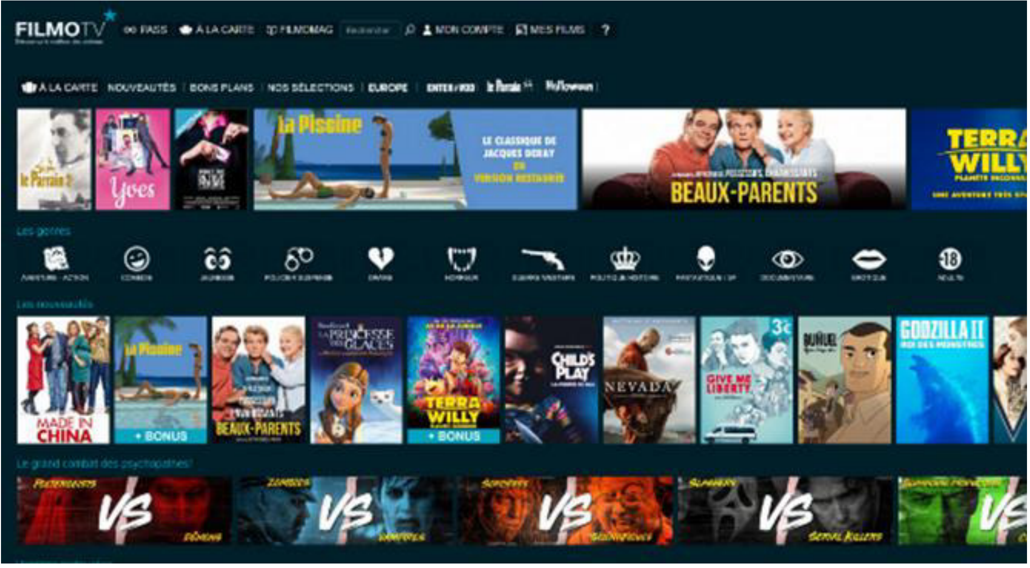
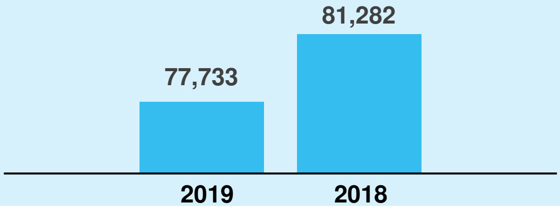
wild bunch

ANNUAL REPORT
2019

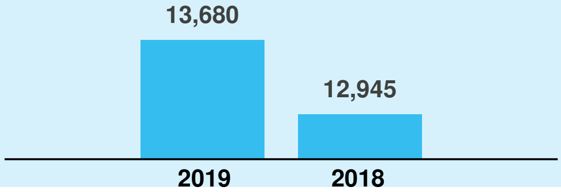

FILMOTV
PASS
À LA CARTE
FILMOMAG
MON COMPTE
MES FILMS
À LA CARTE
NOUVEAUTÉS
BONS PLANS
NOS SÉLECTIONS
EUROPE
Yves
La Piscine
LE CLASSIQUE DE JACQUES DERAY EN VERSION RESTAURÉE
BEAUX-PARENTS
TERRA WILLY
MADE IN CHINA
+ BONUS
La Piscine
+ BONUS
BEAUX-PARENTS
TERRA WILLY
+ BONUS
CHILD'S PLAY
NEVADA
GIVE ME LIBERTY
BUÑUEL
GODZILLA II
VS
VS
VS
VS
VS


HIGHLIGHTS

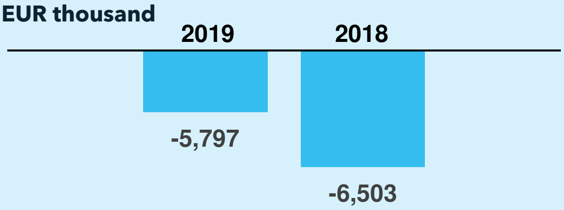
REVENUE
in EUR thousand



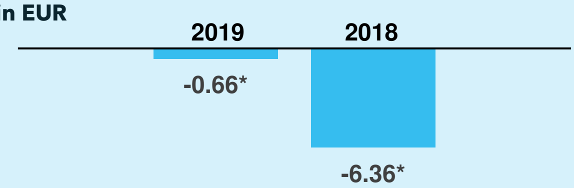
GROSS PROFIT
in EUR thousand



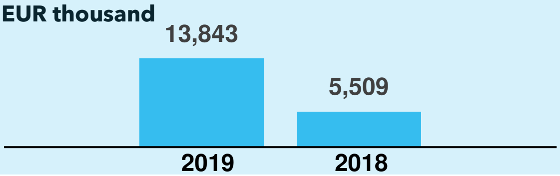
OPERATING RESULT
in EUR thousand



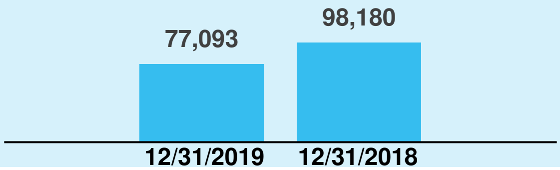
EARNINGS PER SHARE
in EUR



CASH FLOW FROM OPERATING ACTIVITIES
in EUR thousand



NET DEBT
in EUR thousand



*Based on an average of 18,169,148 shares in 2019 and 2,044,075 shares in 2018

- Group-wide financial restructