equipment and machinery, other equipment, operating and office equipment, and prepayments.

The acquisition costs of leasehold improvements are generally depreciated over the term of the respective rental contract (up to ten years). Technical equipment and operating and office equipment are measured at cost less depreciation and impairment losses. Depreciation is applied on a straight-line basis over the average useful life of between three and ten years. Repair and maintenance costs are recognised as expenses at the time at which they are incurred. Installations are capitalised and depreciated over their expected useful lives. The acquisition costs and the associated cumulative depreciation are derecognised upon disposal. The resulting gains or losses are recognised through profit or loss in the financial year. If the acquisition costs of certain components of an item of property, plant and equipment are significant, then these components are recognised and depreciated separately.

IMPAIRMENT OF NON-FINANCIAL ASSETS

For goodwill at cash-generating unit level, an impairment test is performed annually, or more often if there are indications of impairment. The annual impairment test is performed at Wild Bunch on 31 December of each year. An impairment test is performed for other intangible assets and property, plant and equipment if there are indications that these assets have become impaired. Indications of impairment include, for example, a significant reduction in the fair value of an asset, significant changes in the corporate environment, substantial indications of obsolescence or changed earnings forecasts. If such indications are evident, the recoverable amount of the asset is estimated to determine the extent of a potential impairment loss. The recoverable amount of an asset is the higher of the fair value of an asset or cash-generating unit less sales costs to sell or the value in use of an asset. If the recoverable amount is calculated from the value in use, this calculation will be based on the expected future cash flows.

The recoverable amount must be determined for each individual asset, unless an asset does not generate any cash inflows that are substantially independent of those from other assets or groups of assets. The impairment loss is recorded immediately in profit or loss.

If the impairment loss is subsequently reversed, 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 cannot exceed the carrying amount that would have arisen if no impairment loss had been recorded for the asset or cash-generating unit in prior years. An impairment loss is reversed directly in profit or loss.

When determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions are identifiable, an appropriate valuation model is applied. The calculation model is based on valuation multiples or other available indicators for the fair value. When calculating value in use, the expected future cash flows are discounted to their present value using a pre-tax discount factor that reflects current market assessments relating to the interest effect and the specific risks that accompany the asset.

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

The annual impairment test for intangible assets is carried out on the basis of the calculation of the value in use by means of estimated future discounted cash flows, which are derived from medium-term planning. For impairment testing of goodwill, the medium-term planning horizon 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 premises derived from currently available information. As a result of developments that differ from these assumptions and are outside of the Company's sphere of influence, the amounts that arise may differ from the original expectations, necessitating adjustments to the carrying amounts.

Intangible assets that are not yet available for use are tested for impairment annually and whenever there is an indication of impairment.

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

INVENTORIES

Inventories, primarily consisting of DVDs and Blu-rays, are measured at the lower of acquisition costs, production costs or net realisable value (sales-oriented, loss-free valuation). Production costs include all individual costs attributable to the creation of goods and services as well as production-related overheads. The net realisable value is the expected sales price achievable under normal business conditions less distribution costs yet to be incurred up to the time of sale. Acquisition/production costs are calculated using the first-in-first-out method (FIFO).

Valuation allowances for goods are recognised on the basis of sales analyses. In this procedure, the management determines whether goods are retaining their value on the basis of historical movements and products located in the warehouse on an individual product basis. If this analysis shows that certain products are no longer retaining their value, their value is adjusted accordingly. Further valuation allowances are recognised for damaged or defective merchandise.

FINANCIAL INSTRUMENTS

IFRS 9 uses the following criteria only to categorise financial assets,

- Recognition at amortised cost based on the effective interest rate
- Recognition at fair value through profit or loss (FVTPL)
- Recognition at fair value through other comprehensive income (FVTOCI)

IFRS 9 distinguishes between subjective and objective conditions for categorisation purposes. On the one hand, categorisation depends on the entity's business model within which the financial instrument is held. On the other, it depends on the characteristics of the financial instrument's contractual cash flows.

As a rule, financial assets and financial liabilities are reported unnetted. They are only netted if an offsetting right exists for the amounts at the present time and the intention is to offset them on a net basis.

Purchases and sales of financial assets that are typical to the market are valued on the settlement date.

Financial assets: debt instruments and equity instruments

Financial assets which are held within a business model that envisages holding the asset for the purpose of generating contractual cash flows are recognised at amortised costs. These business models are managed using the interest rate structure and credit risk. Initial measurement is at fair value plus transaction costs. Subsequent measurement is at cost based on the effective interest rate.

Insofar as the business model envisages holding the asset, but making disposals when necessary – for example, to meet liquidity requirements – these assets are measured at fair value through other comprehensive income (FVTOCI). Initial measurement is at fair value plus transaction costs. Subsequent measurement is at fair value on the reporting date through other comprehensive income with recycling. Impairment losses, interest income and foreign currency results are recognised through profit or loss.

Debt instruments whose cash flows do not solely comprise interest and redemption payments, as is the case with derivative financial instruments without hedging relationships, and equity instruments are measured at fair value through profit or loss (FVTPL). Initial measurement is at fair value without transaction costs. Subsequent measurement is at fair value on the reporting date through profit or loss. The Wild Bunch Group did not have any debt instruments measured at fair value on either the initial application date of 1 January 2018 or the reporting date of 31 December 2018.

Derecognition of financial assets

Financial assets are only derecognised if the contractual right to cash flows from the asset expires or is transferred to third parties or if the Group has undertaken to transfer the cash flows generated to a third party along with the risks and rewards or control of the asset.

Financial liabilities

Financial instruments held for trading (e.g. derivative financial instruments without hedging relationships) are measured at fair value through profit or loss (FVTPL) with the recognition of changes in value. The Wild Bunch Group did not have any financial liabilities measured at fair value on either the initial application date of 1 January 2018 or the reporting date of 31 December 2018.

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

A financial liability is derecognised if the obligation that forms the basis of the liability is fulfilled, cancelled or has expired. If an existing financial liability is replaced by another financial liability with the same lender on substantially different contractual terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in profit or loss.

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

The impairment model is based on the expected credit losses and can be used for financial debt instruments that are measured either at amortised costs or at fair value through other comprehensive income. The recognition of expected credit losses uses a three-level approach to allocate valuation allowances.

All instruments should be allocated to level 1 when they are received. For these, the present value of the expected defaults resulting from default events that are possible within 12 months of the reporting date should be recognised as an expense.

Level 2 includes all instruments with a credit risk that is significantly higher on the reporting date compared to the date of receipt. The risk provision must reflect the present value of all expected losses for the remaining term of the instrument.

Significant indications of impairment include:

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

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

Objective indications of impairment include:

- considerable financial difficulties for the issuer or debtor
- abreach of contract, such as a default or delay in interest and principal payments
- an increased probability that the borrower will enter bankruptcy or be subject to another restructuring process

The simplified process should always be used for trade receivables or contract assets that do not contain a material financing component. For the simplified process, it is not necessary to track changes in the credit risk. Instead, a risk provision equal to the full term of the expected credit risk should be recognised upon both initial recognition and subsequent measurement. A receivable is not automatically deemed to be credit-impaired if it is more than 90 days past due, but rather this is based on the individual assessment of credit management. For trade receivables and contract assets, the Wild Bunch Group recognises specific allowances of up to 100 % of the outstanding amount if there are clear, objective indications.

Cash and cash equivalents are also covered by the impairment requirements of IFRS 9. As long as the counterparties – banks and financial institutions – have a good rating, no impairments are made or recognised for reasons of immateriality. Other financial receivables measured at amortised costs mainly consist of receivables from film funding institutions, external funds and creditors with debit balances which are not associated with the realisation of revenue. These other financial receivables are considered to have a low credit risk. Valuation allowances are therefore limited to the expected 12-month credit losses. Management assumes that the credit risk is low if there is an investment grade rating (e.g. at least BBB- from Standard & Poor's) or the non-performance risk is low and the counterparty is able at all times to fulfil its contractual payment obligations in the short term.

CASH AND CASH EQUIVALENTS

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

EQUITY

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

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

The amount of an obligation resulting from the defined benefit 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 exceed the pension obligation at the beginning of the financial year.

The Group recognises the service cost (including current service cost, past service cost and any gains or losses from the plan amendment or curtailment) of the defined benefit obligation in the statement of profit or loss according to their function in the cost of sales, administrative costs or distribution costs.

Revaluations from actuarial gains and losses are recorded immediately in the statement of financial position and posted to the retained earnings (as a debit or a credit) in the Other comprehensive income item in the period in which they are incurred. Revaluations cannot be reclassified in the statement of profit or loss in subsequent periods.

In Germany, the statutory public pensions constitute defined contribution plans according to IAS 19. Payments for defined contribution plans are recognised as expenses when the employees have performed the work that entitles them to the contributions.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with IAS 37, provisions are recognised for liabilities with an uncertain maturity date or of an uncertain amount. A provision may only be recognised if:

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

The amount reported as a provision represents the best possible estimate of the expenses required to settle the obligation existing on the reporting date, i.e. the amount the Company would be required to pay on the basis of a reliable consideration to settle the obligation on the reporting date or to transfer it to a third party on that date. Insofar as 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 impending losses from onerous contracts are formed if the unavoidable costs for fulfilment of the transaction are higher than the expected economic benefit. Before a provision is formed, impairments relating to assets associated 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 more uncertain future events that are not entirely within the control of the Company, or which arise from a current obligation based on past events, but which are not reported, because

a. it is improbable that an outflow of resources with economic benefit will result from the fulfilment of this obligation, or
b. the extent of the obligation cannot be measured with adequate reliability,

are reported as contingent liabilities unless the probability of the outflow of resources with economic benefit for the Company is low.

Contingent assets are not capitalised but are disclosed in the same way as contingent liabilities if an economic benefit is probable for the Group.

LEASES

Ascertaining whether an arrangement includes a lease is based on the commercial content of the agreement on the date it was concluded and requires an assessment as to whether fulfilment of the contractual agreement depends on the use of a particular asset or assets and whether the agreement confers a right to use the asset, even if that right is not explicitly specified in an agreement.

Operating lease payments are recognised as other operating expenses in the statement of profit or loss on a straight-line basis over the lease term.

As in the previous year, no finance leases existed as of 31 December 2018.

2. NOTES TO INDIVIDUAL ITEMS IN THE STATEMENT OF PROFIT OR LOSS

2.1 REVENUE

Revenue	**2018**		2017	
	in € thousand	%	in € thousand	%
International sales	14,516	17.86	28,274	27.88
Cinema rights	13,804	16.98	16,511	16.28
TV rights	21,535	26.49	28,330	27.93
Home entertainment rights	26,164	32.19	24,165	23.83
Other	5,263	6.48	4,140	4.08
Total	**81,282**	**100.00**	**101,420**	**100.00**

Other revenue mainly consists of production revenue of EUR 1,607 thousand (previous year: EUR 1,584 thousand), service revenue of EUR 552 thousand (previous year: EUR 785 thousand) and film festival revenue of EUR 429 thousand (previous year: EUR 562 thousand).

2.2 OTHER FILM-RELATED INCOME

Other film-related income in € thousand	**2018**	2017
Government grants	2,170	4,950
Value reversal for film assets	2,450	2,752
Other	800	20
Total	**5,419**	**7,722**

In the 2018 financial year, impairments were reversed for film rights recorded in previous years (Section 3.2 Intangible assets).

2.3 COST OF SALES

Cost of sales in € thousand	**2018**	2017
Cost of distribution	17,275	22,061
Amortization of film rights	36,581	46,228
Royalties	14,410	16,440
Other costs	5,490	6,428
Total	**73,757**	**91,157**

Other costs mainly include costs for international sales of EUR 2,824 thousand (previous year: EUR 3,469 thousand) and film production costs of EUR 1,064 thousand (previous year: EUR 1,073 thousand).

2.4 OTHER OPERATING INCOME

Other operating income consists of the following:

Other operating income in € thousand	**2018**	2017
Income from reversal of provisions	546	2,024
Reversal of bad debt allowances	1,497	708
Income from the reversal of provisions for receivables	153	623
Foreign currency exchange gains	150	5,015
Other income	901	1,035
Total	**3,248**	**9,404**

Other income includes costs charged on of EUR 698 thousand (previous year: EUR 906 thousand).

2.5 ADMINISTRATIVE EXPENSES

The administrative expenses are broken down as follows:

Administrative expenses in € thousand	**2018**	2017
Wages and salaries	10,320	9,377
Social contributions	3,294	3,161
Expenses for pensions	79	142
Depreciation and amortization expenses	239	302
Other administrative expenses	8,495	8.682
Total	**22,428**	**21,663**

Other administrative expenses mainly include legal and consulting costs of EUR 4,003 thousand (previous year: EUR 3,984 thousand), rental expenses of EUR 1,376 thousand (previous year: EUR 1,481 thousand) and office and travel expenses of EUR 1,731 thousand (previous year: EUR 2,181 thousand).

2.6 OTHER OPERATING EXPENSES

Other operating expenses include the following items:

Other operating expenses in € thousand	**2018**	2017
Currency losses from operating activities	259	4,160
Loss on disposal of financial assets	0	-34
Loss on disposal of current assets	-14	230
Other	24	635
Total	**269**	**4,991**

2.7 FINANCIAL RESULT

The financial result is made up as follows:

Financial result in € thousand	**2018**	2017
Interest income	65	280
Foreign currency gains from non-operating activities	973	590
Other interest income	0	26
Financial income	**1,038**	**897**
Interest expense from financial liabilities	6,598	5,753
Foreign currency losses from non-operating activities	873	805
Other interest expense	182	251
Financial expenses	**7,652**	**6,809**
Share in the result of associates	33	-258
Result of associates	**33**	**-258**
Financial result	**-6,581**	**-6,170**

2.8 INCOME TAXES

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

Income taxes in € thousand	**2018**	2017
Current taxes	-403	-1,327
Deferred taxes	220	86
Income taxes	**-182**	**-1,241**

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

Tax reconciliation in € thousand	**2018**	2017
Earnings before income taxes	-13,085	-5,436
Tax at an effective tax rate of 30 % (previous year: 30 %)	3,925	1,631
Effect of non-taxable earnings on determining the taxable income		
Tax effect on shareholdings accounted for using the equity method	10	-77
Non-deductible operating expenses	-666	-52
Non-taxable income	-40	1,079
Non-creditable withholding taxes	0	-701
Non-capitalization of tax credits	-1,323	-390
Use of losses carry-forward for which tax deductions have not been deferred	111	111
Revaluation of deferred tax assets for which tax deductions have not been deferred	0	0
Revaluation of deferred tax assets for which tax deductions have been deferred	-1,306	-2,268
Revaluation of deferred taxes due to changes in tax rates	-785	-785
Reallocation of tax effects from previous years	7	-31
Tax effect from deviating tax rates		
France	509	136
Italy	9	16
Spain	-68	-57
Ireland	-105	167
Austria	-2	2
Other	-459	-23
Tax income for the reporting year according to the financial statements	**-182**	**-1,241**

For companies based in Germany in the legal form of a stock corporation, corporation tax at a rate of 15 % and a solidarity surcharge amounting to 5.5 % of this corporation tax is levied. In addition, the profits of these companies are subject to trade tax, the amount of which depends on the community-specific rates. Accordingly, the tax rate of the Group's parent company is 30.0 % (previous year: 30.0 %).

Deferred tax assets and liabilities are broken down as follows:

Composition of deferred tax assets and liabilities in € thousand	Deferred tax assets **2018**	Deferred tax liabilities **2018**	Deferred tax assets 2017	Deferred tax liabilities 2017
Film rigths		-2,095		-5,313
Other assets	2,259	-3,627	2,150	-4,451
License fee payments	1,272		1,492	
Other liabilites		-2,464		-1,535
Provisions				
Other		-949	571	-167
Temporary differences	3,531	-9,135	4,214	-11,467
Loss carry-forward	4,692		6,109	
Total	**8,223**	**-9,135**	**10,322**	**-11,467**
Offsetting	-6,442	6,442	-8,586	8,586
Reported	**1,781**	**-2,693**	**1,737**	**-2,881**

The majority of the deferred tax assets and the total deferred tax liabilities result from circumstances in connection with the valuation of film distribution rights (amortisation differences, capitalisation differences, valuations at the lower fair value and the collectability of receivables from the distribution of film rights). In addition to these reasons for deferred tax assets, there are further deferred tax assets from tax loss carryforwards of EUR 4,692 thousand. These are due to tax planning at the Group's French companies which are part of the group of tax entities.

Eurofilm & Media Ltd. and Continental Films SAS have tax loss carryforwards that have not yet been used of approximately EUR 166 million (previous year: EUR 164 million) and approximately EUR 54 million (previous year: EUR 53 million) for which no deferred tax assets have been recognised.

For the companies of the former Senator Group, there are deductible temporary differences amounting to approximately EUR 13 million (previous year: EUR 9 million) for which no deferred tax assets have been recognised. In addition, the Management Board assumes that there are no more loss carryforwards for these companies due to a detrimental equity investment at the start of 2019 (previous year: EUR 10 million).

2.9 EARNINGS PER SHARE

The earnings per share calculated on the basis of IAS 33 are based on dividing current earnings by the weighted average number of shares in circulation during the period. As part of the simplified capital reduction in the reporting year, the number of outstanding shares changed without any resources flowing from the Company. The number of shares in circulation was therefore retrospectively adjusted as of 1 January 2017 for the calculation of earnings per share. The figure calculated for the previous year's earnings per share was also adjusted as per IAS 33.64. There are no potential ordinary shares, meaning that no diluted earnings per share must be reported.

Earnings per share	2018	2017
Profit/(loss) attributalbe to shareholders in €k	-13,005	-6,237
Total weighted average number of shares (no.)	2,044,075	2,044,075
Total diluted weighted average number of shares (no.)	2,044,075	2,044,075
Basic earnings per share (€ per share)	-6.36	-3.05
Diluted earning per share (€ per share)	-6.36	-3.05

3. NOTES ON THE ITEMS IN THE BALANCE SHEET

3.1 GOODWILL

Goodwill in € thousand	**2018**	2017
Acquisition costs		
1 January	124,454	124,454
Change in the scope of consolidation		
Additions		
Disposals		
31 December	**124,454**	**124,454**
Accumulated impairment losses		
1 January		
Change in the scope of consolidation		
Additions		
Disposals		
31 December		
Net book value	**124,454**	**124,454**

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

Goodwill has been allocated to the following cash-generating units (CGUs) for the purpose of impairment testing:

- International sales and distribution; film production
- Miscellaneous

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

Goodwill and assumptions for the impairment test	Segment International sales and distribution and film production	Segment Miscellaneous
31 December 2018		
Goodwill in € thousand	124,454	
Period planning horizon	5 years	n/a
Average organic gross profit growth	29.54%	n/a
Average gross profit margin	23.96%	n/a
Long-term growth rate	1.00%	n/a
Discount factor before taxes	9.00%	n/a
31 December 2017		
Goodwill in € thousand	124,454	
Period planning horizon	5 years	n/a
Average organic gross profit growth	25.81%	n/a
Average gross profit margin	21.39%	n/a
Long-term growth rate	1.00%	n/a
Discount factor before taxes	9.23%	n/a

CGU – INTERNATIONAL SALES AND DISTRIBUTION; FILM PRODUCTION

The recoverable amount of the CGU as of 31 December 2018 was EUR 173 million (previous year: EUR 185 million) and was calculated on the basis of the value in use. Cash flow planning was derived from the Group's current budget and covers a period of five years (medium-term planning). A discount rate before tax of 9.00 % (previous year: 9.23 %) was applied and the sustainable free cash flows in perpetuity after the five-year period were extrapolated at an annual growth rate of 1.0 %. The surplus between the value in use and the carrying amount of this CGU was EUR 8 million (previous year: EUR 21 million).

In the medium-term planning, gross profit is expected to grow by 30 % per annum in the years 2019 to 2023. Growth is expected primarily from the increase in investments, i.e. in the number of distributed films and in the TV business. The rate of increase in investment is approximately 30 % per annum from 2019 to 2023. Beyond 2023, a long-term growth rate of the sustainable free cash flows in perpetuity of 1 % per year is expected.

The impairment test is sensitive to changes in the underlying assumptions, in particular the annual growth rates of free cash flow and discount rates. The surplus between the recoverable amount and the carrying amount of the CGU would be reduced to zero if the discount rate were increased by 0.3 % (previous year: 0.4 %). Likewise, the surplus would be reduced to zero if the annual growth rates of free cash flow were reduced by 0.5 % (previous year: 0.8 %). In the case of a combined variation of the valuation assumptions, the surplus would be reduced to zero if the discount rate were increased by 0.2 % (previous year: 0.4 %) with a simultaneous reduction of the sustainable free cash flow in perpetuity through a decrease in the long-term growth rate by 0.3 % (previous year: 0.4 %).

3.2 INTANGIBLE ASSETS

Intangible assets in € thousand	Film distribution rights	Other rights	Pre payments made	**Total**
Acquisition costs				
1 January 2018	595,907	873	13,503	**610,284**
Change in the scope of consolidation				
Additions	14,573	70	4,236	**18,879**
Reclassifications	4,149	-55	-4,094	**0**
Disposals	-6,302	-45	-40	**-6,387**
31 December 2018	608,327	842	13,606	**622,775**
Accumulated depreciation and amortization expenses				
1 January 2018	526,504	691	1,400	**528,595**
Change in the scope of consolidation				
Additions	35,812	72	734	**36,618**
of which unscheduled	*3,090*			***3,090***
Write-ups	-2,450			**-2,450**
Reclassifications	361	80	-441	**0**
Reclassification of potential losses from previous periods				
Disposals	-3,732	-86		**-3,818**
31 December 2018	556,495	757	1,693	**558,946**
Net book value 31 December 2018	**51,832**	**84**	**11,912**	**63,829**

Intangible assets in € thousand	Film distribution rights	Other rights	Pre payments made	**Total**
Acquisition costs				
1 January 2017	576,349	559	11,172	**588,080**
Change in the scope of consolidation				
Additions	29,093	41	7,164	**36,297**
Reclassifications	2,405	302	-2,707	**0**
Disposals	-11,940	-29	-2,125	**-14,093**
31 December 2017	595,907	873	13,503	**610,284**
Accumulated depreciation and amortization expenses				
1 January 2017	488,621	559	3,307	**492,487**
Change in the scope of consolidation				
Additions	45,428	128		**45,556**
of which unscheduled	*5,846*			***5,846***
Write-ups	-2,752			**-2,752**
Reclassifications	1,889	4	-1,894	**0**
Reclassification of potential losses from previous periods	1,084			**1,084**
Disposals	-7,768		-13	**-7,780**
31 December 2017	526,504	691	1,400	**528,595**
Net book value 31 December 2017	**69,404**	**182**	**12,103**	**81,689**

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

For this purpose, the planning calculations for all film rights are regularly updated in accordance with expected market acceptance. On account of the volatility of the film business in general and in particular due to the performance of some films not going according to plan, there were indications of impairment of intangible assets on the reporting date if the recoverable amount was below the carrying amount of the film right. Conversely, appreciations in value were recognised in the event that the reasons for the previously formed impairment losses were eliminated by higher recoverable amounts.

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

The examination showed that the carrying amount of certain film distribution rights exceeded the value in use. The value in use is the present value of future cash flows that can be derived from an asset (film distribution rights). As a result of this analysis, the management calculated an impairment loss of EUR 3,090 thousand (previous year: EUR 5,846 thousand) in the financial year. The impairment loss was recognised in the statement of profit or loss under production costs.

In the case of film rights with a negative value in use, i.e. where distribution costs exceed the present value of future cash flow, a provision for impending losses from onerous contracts was recognised. This provision for impending losses arises due to the Group's distribution and marketing obligations towards the film rights' licensors.

The discounted cash flow method applied was based on a pre-tax discount factor of between 3.21 % and 5.85 % (previous year: 2.06 % and 6.36 %). The CAPM (capital asset pricing model) method was applied for the calculation of capital costs with reference to a peer group of companies with similar business models.

The discounted cash flow method is based on future cash flows derived from a planning calculation for each film right. Cash inflows and outflows from the initial distribution at the cinema, home entertainment and TV stages (insofar as the relevant distribution rights are available) are planned in detail; general estimates are applied to each film right for subsequent distribution.

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

3.3 PROPERTY, PLANT AND EQUIPMENT (OTHER EQUIPMENT, OPERATING AND OFFICE EQUIPMENT)

Property, plant and equipment in € thousand	**2018**	2017
Acquisition costs		
1 January	3,185	2,686
Additions	180	57
Reclassifications		472
Disposals	-396	-30
31 December	2,968	3,185
Accumulated depreciation and amortization expenses		
1 January	2,029	1,412
Additions	192	174
Reclassifications		472
Disposals	-396	-30
31 December	1,825	2,029
Net book value	**1,143**	**1,156**

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

3.4 INVESTMENTS IN ASSOCIATES OR JOINT VENTURES

Investments in associates or joint ventures in € thousand	**2018**	2017
1 January	1,516	2,431
Additions		
Disposals		-657
Partial result	33	-258
Total 31 December	**1,550**	**1,516**

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

in € thousand	**12/31/2018**	12/31/2017
Bavaria Pictures GmbH		
Current assets including cash and cash equivalents of EUR 361 thousand (previous year: EUR 1,706 thousand) and prepayments made of EUR 0 thousand (previous year: EUR 0 thousand)	735	3,143
Non-current assets	0	0
Current liabilities including tax liabilities of EUR 0 thousand (previous year: EUR 0 thousand)	1,963	4,336
Non-current liabilities including deferred tax liabilities of EUR 0 thousand (previous year: EUR 0 thousand) and a non-current loan of EUR 0 thousand (previous year: EUR 0 thousand)	0	0
Equity	-1,228	-1,193
Group shareholding	50.0%	50.0%
Measured using the equity method	0	0

	2018	2017
Revenue	78	1,372
Other operating income	26	525
Cost of materials	-62	-217
Personnel expenses	-30	-876
Depreciation and amortisation	-0	-584
Other operating expenses	-46	-28
Financial result		-9
Earnings before taxes	-34	183
Income taxes	0	-88
Income/loss from continuing operations	-34	95
Group share in income/loss	-17	47
Thereof reported through profit or loss	0	0

This is a joint venture in which the parties have joint control, i.e. no shareholder can exercise sole power over the Company.

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

in € thousand	**12/31/2018**	12/31/2017
Circuito Cinema s.r.l.		
Current assets including cash and cash equivalents of EUR 183 thousand (previous year: EUR 167 thousand) and prepayments made of EUR 179 thousand (previous year: EUR 210 thousand	4,926	3,973
Non-current assets	5,964	6,411
Current liabilities including tax liabilities of EUR 269 thousand (previous year: EUR 215 thousand)	5,816	4,905
Non-current liabilities including deferred tax liabilities of EUR 0 thousand (previous year: EUR 0 thousand) and a non-current loan of EUR 1,717 thousand (previous year: EUR 2,253 thousand)	2,071	2,609
Equity	3,003	2,869
Group shareholding	24.90 %	24.90 %
Measured using the equity method	1,550	1,516
	2018	2017
Revenue	10,545	8,451
Cost of materials	-6,742	-6,419
Other operating income	0	1,380
Personnel expenses	-2,602	-3,053
Depreciation and amortisation	-844	-688
Other operating expenses	-60	-267
Financial result	-162	-107
Earnings before taxes	135	-704
Income taxes	0	0
Loss/income from continuing operations	135	-704
Group share in loss/income	34	-258
Thereof reported through profit or loss	34	-258

In the previous year, the Group company BIM Distribuzione s.r.l. sold a total of 113,080 shares in Circuito Cinema s.r.l. The shareholding then decreased from 35.47 % to 24.90 %.

The cumulative total amount of unrecognised pro rata negative equity from associates is EUR 614 thousand (previous year: EUR 597 thousand).

3.5 FINANCIAL ASSETS

Other financial assets mainly include deposits (EUR 536 thousand; previous year: EUR 1,684 thousand) and investments in companies (EUR 480 thousand; previous year: EUR 480 thousand) including Cinéma du Panthéon, Paris, France (EUR 285 thousand; previous year: EUR 285 thousand).

3.6 INVENTORIES

The inventories of Wild Bunch mainly consist of inventories of audiovisual material (merchandise).

Valuation allowances for inventories were required in the 2018 financial year amounting to EUR 228 thousand (previous year: EUR 130 thousand).

3.7 TRADE RECEIVABLES

Trade receivables are broken down as follows:

Trade receivables in € thousand	**12/31/2018**	12/31/2017
Trade receivables	35,064	36,537
Less bad debt allowances	-585	-757
Net receivables	34,478	35,780
Prepayments made	286	240
Total	**34,764**	**36,020**

Trade receivables include payments requested of EUR 245 thousand for which the film material has already been delivered but the licence period for distributing the film has not yet begun and the customer has not yet made the contractually agreed prepayment. The revenue is realised when the licence period begins. As Wild Bunch does not have to render any further services, the item is not reported separately as a contract asset.

Credit risks arise from the risk that a debtor may no longer be able to discharge its obligation. Receivables are managed locally by the Group companies. They obtain indicators regarding the risk based on both a customer-related assessment and current experiential values. The Group takes account of credit risks by recognising valuation allowances based on future expected defaults. The accumulated valuation allowances for customers which the Group believes are credit-impaired are EUR 553 thousand. The credit losses expected for the remaining term as of 31 December 2018 are EUR 32 thousand. The following table shows the development of the valuation allowances recognised for trade receivables:

Bad debt allowances in € thousand	**2018**	2017
31 December previous year	757	
Retrospective change in accounting method due to IFRS 9	198	–
1 January	**955**	**1,682**
Change in scope of consolidation		
Exchange differences		
Additions	348	862
Utilization	-565	-1,164
Release	-153	-623
Total 31 December	**585**	**757**

The risk categories used to calculate the expected defaults based on the simplified approach are presented in the following table:

Maturity overview in € thousand	**12/31/2018**	12/31/2017
Trade receivables	35,064	36,537
thereof neither impaired nor past due as of the balance sheet date	18,094	16,601
Overdue in days		
less than 90	7,492	9,779
between 91 and 180	2.485	1.971
between 181 and 360	635	2,628
more than 361	6,339	5,556

No further impairments were recognised for trade receivables of EUR 16,951 thousand (previous year: EUR 19,934 thousand) that were past due as of the reporting date, since there was no significant change in 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.

3.8 OTHER ASSETS

Other current assets in € thousand	**2018**	2017
Claims against film grant institutions	5,558	8,185
Third party money	3,764	4,415
Creditors with debit balances	861	888
Other	2,112	1,293
Other financial assets	**12,295**	**14,781**
Tax receivables	5,991	7,647
Other	3,245	1,404
Other non-financial assets	**9,236**	**9,051**
Total	**21,531**	**23,832**

The long-term other assets mainly consist of receivables from deferred non-current advance payments amounting to EUR 306 thousand (previous year: EUR 586 thousand). In the previous year, this item also included other payment claims of EUR 608 thousand.

3.9 SUBSCRIBED CAPITAL

Share capital is EUR 2,044,075 as of 31 December 2018 (previous year: EUR 81,763,015), divided into 2,044,075 no-par-value shares (previous year: 81,763,015 shares) with a value of EUR 1 each. The subscribed capital was fully paid up. The reduction in share capital served to cover losses and strengthen the capital reserves and resulted from the following resolutions:

The Annual General Meeting on 26 September 2018 passed a resolution to reduce the Company's share capital of EUR 81,763,015, divided into 81,763,015 no-par-value shares with a pro rata value of EUR 1.00 each, by EUR 15 to EUR 81,763,000, divided into 81,763,000 shares, by means of a simplified withdrawal of shares in accordance with Section 237 (1) sentence 1, 2nd alternative, (3) no. 1, (4) and (5) of the German Stock Corporation Act (AktG). The share capital was reduced by withdrawing fifteen no-par-value shares for which the issue amount has been paid in full. They were provided to the Company by a shareholder at no charge and were acquired by the Company in this way. This reduction in capital served the sole purpose of creating a share capital total that made it possible to combine shares by means of a round number as part of the reduction in capital which was also passed at the Annual General Meeting on 26 September 2018.

The Company's share capital of EUR 81,763,000, divided into 81,763,000 no-par-value shares with a pro rata value of EUR 1.00 each, was also reduced by combining no-par-value shares at a ratio of 40:1 from EUR 81,763,000 to EUR 2,044,075, divided into 2,044,075 shares with a value of EUR 1 each. The share capital was reduced in accordance with the provisions of an ordinary capital reduction under Sections 222 et seq. of the German Stock Corporation Act (AktG) and serves to cover losses of EUR 55,558,973.

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

Subscribed capital in number of shares	**12/31/2018**	12/31/2017
Registered capital	2,044,075	81,763,015
Authorized capital (2018/I) up to € 11,971,377.00		
Contingent capital (2015/I) up to € 19,750,097.00		
Own shares	-60	-2,414
Total	**2,044,015**	**81,760,601**

The subscribed capital was fully paid up. It is divided into no-par-value shares.

Treasury shares with a value of EUR 60.00 each (previous year: EUR 2,414.00) are recognised in the statement of financial position and have the effect of reducing equity. Treasury shares are reported at cost. Treasury shares account for approximately 0.003 % of the share capital as of 31 December 2018.

By a resolution of the Annual General Meeting on 30 June 2015, the Management Board was authorised, before 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 resolution. Shares acquired may at no time exceed 10 % of total share capital when taken together with other treasury shares held by the Company or attributable to the Company in accordance with Sections 71a et seq. of the German Stock Corporation Act (AktG). The Company has in turn undertaken not to trade in treasury shares and only to sell treasury shares under specific circumstances.

At the Annual General Meeting on 26 September 2018, a new Authorised Capital 2018/I was passed to enable the Company within a legally permitted framework to flexibly adapt its equity base as needed and take advantage of acquisition opportunities. The new Authorised Capital 2018/I authorises the Management Board, with the approval of the Supervisory Board, to increase the Company's share capital by a total of up to EUR 11,971,377 by issuing new no-par-value shares in return for cash and/or non-cash contributions on one or more occasions until 25 September 2023. The shareholders have a legal subscription right. In accordance with Section 186 (5) of the German Stock Corporation Act (AktG), the new shares may also be acquired by a bank or by a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (KWG), provided that they are offered to the shareholders for subscription. However, the Management Board is authorised, with the approval of the Supervisory Board, to exclude the subscription right of shareholders for capital increases.

The Company's share capital is also conditionally increased by up to EUR 19,750,097 by issuing up to 19,750,097 new no-par-value shares (Contingent Capital 2015/I). Contingent Capital 2015/I is only to be used if the bearers of convertible rights or options exercise such rights, or if conversion obligations from such bonds are met. Contingent Capital 2015/I serves the sole purpose of granting new shares to the bearers of convertible rights or options that are issued by Senator Entertainment AG (now Wild Bunch AG) or by companies in which Senator Entertainment AG (now Wild Bunch AG) has a direct or indirect majority shareholding in accordance with the authorisation resolution passed at the Annual General Meeting on 30 June 2015.

3.10 CAPITAL RESERVES

The capital reserves are EUR 26,869,004 as of 31 December 2018 (previous year: EUR 2,709,038). The increase in capital reserves in the reporting year (EUR 24,159,966) results from offsetting the difference between the acquisition costs arising from the treasury shares acquired at no charge and the nominal value of these shares (EUR 15) as well as from the remaining amount after offsetting it with the loss carry forwards as of 31 December 2017 arising from combining no-par-value shares at a ratio of 40:1 as described above.

3.11 OTHER RESERVES

Other reserves amounting to EUR -56 thousand (previous year: EUR -22 thousand) result from actuarial gains and losses recognised in equity from pension obligations (Section 3.14 Pension obligations).

3.12 NON-CONTROLLING INTERESTS

The non-controlling interests relate to the following companies:

Minority interests in € thousand	**12/31/2018**	12/31/2017
Bunch of Talents SAS, Paris, France	20	51
Elle Driver SAS, Paris, France	100	110
Filmoline SAS, Paris, France	363	377
Insiders LLC, Los Angeles, US	5	4
Versatile SAS, Paris, France	-97	-80
Vértigo Films S.L., Madrid, Spain	-1,180	-973
Wild Bunch Germany GmbH, Munich	520	535
Total	**-268**	**24**

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

in € thousand	**2018**	2017
Filmoline SAS, Paris, France		
Revenue	4,899	4,316
Net income	-134	410
Current assets	4,159	4,304
Non-current assets	464	777
Current liabilities	2,538	2,680
Non-current liabilities	21	19
Total cash flow	**138**	**-539**

in € thousand	**2018**	2017
Vértigo Films S.L., Madrid, Spain		
Revenue	3,538	4,493
Net income	-1,036	-2,791
Current assets	3,945	2,716
Non-current assets	10,533	10,985
Current liabilities	3,521	2,770
Non-current liabilities	961	2,328
Total cash flow	**483**	**-58**

in € thousand	**2018**	2017
Wild Bunch Germany GmbH, Munich, Germany		
Revenue	16,790	18,445
Net income	112	702
Current assets	11,429	9,323
Non-current assets	10,044	14,661
Current liabilities	16,234	19,226
Non-current liabilities	668	298
Total cash flow	**5,023**	**722**

There is no presentation of financial information for other companies with minority shareholders for reasons of materiality.

3.13 CAPITAL MANAGEMENT

The financial management of Wild Bunch AG is conducted centrally at Group level. The Group operates in accordance with value-based financing principles to ensure liquidity at all times and to minimise financial risks. Cash pooling is non-central within the Group. Group-wide cash flows are monitored centrally by the Management Board within the framework of cash management.

Financial management also includes currency management in order to limit the effects of interest rate and currency fluctuations on profit for the year and cash flow. As of the reporting date on 31 December 2018, as in the previous year, Wild Bunch AG did not hold foreign exchange options or swaps for currency hedging.

Furthermore, Wild Bunch AG endeavours to achieve a balanced maturity profile. The key figures for the financial management of Wild Bunch AG are revenue, earnings before interest, taxes, depreciation and amortisation (EBITDA), earnings before interest and taxes (EBIT), investment sum and net debt.

In order to secure the liquidity situation, the Wild Bunch Group concluded a credit agreement with the London-based Bank Leumi Plc (UK) ("Bank Leumi") on 5 April 2017 for a revolving credit facility of up to EUR 30 million. The credit facility agreed with Bank Leumi has a term until 5 April 2020. The amount of funds available to the Group depends on the borrowers' assets as calculated on a monthly basis and is currently EUR 25.2 million (31 December 2018: EUR 26.8 million). Since 5 April 2019, the credit facility has been in an early repayment phase, during which time further utilisation of the funds by the Company is not envisaged.

Although the financial covenants agreed under the loan agreement continue to apply, they were modified in September 2018 into a form that is more favourable for the Company and takes account of the restructuring. These mainly relate to the following performance indicators: the EBITDA ratio, i.e. consolidated EBITDA in relation to revenue, liquidity ratio, i.e. the volume of financing sources available in comparison to the expected financing needs, leverage ratio, i.e. net debt in relation to consolidated EBITDA, and a guaranteed minimum balance sheet equity.

Several agreements were agreed with Bank Leumi to waive the termination of the loans as part of the implementation of the financial restructuring measures. As part of this waiver, the Company is required in addition to the aforementioned financial covenants to report regularly to Bank Leumi on certain key economic indicators, such as in relation to the borrowers' cash account balances and restructuring progress. By implementing all of the key aspects of the restructuring agreement between, inter alia, Wild Bunch AG, its French subsidiary Wild Bunch S.A., the French banks and the investor (Voltaire Finance B.V. (formerly SWB Finance B.V.), hereinafter "Investor") and converting all 8 % bearer bonds 2016/2019 into new shares in Wild Bunch AG in April and March 2019 respectively, the Company reduced the bank liabilities and other liabilities by EUR 54.6 million. The remaining EUR 26.1 million following the conversion of financial liabilities in Wild Bunch S.A. will initially remain as a company loan to Wild Bunch S.A. before being replaced by bank loans in the 2019 financial year when a loan agreement is concluded between Wild Bunch S.A. and the investor.

As a further contribution to the restructuring, the Wild Bunch Group's investor granted interim financing during the implementation of the restructuring measures, EUR 22 million of which Wild Bunch S.A. and Wild Bunch AG have utilised as of the reporting date. This interim financing will be refinanced by a company loan of EUR 40 million in 2019 as contractually agreed (please note the information stated on the going concern assumption under Section 1.4).

A sufficiently high equity ratio is required for the flexible use of equity and debt financing options arising in 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 and investment grants.

Equity and the equity ratio developed as follows:

Equity and equity ratio	**12/31/2018**	12/31/2017
Equity disclosed in the statement of financial position in €k	67,677	81,175
Total assets in €k	271,677	282,446
Equity ratio %	**24.9%**	**28.7%**

3.14 PENSION OBLIGATIONS

The Group maintains defined benefit retirements plans for all eligible employees of its subsidiaries in France. The Group recognises existing statutory obligations to make salary-based severance payments to employees as long-term employee benefits upon termination of employment. The cost of defined benefit retirement plans after termination of the employment relationship is determined by actuarial calculations. The actuarial valuation is based on assumptions concerning discount rates, expected retirement age, future wage and salary increases, and mortality. If the assumptions do not develop in line with the premises, the actual expenses for pensions may differ from the calculated costs. In view of the long-term orientation of these plans, such estimates are subject to substantial uncertainties. The provision for pensions and similar obligations amounted to EUR 762 thousand as of 31 December 2018 (previous year: EUR 645 thousand). Retirement plans are also maintained in the Italian subsidiary.

DEFINED BENEFIT PLANS

The current actuarial valuations of the present value of the defined benefit obligations were carried out on 31 December 2018 by Valoria Conseil, Paris, France as in the previous year. The present value of the defined benefit obligation and of the related service cost were calculated using the projected unit credit method.

The most important assumptions used for the actuarial valuations were as follows:

Assumptions	**2018**	2017
Discount rate(s)	1.7 %	1.5 %
Expected rate(s) of salary	2.0 %	2.0 %
Mortality table	TPGF(H)05	TPGF(H)05
Average age of current employees on retirement (in years) based on recognized French mortality tables	62	62
Number of eligible beneficiaries	81	91

Staff turnover was considered by way of age-related fluctuation tables for executive and non-executive employees when valuing provisions for pensions.

Net pension expenses are as follows:

Net pension costs in € thousand	**12/31/2018**	12/31/2017
Service costs	59	60
Net interest expense	11	10
Total	**70**	**70**

The following overview shows the development of the pension obligation:

Defined benefit obligations in € thousand	**12/31/2018**	12/31/2017
Present value of the defined benefit obligation as of 1 January	645	742
Service costs	59	60
Net interest expense	11	10
Actuarial gains and losses from changes in financial assumptions	47	-157
Actuarial gains and losses from changes in demographic assumptions		-10
Present value of the defined benefit obligation as of 31 December	**762**	**645**

The following table shows the development of actuarial gains and losses recognised in equity that relate to the pension obligation:

Development of the actuarial gains and losses recognized in equity and deferred taxes in € thousand	**12/31/2018**	12/31/2017
Actuarial gains and losses and deferred taxes recognized in equity as at 1 January	-23	-140
Actuarial gains and losses	-47	167
Deferred taxes on actuarial gains and losses	13	-50
Actuarial gains and losses and deferred taxes recognized in equity as of 31 December	**-57**	**-23**

The statutory pension scheme in Germany is treated as a state scheme in terms of a multi-employer plan as defined by IAS 19.32. In total, in the 2018 financial year, EUR 157 thousand (previous year: EUR 160 thousand) was paid by the employer for employees of the domestic companies into the statutory pension scheme and recorded as expenses (employer contributions).

3.15 OTHER PROVISIONS

Other provisions in € thousand	as of 1/1/2018	Reclassi-fication	Utilization	Reversal	Additions	as of 12/31/2018
Legal provisions	14					14
Other provisions	11					11
Non-current provisions	**25**					**25**
Personnel provisions	709		384		517	842
Provisions for onerous contracts	1,920			1,125	258	1,053
Returns	281		281		112	112
Legal provisions	5				633	638
Other provisions						
Current provisions	**2,915**		**665**	**1,125**	**1,520**	**2,645**
Net book value 31 December 2018	**2,940**		**665**	**1,125**	**1,520**	**2,670**

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

Provisions for impending losses were formed for film rights that were subject to onerous contracts. For these film rights, the recoverable amount is negative, i.e. the minimum guarantee and sales costs still to be paid exceed the proceeds. The recoverable amount was calculated on the basis of the value in use (Section 3.2 Intangible assets).

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

The Group expects the provisions of up to EUR 25 thousand (previous year: EUR 25 thousand) to be used within one year.

3.16 FINANCIAL LIABILITIES

Financial liabilities in € thousand	**2018**	2017
Bonds	18,285	17,964
Liabilities to banks	76,567	74,618
Other financial liabilities	21,910	
Total	**116,763**	**92,582**

Analysis of the maturity of financial liabilities:

Analysis of the maturity of financial liabilities 2018 in € thousand	Book value as of 12/31/2018	up to 1 year	1 to 2 years	2 to 3 years	over 3 years
Bond	18,285	18,285			
Liabilities to banks	76,568	52,150	24,305	113	
Other financial liabilities	21,910	21,910			
Total	**116,763**	**92,345**	**24,305**	**113**	

Analysis of the maturity of financial liabilities 2017 in € thousand	Book value as of 12/31/2017	up to 1 year	1 to 2 years	2 to 3 years	over 3 years
Bond	17,964		17,964		
Liabilities to banks	74,618	44,123	7,584	22,667	243
Other financial liabilities					
Total	**92,582**	**44,123**	**25,548**	**22,667**	**243**

OTHER INFORMATION

Film rights, trade receivables and cash and cash equivalents serve as collateral for liabilities to banks. As of the balance sheet date, the carrying amounts of the assets provided as collateral for the loans stated in Appendix 1 amounted to a total of EUR 71.1 million (previous year: EUR 67.4 million). EUR 28.5 million of this relates to film rights and EUR 30.8 million relates to trade receivables. In addition, the main direct and indirect investments in the Group companies were assigned to the lending banks as collateral. Moreover, there were unused credit facilities of EUR 2.1 million (previous year: EUR 1.6 million) on the balance sheet date; their utilisation requires film rights and trade receivables that are eligible for financing under the terms of the credit agreements.

In the previous year, BIM Distribuzione s.r.l. provided a guarantee amounting to EUR 600 thousand for a bank loan that Circuito Cinema s.r.l. received from Banca Nazionale del Lavoro.

Beyond that, the Group has no other unused credit facilities.

The non-current financial liabilities as of 31 December 2018 are broken down as follows:

in € thousand	Carrying amount 12/31/2018	Effective interest in %	Maturity
Bank Leumi	23,515	5.96	April 2020
Ibercaja, Madrid, Spain	790	1.75	October 2020
Credit Bail, Madrid, Spain	113	5.39	July 2021

Non-current financial liabilities as of 31 December 2017 had the following levels of utilisation, interest rates and maturities:

in € thousand	Carrying amount 12/31/2017	Effective interest in %	Maturity
Bond	17,964	8.70	March 2019
Bank Leumi	21,877	5.96	April 2020
COFICINE, Paris, France	12,031	4.50	October 2019
Bank pool, Paris, France	6,304	4.50	October 2019
Bank pool, Paris, France	4,032	4.50	September 2019
Ibercaja, Madrid, Spain	790	1.75	October 2020
Credit Bail, Madrid, Spain	305	5.39	July 2021

3.17 TRADE PAYABLES

Trade payables amounted to EUR 42,735 thousand (previous year: EUR 52,077 thousand) as of the balance sheet date, of which EUR 13,421 thousand (previous year: EUR 30,056 thousand) was attributable to liabilities from fixed assets

The liabilities as of 31 December 2018 were partially past due (EUR 8,511 thousand; previous year: EUR 19,631 thousand).

Maturity overview in € thousand	**2018**	2017
Suppliers – accounts payables	42,735	52,077
Overdue in days		
Payable daily	8,511	19,618
due within the next 3 months	16,775	12,245
due between 3 and 12 months	17,449	20,215
due after 12 months	0	0

3.18 CONTRACT LIABILITIES

Contract liabilities include considerations already received from customers for which the Wild Bunch Group has not yet fulfilled its performance obligation. The item utilisation due to rendering of services refers to the revenue recognised in the reporting period that was included in the balance of the contract liabilities at the start of the period.

Contractual liabilities in € thousand	**2018**
1 January	–
Initial application of IFRS 15	13,951
Additions	8,313
Utilization due to service delivery	-11,846
Total 31 December	**10,418**

3.19 OTHER CURRENT LIABILITIES

Other current financial and non-financial liabilities consist of the following:

Other current liabilities in € thousand	**2018**	2017
Payments to licensors	17,580	19,968
Liabilities to film funding institutions	1,090	534
Other	1,068	4.130
Other financial liabilities	**19,738**	**24,631**
Deferred income	445	14,455
Other tax liabilities	4,744	7,826
Liabilities from social insurance contributions	1,585	2,168
Other non-financial liabilities	**6,773**	**24,449**
Total	**26,512**	**49,080**

The Group acquires rights from licensors in return for a minimum guarantee and makes use of the rights over the licence period. Revenue from utilising these rights that exceeds the minimum guarantee and marketing costs must be settled with the licensors in accordance with contractual stipulations.

The deferred revenue consists mainly of income already received from TV and home entertainment contracts that has not yet been realised as revenue due to the availability of the respective right. In 2018, recognition was made under contract liabilities.

4. 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 profit or loss for the period is adjusted for the effects of non-cash transactions, deferrals of cash inflows or cash outflows from operating activities in the past or future, and for income or expense items linked to the cash flow from investing or financing activities.

4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of EUR 16,907 thousand (previous year: EUR 6,593 thousand) comprise cash in hand and bank balances with a remaining term of less than three months in the amount of EUR 18,583 thousand (previous year: EUR 6,593 thousand) and bank liabilities, insofar as they are current accounts, in the amount of EUR 1,676 thousand (previous year: EUR 0 thousand).

4.2 CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities includes the following proceeds and payments:

Cash inflows and outflows for interest and income taxes in € thousand	**2018**	2017
Income tax paid	651	1,369
Income tax refunded	50	113
Interest paid	2,532	5,170
Interest received	21	12

4.3 CASH FLOW FROM INVESTING ACTIVITIES

The cash outflow from investing activities is mainly the result of investments in film distribution rights and other intangible assets.

4.4 CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities was dominated by the bridge financing with Sapinda Finance B.V., which resulted in proceeds of EUR 21.65 million in the 2018 financial year.

5. FURTHER INFORMATION

5.1 SEGMENT INFORMATION

The Group is split into the following two mandatory busines segments for the purposes of corporate management:

a. The "International sales and distribution; film production" business segment includes the production and distribution of films.

b. The "Miscellaneous" business segment encompasses the operation of a VOD platform and other activities.

The "International sales and distribution; film production" segment includes international sales and the distribution of films in cinemas in France, Italy, Spain, Germany and Austria, distribution of cinema films for broadcast on television, the sale of cinema films in video and DVD formats, and the film production of cinema films.

The Management Board monitors the operating results of the business units in order to make decisions about the allocation of resources and to determine the earnings capacity of units. Segment performance is evaluated based on the result and valued in accordance with the result in the consolidated financial statements.

The Wild Bunch Group's activities mainly relate to France, Italy, Spain, Germany and Austria.

No more than 10 % of revenue was generated with any one business partner in the financial year.

Segment information business areas in € thousand	International sales and distribution and film production		Miscellaneous		Group	
	2018	2017	**2018**	2017	**2018**	2017
Revenue	76,370	97,082	4,913	4,338	81,282	101,420
Other film related income	4,420	6,929	1,000	792	5,419	7,722
Cost of sales	-68,834	-88,251	-4,923	-2,906	-73,757	-91,157
Segment profit/loss	**11,956**	**15,760**	**989**	**2,224**	**12,945**	**17,985**

Segment information business areas in € thousand	International sales and distribution and film production		Miscellaneous		Group	
	2018	2017	**2018**	2017	**2018**	2017
Unassigned result elements						
Other operating income					3,248	9,404
Administrative expenses					-22,428	-21,663
Other operating expenses					-269	-4,991
Operating result					**-6,503**	**734**
Financial income					1,038	897
Financial expenses					-7,652	-6,809
Equity-result					33	-258
Earnings before taxes					**-13,085**	**-5,436**

Impairments of EUR 3,090 thousand (previous year: EUR 5,846 thousand) and income from write-ups of fixed assets amounting to EUR 2,450 thousand (previous year: EUR 2,752 thousand) are attributable exclusively to the "International sales and distribution; film production" segment.

The breakdown of the associated assets and liabilities and financial investments in the relevant segment is presented below:

Segment information assets in € thousand	**2018**	2017
International sales and distribution and film production	244,627	258,043
Miscellaneous	27,051	24,403
Assets	**271,677**	**282,446**

Segment information liabilities in € thousand	**2018**	2017
International sales and distribution and film production	173,163	177,447
Miscellaneous	30,837	23,824
Liabilities	**204,000**	**201,271**

Segment information investments in € thousand	**2018**	2017
International sales and distribution and film production	18,873	44,510
Miscellaneous	5	
Investments in intangible assets	**18,879**	**44,510**

SEGMENT INFORMATION

The segment data was calculated on the basis of accounting methods used for the consolidated financial statements.

Segment assets represent the assets required by individual segments for their operation.

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

Investments include expenditure on intangible assets and property, plant and equipment.

GEOGRAPHICAL INFORMATION

The activities of the Wild Bunch Group relate mainly to France, Germany, Italy and Spain. Revenue, non-current assets and investments are segmented according to the Company's registered office for geographical information. Revenue from the international sale of film rights (2018: EUR 14,516 thousand; previous year: EUR 28,274 thousand) is reported under Miscellaneous because a breakdown according to geographical region is not possible due to technical reasons.

The Group generated revenue in the following geographical regions:

Segment information revenue in € thousand	**2018**	2017
France	32,210	36,312
Germany	25,283	25,471
Italy	5,612	6,459
Spain	3,538	4,452
Other	14,640	28,725
Revenue	**81,282**	**101,420**

Segment information non-current assets in € thousand	**2018**	2017
France	31,431	39,629
Germany	11,088	18,885
Italy	11,057	11,534
Spain	7,904	8,643
Other	4,039	4,947
Non-current assets[1]	**65,520**	**83,638**

[1]Intangible assets, property, plant and equipment and other non-current assets

Segment information investment in € thousand	**2018**	2017
France	5,143	19,991
Germany	6,565	12,976
Italy	1,962	6,270
Spain	4,378	2,829
Other	831	2,444
Investments in intangible assets	**18,879**	**44,510**

5.2 FINANCIAL INSTRUMENTS/MANAGEMENT OF FINANCIAL RISKS

The carrying amounts and fair value of the individual financial assets and liabilities are presented in accordance with IFRS 9 in the following tables. The carrying amounts of the financial assets and liabilities measured at amortised cost and reported in the consolidated statement of financial position as of 31 December 2018 and 2017 essentially correspond to the fair values.

Financial assets in € thousand		**2018**			2017	
	Carrying amount	Amortized costs	Fair value	Carring amount	Amortized costs	Fair value
Financial investments (Equity instruments)	480		480	480		480
Financial investments (Debt instruments)	923	923		2,031	2,031	
Accounts receivable trade	34,764	34,764		36,020	36,020	
Other financial assets (Receivables from other loans granted and other receivables)	12,295	12,295		14,781	14,781	
Cash and cash equivalents	18,583	18,583		6,593	6,593	
Financial assets	**67,045**	**66,565**	**480**	**59,905**	**59,425**	**480**

Financial liabilities in € thousand		**2018**			2017	
	Carrying amount	Amortized costs	Fair value	Carring amount	Amortized costs	Fair value
Financial liabilities	116,763	116,763		92,583	92,583	
Suppliers - accounts payables	42,735	42,735		52,077	52,077	
Other financial liablities	19,738	19,738		24,631	24,631	
Financial liabilities	**179,236**	**179,236**		**169,291**	**169,291**	

With the exception of financial assets (equity instruments), financial instruments are categorised either as financial assets measured at amortised cost (previous year: loans and receivables) and are recognised at amortised costs or as financial liabilities measured at amortised costs and are recognised accordingly using the effective interest method. Their fair values correspond approximately to the carrying amount.

The financial assets (equity instruments) classified at fair value relate to the investments not included in the consolidated financial statements. There are no prices quoted on an active market for these assets so their fair value cannot be reliably determined; as a result, they are measured at cost or at the lower present value of the estimated future cash flows, which is assumed to correspond essentially to the fair value.

GENERAL

The Group is subject to the following risks on account of its operating activities:

- Credit risks
- Liquidity risks
- Market risks.

Market risks also include risks arising from changes in interest rates.

The following are described below:

- the risks of the respective risk category identified by Wild Bunch as relevant to the Group
- the objectives, rules and processes for identifying risk and handling the risks of the Group.

The Wild Bunch Group has a centralised approach to financial risk management in the form of a portfolio to identify, measure and manage risks. The risk items arise from the cash inflows and outflows that are planned and implemented at Group level as market risks relating to changes in interest rates, prices and exchange rates. Interest rate and price risks are managed by using a mixture of terms and both fixed and variable interest on items.

CREDIT RISK

Credit risk is the risk of a customer or contractual partner of the Wild Bunch Group defaulting on payment, necessitating a valuation allowance for the assets, financial assets or receivables reported in the consolidated statement of financial position. Consequently, the risk is limited to the carrying amount of these assets.

Credit risks result mainly from trade receivables. The companies included in the consolidated financial statements monitor their customers' creditworthiness on a regular basis. Valuation allowances are recognised based on the expected risks.

LIQUIDITY RISKS

The credit facility agreed with Bank Leumi plc (UK) ("Bank Leumi") of up to EUR 30 million has a term until 5 April 2020. The amount of funds available to the Group depends on the borrowers' assets as calculated on a monthly basis and is currently EUR 25.2 million (31 December 2018: EUR 26.8 million). Since 5 April 2019, the credit facility has been in an early repayment phase, during which time further utilisation of the funds by the Company is not envisaged. Although the financial covenants agreed under the loan agreement continue to apply during this early repayment phase, they were modified in September 2018 into a form that is more favourable for the Company and takes account of the restructuring. These mainly relate to the following performance indicators: the EBITDA ratio, i.e. consolidated EBITDA in relation to revenue, liquidity ratio, i.e. the volume of financing sources available in comparison to the expected financing needs, leverage ratio, i.e. net debt in relation to consolidated EBITDA, and a guaranteed minimum balance sheet equity. As part of the aforementioned restructuring measures, several agreements were concluded with Bank Leumi to waive the repayment of the loan as part of the implementation of these restructuring measures. As part of this waiver, the Company is required in addition to the aforementioned covenants to report regularly to Bank Leumi on certain key economic indicators, such as in relation to the borrowers' cash account balances and restructuring progress. If the loan is terminated prematurely, the Group's continued existence depends on procuring other sufficient financial means at short notice.

By implementing all of the key aspects of the restructuring agreement between, inter alia, Wild Bunch AG, its French subsidiary Wild Bunch S.A., the French banks and the investor (Voltaire Finance B.V. (formerly SWB Finance B.V.), hereinafter "investor") and converting all 8 % bearer bonds 2016/2019 into new shares in Wild Bunch AG in April and March 2019 respectively, the Company reduced the bank liabilities and other liabilities by EUR 54.6 million. The remaining EUR 26.1 million following the conversion of financial liabilities in Wild Bunch S.A. will initially remain as a company loan to Wild Bunch S.A. before being replaced by bank loans in the 2019 financial year when a loan agreement is concluded between Wild Bunch S.A. and the investor.

In another contribution to the restructuring, Sapinda Holding B.V. granted the Wild Bunch Group interim financing during the implementation of the restructuring measures, EUR 27 million of which Wild Bunch S.A. and Wild Bunch AG have currently utilised (31 December 2018: EUR 21.6 million). This interim financing will be fully refinanced by a company loan of EUR 40 million. The signing of this loan agreement and payment of the EUR 13 million not needed to refinance the interim financing are scheduled for May 2019.

The Group's continued existence also requires that the Bank Leumi credit facility is refinanced to the end of the term. The Management Board is in advanced discussions on this. An additional financing need, beyond the described measures, may arise if there is a negative difference with the business plan prepared by the Management Board in the period 2019 to 2023. The Management Board believes that a significantly negative difference could have an adverse impact on the Company's expected performance and negatively affect the ability to refinance the Bank Leumi credit facility. Please also see Section 1.4 under Going concern assumption and the management report under Section 3.4 Overall statement from the Management Board about the Group's development and Section 4.3.2 Financial risks.

MARKET RISK

a. Currency risks

Purchases and sales in foreign currencies can pose risks to the Company, depending on the development of exchange rates. A purchase may become more expensive due to a change in an exchange rate and sales realised in a foreign currency can result in a lower level of revenue in euros.

Currency risks arise for Wild Bunch primarily from purchases and sales in US dollars. In previous years, various hedges were concluded relating to foreign currency purchases in the financial year in order to reduce currency risks.

Sensitivity analyses in accordance with IFRS 7 were carried out for items in the statement of financial position in US dollars with the following result: if the exchange rate as of the reporting date were 10 % higher or lower, the result would have been EUR 553 thousand lower or EUR 687 thousand higher (previous year: EUR 1,430 thousand lower or EUR 1,231 thousand higher). For technical reasons, the aforementioned sensitivity analysis could not be carried out for the companies of the former Wild Bunch S.A. Group for the previous year.

b. Interest rate risks

Fixed and variable interest rates are agreed in the case of interest-bearing receivables and liabilities of the Company. Changes in the market interest rates for fixed interest liabilities would only have an impact if these financial instruments were recognised at fair value. Since this is not the case, financial instruments with fixed interest rates are not subject to interest rate risks as defined by IFRS 7.

Sensitivity analyses in accordance with IFRS 7 were carried out for variable-interest financial liabilities with the following result: If the market interest rate had been 100 basis points higher in the financial year, the result would have been EUR 0 thousand (previous year: EUR 0 thousand) lower on account of the negative euro interbank offered rate. If the market interest rate had been 100 basis points lower in the financial year, the result would have been EUR 0 thousand (previous year: EUR 0 thousand) higher.

5.3 EMPLOYEES

The average number of employees was as follows in the financial years:

Average number of employees	**2018**	2017
France	90	93
Germany	33	35
Italy	12	13
Spain	11	11
Ireland	2	2
Austria	1	1
Total	**149**	**155**

5.4 RELATIONSHIPS WITH RELATED PARTIES

Related parties as defined by IAS 24 are companies or persons that have a controlling influence on the Wild Bunch Group or over which the Group has a controlling influence, in particular non-consolidated subsidiaries, or joint ventures and associates included at cost or using the equity method.

Members of the Management Board and of the Supervisory Board of Wild Bunch AG and their family members are considered related parties (see Section 5.9 Members of the Management Board and the Supervisory Board).

The Company considers Sapinda Asia Ltd., British Virgin Islands ("Sapinda Asia") to be a related company. Sapinda Asia temporarily held 20.30 % of the voting rights in the Company during the financial year. Mr Lars Windhorst, who in turn directly held 0.0 9 % of the voting rights in the Company and who personally holds 20.30 % of the voting rights in Sapinda Asia, is subject to disclosure requirements for Sapinda Asia. For this reason, the Company presumes that Mr Lars Windhorst controls Sapinda Asia. Mr Lars Windhorst is also an economic beneficiary within the chain of companies of the Sapinda Group that controls the companies and the companies that control them, with Consortia Partnership Ltd. at the top. Sapinda Holding B.V. granted loans to Wild Bunch AG and Wild Bunch S.A. For information on the amount and conditions of these loans, please see the disclosures in the financial liabilities table at the end of these notes to the consolidated financial statements. Please also see the disclosures under 5.12 Events after the reporting period.

Please refer to Section 5.10 Total remuneration of the Management Board and the Supervisory Board for information concerning the total remuneration of the Management Board and Supervisory Board of Wild Bunch AG. As of 31 December 2018, EUR 2 thousand (previous year's current liabilities: EUR 1 thousand) was due from the Management Board as remuneration and travel expenses. Current liabilities due to members of the Supervisory Board amounted to EUR 66 thousand (previous year: EUR 3 thousand).

In addition, the Company had business relationships with the following related parties:

As of the reporting date, the Group company BIM s.r.l., Rome, Italy had loans and receivables amounting to EUR 284 thousand (previous year: EUR 217 thousand) due to the associate Circuito Cinema s.r.l., Rome, Italy. In the previous year, BIM s.r.l. granted Circuito Cinema a loan amounting to EUR 213 thousand. There were also trade payables to Circuito Cinema of EUR 39 thousand (previous year: EUR 31 thousand). In the financial year, Circuito Cinema invoiced cinema revenue of EUR 215 thousand (previous year: EUR 94 thousand) with shareholder BIM s.r.l. In the financial year, Circuito Cinema rendered services for the marketing of films for the shareholder BIM s.r.l. amounting to EUR 160 thousand (previous year: EUR 212 thousand).

In the previous year, BIM Distribuzione s.r.l. provided a guarantee amounting to EUR 600 thousand for a bank loan that Circuito Cinema s.r.l. received from Banca Nazionale del Lavoro.

During the period under review, there was a financial advisory agreement with the investment bank Lazard Frères ("Lazard"), Paris, France, according to which Lazard provides advisory services relating to strategic investor searches. The Supervisory Board member Pierre Tattevin is a partner at the Lazard Paris office. Lazard was commissioned at standard market conditions on the basis of purely performance-related remuneration. There are differing opinions at present about the amount of this remuneration.

Beyond that, there were no material transactions with the other associates.

5.5 OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Legal action could be taken and receivables from disputes arising in the normal course of business could be asserted against Group companies in the future. The associated risks are analysed with regard to their likelihood of occurrence. Although the result of such legal disputes cannot always be estimated accurately, the Management Board believes that any such risks extending beyond those accounted for in the annual financial statements will not result in substantial obligations.

The Group reported the following fixed financial obligations as of 31 December 2018:

	12/31/2018				12/31/2017			
Other financial obligations and contingent liabilities in € thousand	Total	Remain-ing time up to 1 year	Remaining time between 1 to 5 years	Remain-ing time more than 5 years	Total	Remain-ing time up to 1 year	Remaining time between 1 to 5 years	Remain-ing time more than 5 years
Rent and leases	5,920	1,259	3,781	880	7,134	1,234	4,068	1,832
Minimum guarantees	17,857	16,343	1,514		22,331	17,757	4,574	
Total	**23,777**	**17,602**	**5,295**	**880**	**29,465**	**18,991**	**8,642**	**1,832**

The rental and leasing relationships are essentially the renting of office spaces. There are no renewal options for these leases.

Most of the financial obligations from minimum guarantees as of 31 December 2018 have a remaining term of up to one year; however, the completion dates for individual films are often subject to uncertainties and may be subject to substantial delays in some cases.

There are contingent liabilities in the Group for funding loans that are to be repaid depending on performance (EUR 11,951 thousand; previous year: EUR 11,303 thousand). However, these funding loans are only to be repaid from pro rata future revenue that exceeds costs. At present, the Company does not expect that these loans will have to be repaid.

5.6 GUARANTEES

In the previous year, BIM Distribuzione s.r.l. provided a guarantee amounting to EUR 600 thousand for a bank loan that Circuito Cinema s.r.l. received from Banca Nazionale del Lavoro. Due to the business performance of Circuito Cinema s.r.l., there are currently no identifiable risks that the guarantee will be utilised.

For the collateralisation of liabilities to banks, please refer to the information in Section 3.16 Financial liabilities.

5.7 FEES AND SERVICES RENDERED BY THE AUDITOR

The total fees charged by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, which are recorded as expenses, are broken down as follows:

Auditor's fees and services in € thousand	**2018**	2017
Audit services	444	320
Tax auditory services	0	0
Other services	0	0
Total	**444**	**320**

The amount for 2018 includes fees of EUR 114 thousand for the previous year.

5.8 DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Declaration of Compliance with the Corporate Governance Code required in accordance with Section 161 AktG was submitted and made permanently accessible to the shareholders by publication on the Company's website.

5.9 MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Management Board:	Vincent Grimond, CEO Chairman of the Management Board
	Max Sturm, CFO
	Brahim Chioua, COO (until 10 August 2018)
	Vincent Maraval, CCO (until 10 August 2018)
Supervisory Board:	Tarek Malak, Manager at Sapinda International Services B.V., Schiphol, the Netherlands (Chairman)
	Kai Dieckmann, (since 27 September 2018), journalist; founder of StoryMachine GmbH, Berlin and executive board member at Deutsche Fondsgesellschaft SE Invest, Berlin (Vice Chairman)
	Hans Mahr, (until 16 January 2018), journalist and proprietor of mahrmedia, Cologne (Vice Chairman)
	Benjamin Waisbren, (until 19 February 2019), partner at Winston and Strawn, Chicago, USA and President of LSC Film Corp. (film coproduction fund), Los Angeles, USA
	Pierre Tattevin, partner and Managing Director, Lazard Frères, Paris, France
	Dr. Georg Kofler, (since 27 September 2018), CEO and principal shareholder of Social Chain Group AG, Berlin
	Michael Edelstein, (from 27 September 2018 to 22 November 2018), producer and entrepreneur, Los Angeles, USA

5.10 TOTAL REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The following disclosures on Management Board remuneration are legally required disclosures in accordance with the German Commercial Code (see Section 314 HGB) and disclosures in accordance with the German Corporate Governance Code. The Annual General Meeting of Wild Bunch AG passed a resolution on 26 September 2018 by a qualified majority of at least three quarters of the share capital represented during the resolution not to disclose the individual remuneration of the Management Board for the 2018 financial year. The authorisation applies to the current 2018 financial year and the subsequent four financial years.

The Management Board received total remuneration of EUR 1,306 thousand in the 2018 financial year (previous year: EUR 1,043 thousand). The Management Board was guaranteed remuneration of EUR 969 thousand for the 2018 financial year (previous year: EUR 1,043 thousand).

One member is also entitled to a maximum bonus of EUR 150 thousand if certain targets for the Company are met. Wild Bunch AG's Supervisory Board is also authorised to decide on an additional voluntary bonus for extraordinary services. This voluntary bonus may amount to a maximum of EUR 100 thousand per year.

In the case of incapacity for work, the Management Board members continue to receive their pay (fixed salary and performance-related remuneration) for a period of six months, but not beyond the end of their employment relationship. The same applies in the case of the death of a Management Board member for their surviving spouse or partner.

In the event of a change of control, with the exception of the current restructuring, and in the case of removal or exemption from their duties, a Management Board member has an extraordinary right of termination. In this case, the Management Board member is entitled to their total remuneration (fixed salary and performance-related remuneration) until the end of the regular contract term, capped at the amount of the total remuneration for two years.

The Company has taken out a D&O insurance policy in respect of the Company's executive bodies.

The Company's Annual General Meeting passed a resolution on 26 September 2018 to change the remuneration of the Supervisory Board members. The Supervisory Board members will in future receive annual remuneration of EUR 30,000, the Deputy Chairman of the Supervisory Board EUR 45,000 and the Chairman of the Supervisory Board EUR 75,000. Supervisory Board members will receive EUR 7,500 in addition annually for their membership of a Supervisory Board committee and EUR 15,000 in addition annually for their leadership of a Supervisory Board committee. These changes are retrospectively applicable to 1 February 2018. Up until 31 January 2018, Supervisory Board members receive annual remuneration of EUR 16,000 each in addition to reimbursement of costs. The Chairman of the Supervisory Board receives EUR 22,000 and the Deputy Chairman EUR 20,000.

The Supervisory Board received total remuneration of EUR 203 thousand in the 2018 financial year (previous year: EUR 35 thousand). The Supervisory Board members were guaranteed total remuneration of EUR 197 thousand for the 2018 financial year (previous year: EUR 112 thousand).

Total remuneration of members of the supervisory board

in €	2018		
	Remuneration	Cost reim-bursements	**Total**
Tarek Malak	92,598		92,598
Pierre Tattevin	39,429		39,429
Benjamin Waisbren (until 19 February 2019)	35,597		35,597
Kai Dieckmann (from 27 September 2018)	11,825	1,034	12,859
Dr. Georg Kofler (from 27 September 2018)	7,911		7,911
Michael Edelstein (from 27 September 2018 until 22 November 2018)	7,911		7,911
Hans Mahr (until 16 January 2018)		1,172	1,172
Total	**195,271**	**2,206**	**197,477**

5.11 SHARES OF THE MEMBERS OF THE EXECUTIVE BODIES

On the reporting date of 31 December 2018, the members of executive bodies named below held the following shares in Wild Bunch AG:

Shares held by board members	**2018**	
	Shares	%
Vincent Grimond	175,588	8.59
Pierre Tattevin	1	0.00

5.12 EVENTS AFTER THE REPORTING PERIOD (SUPPLEMENTARY REPORT)

VOLUNTARY PUBLIC TAKEOVER BID

On 15 February 2019, Voltaire Finance B.V. (hereinafter "Voltaire") publicised a voluntary takeover bid in accordance with Section 29 (1) of the German Securities Acquisition and Takeover Act (WpÜG) with an acceptance period from 15 February 2019 to 15 March 2019. The takeover bid was subject to the condition that Voltaire would hold at least 30 % of the voting rights in Wild Bunch AG at the end of the acceptance period. This condition occurred and the takeover bid was extended with an additional two-week acceptance period. The purpose of Voltaire's voluntary takeover bid was to avoid having to issue a mandatory bid in accordance with Section 35 of the German Securities Acquisition and Takeover Act (WpÜG) since the implementation of the two non-cash capital increases (Debt Equity Swap I & II) meant that Voltaire would have held more than 30 % of the voting rights in Wild Bunch AG and would therefore have been required to issue such a mandatory bid. By the end of the additional acceptance period on 3 April 2019, the voluntary takeover bid was accepted with a total of 1,625,548 Wild Bunch shares. The equates to a shareholding of approximately 28.80 %. Together with the previous shareholding of 3,108,770 Wild Bunch shares, Voltaire holds 4,734,318 Wild Bunch shares following the completion of the voluntary takeover bid. This means that Voltaire has a shareholding of approximately 83.80 % in Wild Bunch AG.

SALE OF BAVARIA PICTURES GMBH TO CO-SHAREHOLDERS

In relation to the optimisation of the company structure, Senator Film München GmbH sold its shares in Bavaria Pictures GmbH to the co-shareholders in March 2019.

FINANCIAL RESTRUCTURING

The non-cash capital increase detailed in the Bond 2016/2019 section above was registered for entry in the commercial register of the Berlin-Charlottenburg District Court on 13 March 2019. The conversion of liabilities from the 8 % bearer bond 2016/2019 into new shares in the Company was entered into the commercial register on 14 March 2019. In total, EUR 18,000,000 in liabilities was converted into 3,600,000 new no-par-value shares with a pro rata value of EUR 1.00 each.

The conversion of EUR 36,597,360 in liabilities of Wild Bunch AG into 18,298,680 new no-par-value shares with a pro rata value of EUR 1.00 each was registered for entry into the commercial register of the Berlin-Charlottenburg District Court on 26 March 2019. This non-cash capital increase is part of the agreement on the financial restructuring of the Wild Bunch Group which was signed on 15 June 2018 between the Company, Sapinda Holding B.V. and Voltaire Finance B.V. (formerly SWB Finance B.V.), hereinafter jointly referred to as "Sapinda". In a gradual process, in March 2019 Sapinda initially assumed existing bank liabilities of Wild Bunch S.A. as well as liabilities of Wild Bunch S.A. to other creditors with a total amount of EUR 62.7 million as part of this agreement. EUR 26.1 million of this amount remained with Wild Bunch S.A. as a company loan. EUR 36.6 million was assumed by Wild Bunch AG as part of a debt assumption process. As a result of the non-cash capital increase entered into the commercial register on 12 April 2019, this liability was converted into equity in the Company as described.

As a result of the two capital increases, the Company's share capital of EUR 2,044,075.00, divided into 2,044,075 no-par-value shares, increased to EUR 23,942,755 as of 31 December 2018, divided into 23,942,755 no-par-value shares with a value of EUR 1.00 each.

5.13 SHARES HELD BY WILD BUNCH AG, BERLIN

Unless otherwise stated, the equity and net income of the companies were reported in accordance with the IFRS financial statements for 2018

Shareholding of Wild Bunch AG, Berlin	Share	Equity	Annual result
	in %	in € thousand	in € thousand
Senator Film Köln GmbH, Cologne[1]	100.00	25	0
Senator Film München GmbH, Munich[1]	100.00	25	0
Senator Film Produktion GmbH, Berlin[1]	100.00	793	0
Senator Film Verleih GmbH, Berlin[1]	100.00	8,900	0
Senator Finanzierungs- und Beteiligungs GmbH, Berlin	100.00	-24	-1
Senator Home Entertainment GmbH, Berlin[1]	100.00	25	0
Senator MovInvest GmbH, Berlin[1]	100.00	29	0
Eurofilm & Media Ltd., Killaloe, Ireland	100.00	-17,036	-37
Wild Bunch Austria GmbH, Wien, Austria[2]	100.00	12	-38
Central Film Verleih GmbH, Berlin[6]	100.00	365	34
Senator Reykjavik GmbH, Berlin[4]	100.00	-391	-3
Bavaria Pictures GmbH, Munich[3]	50.00	-1,228	-34
Wild Bunch S.A., Paris, France	100.00	24,862	-2,826
Wild Bunch Germany GmbH, Munich[5]	88.00	1,017	372
BIM Distribuzione s.r.l., Rom, Italy[5]	100.00	421	80
Bunch of Talents SAS, Paris, France[5]	80.00	100	-4
Capricci World, Nantes, France[8]	33.00	–	–
Cinéma de Panthéon, Paris, France[8]	19.00	–	–
Circuito Cinema s.r.l., Rom, Italy[7]	24.90	3,003	135
Continental Films SAS, Paris, France[5]	100.00	-44,245	1,214
Elle Driver SAS, Paris, France[5]	95.02	1,802	-261
EWB2 SAS, Paris, France[5]	100.00	3,482	160
EWB3 SAS, Paris, France[5]	100.00	5,120	433
Filmin, Barcelona, Spain[8]	10.00	–	–
Filmoline SAS, Paris, France[5]	90.09	1,822	177
Insiders LLC, Los Angeles, USA [5]	45.00	-701	0
Versatile SAS, Paris, France[5]	95.02	-1,962	-331
Vértigo Films S.L., Madrid, Spain[5]	80.00	-2,076	31

Shareholding of Wild Bunch AG, Berlin	Share	Equity	Annual result
	in %	in € thousand	in € thousand
Virtual Films Ltd., Dublin, Ireland[5]	100.00	-24,648	-32
Wild Bunch Distribution SAS, Paris, France[5]	100.00	8,642	-221
Wild Side Film SAS, Paris, France[5]	100.00	-175	-3
Wild Side Video SAS, Paris, France[5]	100.00	3,386	73

[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 SA, Paris
[6] 50 % indirectly via Wild Bunch S.A., Paris
[7] indirectly via BIM Distribuzione s.r.l., Rom
[8] financial information not available

Berlin, 5 May 2019
Wild Bunch AG

Vincent Grimond
Chairman of the Management Board (CEO)

Max Sturm
(CFO)

ATTACHMENT 1 – SCHEDULE OF FINANCIAL LIABILITIES

in € thousand

Company	Bank	Nominal loan amount	Valuta as of[d] 12/31/2018	Free line as of 12/31/2018	Interest/ Provision p.a.
Overdraft					
1. Wild Bunch S.A.	OBC	3,000	3,000	0	2.00%
2. Wild Bunch S.A.	Palatine	750	747	3	2.50%
3. Wild Bunch S.A.	HSBC	1,000	999	1	2.50%
4. Wild Bunch S.A.	BNP	1,500	1,500	0	2.50%
5. Various borrowers[a]	OBC	538	1,662	0	2.00%
6. Various borrowers[b]	Leumi	26,770	23,705	1,767	3.50%
Sum		**33,558**	**31,613**	**1,771**	
Corporate loans					
7. Wild Bunch S.A.	OBC/Palatine/BNP/ BESV/Coficine	10,000	6,304	0	2.75%
8. Wild Bunch S.A.	OBC/Palatine/BNP/ BESV/Coficine	3,000	3,000	0	3.50%
9. Continental Films SAS	OBC/Palatine/BNP/ BESV/Coficine	20,000	12,031	0	2.75%
10. Senator Film Produktion GmbH	CoBa	90	0	90	4.00%
Sum		**33,090**	**21,335**	**90**	
Bonds					
11. Wild Bunch AG	Bondholder	18,000	18,285	0	8.00%
Sum		**18,000**	**18,825**	**0**	
Acquisition loans					
12. Wild Bunch SA/Continental Films SAS	OBC	5,600	1,769	n.a.	2.00%
13. Wild Bunch SA/Continental Films SAS	Palatine	6,000	1,895	n.a.	2.00%
14. Wild Bunch SA/Continental Films SAS	BNP	5,000	1,579	n.a.	2.00%
15. Wild Bunch SA/Continental Films SAS	BESV	6,000	1,895	n.a.	2.00%
16. Wild Bunch SA/Continental Films SAS	Coficine	5,400	1,705	n.a.	2.00%
17. Wild Bunch S.A.	OBC	0	490	n.a.	2.00%
18. Wild Bunch S.A.	Coficine	5,000	910	n.a.	2.00%
19. Wild Bunch S.A.	OBC	2,100	1,324	n.a.	2.00%
20. Wild Bunch S.A.	BESV	0	883	n.a.	2.00%

a) Continental Films SAS / Wild Bunch Distribution SAS / Wild Side Films SAS
b) Wild Bunch AG / Wild Bunch Germany GmH / Senator Film Verleih GmbH / Senator Home Entertainment GmbH / BIM Distribuzione s.r.l. / Vértigo Films S.L.
c) The borrowers have agreed with the bank on the deferral of the maturity date of this loan until further notice..
d) Bookvalues including accrued interest

Variable Component	Due date Interest/ Provision p.a.	Commitment fee	Duration		Security
EURIBOR (3M)	quart.	n.a.	12/31/17	c)	Rights and revenues from specified movies
EURIBOR (3M)	quart.	1.00%	12/31/17	c)	Rights and revenues from specified movies
EURIBOR (3M)	quart.	n.a.	12/31/17	c)	Rights and revenues from specified movies
EURIBOR (3M)	quart.	n.a.	12/31/17	c)	Rights and revenues from specified movies
EURIBOR (3M)	quart.	n.a.	12/31/17	c)	none
EURIBOR	monthly	0.5%-1.0%	4/5/20		Trade receivables, intelectual property, shares, cash
EURIBOR (12M)	quart.	1.75%	10/22/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/19		Rights and revenues from specified moviesn
EURIBOR (12M)	quart.	1.75%	10/22/18	c)	Rights and revenues from specified movies from Wild Bunch S.A. and film rights held by Continental Film SAS; Share pledges of the companies Wild Bunch Germany GmbH and BIM Distribuzione s.r.l.
fix	monthly	n.a.	10/31/19		Rights and revenues from specified movies
fix	quart.	n.a.	3/23/19		none
EURIBOR (12M)	quart.	1.00%	9/30/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	12/10/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	12/10/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	12/31/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	12/31/18	c)	Rights and revenues from specified movies

in € thousand

Company	Bank	Nominal loan amount	Valuta as of[d] 12/31/2018	Free line as of 12/31/2018	Interest/ Provision p.a.
Acquisition loans					
21. Wild Bunch S.A.	Coficine	4,900	2,207	n.a.	2.00%
22. Wild Bunch S.A.	Coficine	3,585	444	n.a.	2.00%
23. Wild Bunch S.A.	Coficine	4,580	1,671	n.a.	2.50%
24. Wild Bunch S.A.	Coficine	1,993	0	n.a.	3.00%
25. Wild Bunch S.A.	OBC	1,399	756	n.a.	3.50%
26. Wild Bunch S.A.	Palatine	1,914	1,033	n.a.	3.50%
27. Wild Bunch S.A.	BNP	337	182	n.a.	3.50%
28. Wild Bunch S.A.	BESV	1,531	827	n.a.	3.50%
29. Wild Bunch S.A.	Coficine	1,688	911	n.a.	3.50%
30. Wild Bunch S.A.	Coficine	2,727	568	n.a.	2.00%
31. Wild Bunch S.A.	Palatine	975	170	n.a.	3.50%
32. Wild Bunch S.A.	Coficine	2,275	396	n.a.	3.50%
33. Wild Bunch S.A.	Coficine	1,669	841	n.a.	2.50%
Sum		**64,673**	**22,455**	**0**	
Other loans					
34. Vértigo Films S.L.	Ibercaja	790	790	0	1.90%
35. Vértigo Films S.L.	Ibercaja	400	200	200	1.50%
36. Vértigo Films S.L.	Bank BBVA	365	174	0	5.39%
Sum		**1,555**	**1,164**	**200**	
Bond from Investor					
37. Wild Bunch AG		5,000	5,260	0	9.50%
38. Wild Bunch S.A.		16,550	16,650	0	9.50%
Sum		**21,550**	**21,910**	**0**	
Total sum		**172,426**	**116,763**	**2,061**	

a) Continental Films SAS/Wild Bunch Distribution SAS/Wild Side Films SAS
b) Wild Bunch AG/Wild Bunch Germany GmH/Senator Film Verleih GmbH/Senator Home Entertainment GmbH/BIM Distribuzione s.r.l./Vértigo Films S.L.
c) The borrowers have agreed with the bank on the deferral of the maturity date of this loan until further notice..
d) Bookvalues including accrued interest

Variable Component	Due date Interest/ Provision p.a.	Commitment fee	Duration		Security
EURIBOR (12M)	quart.	1.00%	12/30/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	12/31/17	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	10/19/17	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	12/31/17	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/19		Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/19		Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/19		Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/19		Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	9/30/19		Rights and revenues from specified movies
EURIBOR (12M)	quart.	n.a.	2/9/19		Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	12/31/17	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1.00%	12/31/17	c)	Rights and revenues from specified movies
EURIBOR (12M)	quart.	1,00%	3/13/18	c)	Rights and revenues from specified movies
EURIBOR (12M)	monthly	n.a.	10/31/20		Film rights
fix	monthly	n.a.	11/28/19		Revenue from sales contracted
fix	monthly	n.a.	7/9/21		none
fix	maturity	n.a.	6/9/19		none
fix	maturity	n.a.	6/9/19		none

RESPONSIBILITY STATEMENT

AS OF 31. DECEMBER 2018

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group and that the combined Group management report and management report, including the business performance, results and the position of the Group, are presented in such a way as to provide a true and fair view and describe the principal opportunities and risks associated with the expected development of the Group.

Berlin, 5 May 2019

Wild Bunch AG

Vincent Grimond	Max Sturm
Chairman of the Management Board (CEO)	(CFO)

INDEPENDENT AUDITOR'S REPORT

To Wild Bunch AG, Berlin:

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

OPINIONS

We have audited the consolidated financial statements of Wild Bunch AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2018 to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined group management report and management report of Wild Bunch AG for the financial year from 1 January 2018 to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of the corporate governance declaration as stated in the combined group management report and management report of the parent company.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the group as at 31 December 2018, and of its financial performance for the financial year from 1 January 2018 to 31 December 2018, and
- the accompanying combined group management report and management report as a whole provides an appropriate view of the group's position. In all material respects, this combined group management report and management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined group management report and management report does not cover the content of the corporate governance declaration appended.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined group management report and management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined group management report and management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the combined group management report and management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined group management report and management report.

Material Uncertainty in Connection with the Company Continuing as a Going Concern

We refer to the disclosures in Section 1.4. "Discretion and Uncertainties in Estimates – Acceptance of Company Continuation" of the notes to the consolidated financial statements as well as in Section 4.3.2. "Financial Risks" of the combined group management report and the management report, in which the legal representatives stated that various measures had been initiated to ensure and strengthen the financial basis. In addition to completing the conversion of debt capital to equity capital in 2019 and to injecting additional debt capital, it has been agreed upon that monies from additional shareholder loans will be paid out in May 2019. Furthermore, it is expected that the bank loans due in April 2020 can be successfully refinanced and will not be prematurely called in by the bank in the event of a breach of financial covenants concluded.

The Management Board further stated that should the financing and refinancing measures described and initiated not be successfully implemented to completion, or should an obligation arise for repaying the existing loans prematurely, or should the course of business fall well short of the expectations assumed in planning the budget, such events could impair the further development of the Company and the Group and jeopardize their ability to continue to exist, should any financial gaps not be closed by other capital measures.

This points to the existence of a material uncertainty that sheds a significant doubt on the Company's ability to continue as a going concern and presents a going concern risk in the meaning of § 322 (2) sentence 3 HGB.

In view of these facts and circumstances, our audit opinion is not qualified.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

ASSESSMENT OF THE GROUP'S LIQUIDITY PLANNING

RELATED INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS AND COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

The disclosures of the Group's planning are contained in Section 1.4. "Discretion and Uncertainties in Estimates – Acceptance of Company Continuation" and Section 5.12. "Events after the Balance Sheet Date (Supplementary Report)" of the notes to the consolidated financial statements as well as in Section 3.3. "Expected Development", in Section 3.4. "Overall Statement by the Management Board by the Group's Development" and in Section 4.3.2. "Financial Risks" of the combined group management report and management report. Keeping these considerations in mind, Assessment of the Group's Liquidity Planning were of special significance for our audit.

FACTS AND RISKS FOR THE AUDIT

The liquidity planning of the Wild Bunch Group is based on the assumption that the financial restructuring being implemented will successfully have been concluded and that sufficient financial funds can be made available to the entities of the Group so that the Group can meet its financial obligations and make the required investments in acquiring film distribution rights and in developing new marketing strategies. A risk exists that these assumptions, on which the planning was based, will not lead to achieving the goals set. In such a case the further development of the Group would be impaired and the existence of the Group as a going concern would be in jeopardy.

AUDIT APPROACH AND FINDINGS

As part of our audit, we traced the liquidity planning prepared by the Group and assessed the plausibility of the underlying assumptions. We examined the suitability of the considerations for the financial restructuring measures.

After having intensively discussed the planning and the underlying assumptions with management, we have come to the conclusion that the assumptions and goals planned are plausible. Furthermore, we have examined the possible event of the risks occurring as presented in Section "Material Uncertainty in Connection with Group Continuing as a Going Concern". With respect to the further financial restructuring planned, we interviewed the Management Board and gained the knowledge that no indications existed that spoke against a successful implementation of the restructuring measures to be introduced during the time period when the audit was being performed. Also after 31 December 2018 up to the date of the auditor's report, we convinced ourselves that the measures described in the supplementary report of the notes to the consolidated financial statements (section 5.12) have been implemented and that the available funds are available to the Group unchanged.

After having considered the financial restructuring measures to be introduced by Wild Bunch, we are of the opinion that the liquidity planning on the whole has elements of risk but is plausible.

RECOVERABILITY OF GOODWILL

RELATED INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS AND COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

The Group's disclosures concerning goodwill are contained in Section 1.4 "Discretion and Uncertainties in Estimates", in Section 1.5 "Accounting Policies – Intangible Assets or – Impairment of Non-financial Assets" and in Section 3.1 "Goodwill" of the notes to the consolidated financial statements.

FACTS AND RISKS FOR THE AUDIT

The consolidated financial statements of Wild Bunch AG included goodwill in the amount of € 124,454 thousand, which was approximately 46 % of the balance sheet total and which exceeded equity by € 56,777 thousand. Goodwill is tested annually for impairment in order to measure a potential need for write-downs. The result of this measurement largely depends on how the legal representatives estimate prospective cash inflows and derive the discount rates used. Owing to the complexity of the underlying measurements, as well as the discretionary judgement exercised, Recoverability of Goodwill were of special significance for our audit.

AUDIT APPROACH AND FINDINGS

As part of our audit, we analysed the process implemented by the legal representatives of Wild Bunch AG as well as the accounting and measurement requirements for determining the recoverable amounts of the cash-generating units to which goodwill was allocated for potential risks of error in order to gain an understanding of these steps processed and the internal controls implemented. We acknowledged management's approach for capitalising interest rates as well as for generating future profits as specified in IAS 36.

We analysed the Group's planning underlying the impairment tests performed. We examined the significant assumptions on growth, the course of business planned and future profitability, and we assessed their plausibility and compared it with other firms in the industry. We discussed the planning with the legal representatives of Wild Bunch AG. On this basis we assessed their suitability.

The appropriateness of other significant measurement assumptions, such as the discount rates, have been evaluated by an internal valuation specialist who based his analysis on market indications. We analysed the parameters used in determining the discount rates with regard to their being properly derived and calculated in accordance with the requirements of IAS 36.

We estimated impairment risks arising through changes in significant measurement assumptions by conducting sensitivity analyses. Moreover, we retraced the mathematical accuracy of the measurement models in compliance with the requirements of IAS 36.

We are of the opinion that the impairment tests performed by the legal representatives of the parent company as well as the measurement parameters applied and the assumptions made were, as a whole, suitable for assessing whether goodwill was impaired.

RECOVERABILITY OF FILM DISTRIBUTION RIGHTS

RELATED INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS AND COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

The Group's disclosures concerning film distribution rights as an element of intangible assets are included in Section 1.4 "Discretion and Uncertainties in Estimates", in Section 1.5 "Accounting Policies – Intangible Assets", and in Section 3.2 "Intangible Assets" of the notes to the consolidated financial statements.

FACTS AND RISKS FOR THE AUDIT

In the item intangible assets film distribution rights totalling € 51,832 thousand which is approximately 19 % of the balance sheet total, were disclosed. Film distribution rights form the basis of the business of the Wild Bunch Group. The acquisition costs of film distribution rights are amortised by applying a net revenue-based method. Additionally, film distribution rights annually undergo impairment testing as required by IAS 36. For such testing, the budget calculations for all film rights with respect to the market acceptance expected are regularly updated, and the recoverable amount from film rights (value in use) is determined by using the discounted cash flow method.

The results of these measurements are to a great degree dependent on how the legal representatives estimate future cash inflows from such analyses as well as on the discount rates applied. Such assessments therefore contain material uncertainties. Keeping these considerations in mind, Recoverability of Film Distribution Rights were of special significance for our audit.

AUDIT APPROACH AND FINDINGS

During our audit we have, amongst others, traced the methodological procedures for performing impairment tests and assessed whether the weighted average of capital costs complied with the requirements given in IAS 36.

For this purpose, we convinced ourselves that the underlying assessments of future net revenues from exploiting film rights were properly determined. For this we performed sampling for matching the remuneration contractually agreed upon for such exploitation with net revenues budgeted, and we acknowledged the suitability of the assumptions made for future revenues from other opportunities for exploiting such film distribution rights. Since the assumptions on future revenues were made by using discretionary judgment, we intensively discussed these issues with the legal representatives.

In addition, we evaluated the parameters used for applying the discount rates and traced the calculation scheme.

We are of the opinion that the impairment tests performed by the legal representatives of the parent company as well as the measurement parameters applied and the assumptions made were, as a whole, suitable for assessing whether film distribution rights were impaired.

REVENUE RECOGNITION AND DEFERRED INCOME

RELATED INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS AND COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

For the accounting policies and measurement methods applied in recognising revenues, we refer to the disclosures in the consolidated notes to the financial statements in Section 1.5. "Accounting Policies – First-time adoption of IFRS 15 Revenue from contracts with customers and – Revenue from contracts with customers". For quantitative disclosures on revenues, we refer to the disclosures in the consolidated notes to the financial statements in Section 2.1. "Revenues" and in the combined group management Report and management report in Section 2.4 "Earnings, assets and financial position of the Group".

FACTS AND RISKS FOR THE AUDIT

In the consolidated financial statements of Wild Bunch AG revenues totalling € 81,282 thousand were recognised. The revenues were primarily generated by exploiting film rights in the areas of theatrical distribution, of international sales as well as of direct electronic distribution and home entertainment.

Owing to the large number of different contractual agreements for various services of the Wild Bunch Group, we judge the issue of revenue recognition as being complex. Keeping these considerations in mind, Revenue Recognition and Deferred Income were of special significance for our audit.

AUDIT APPROACH AND FINDINGS

During our audit we analysed the process implemented by the legal representatives of Wild Bunch AG as well as the accounting policies and measurement methods applied in recognising revenue for possible risks, and we gained an understanding of the procedural steps of the process and the internal controls implemented. We acknowledged the procedures undertaken by the Group for deferring income on the basis of the criteria defined in IFRS 15.

In addition, we analysed, amongst others, the material revenues generated in the 2018 financial year in order to ascertain if a correlation existed between the related trade receivables and incoming payments. Moreover, we traced revenues recognised on the basis of contractual agreements by sampling in connection with the modified revenue recognition requirements of IFRS 15. We audited the revenues generated in the 2018 financial year with regard to their being deferred by taking samples of revenue transactions through tests of details just before and just after the reporting date. Also by means of sampling, we obtained balance confirmations from customers.

The results of our audit procedures led to no objections with regard to revenue recognition and to deferred income.

Other Information

The executive directors are responsible for the other information. The other information comprises:

- the corporate governance declaration in accordance with § 289f and 315d HGB as cited in the combined group management report and management report,
- the responsibility statement pursuant to § 297(2) sentence 4 HGB and to § 315 (1) sentence 5 HGB in the Section "Declaration of Statutory Representatives" in the 2018 annual report,
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements, the combined group management report and management report and our auditor's report.

The Supervisory Board is responsible for the following information:

- the report of the Supervisory Board in the 2018 annual report.

Our opinions on the consolidated financial statements and on the combined group management report and management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined group management report and management report or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Group Management Report and Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined group management report and management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined group management report and management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined group management report and management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined group management report and management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Group Management Report and Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined group management report and management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined group management report and management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined group management report and management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined group management report and management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined group management report and management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined group management report and management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined group management report and management report t. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined group management report and management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined group management report and management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and regulatory requirements

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 26 September 2018. We were engaged by the supervisory board on 26 November 2018. We have been the group auditor of the Wild Bunch AG since the financial year 2017.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the engagement

The German Public Auditor responsible for the engagement is Frank Pannewitz.

Berlin, 5 May 2019

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Udo Heckeler
Wirtschaftsprüfer
(German Public Auditor)

Frank Pannewitz
Wirtschaftsprüfer
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BURNING	© 2018-PinehouseFilm
CAPHARNAÜM	© MOOZ FILMS
CHARLESTON	© Adi Marineci
CHOCOLATE TYTGAT	© Wild Bunch TV
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THE MAN WHO STOLE BANKSY	/
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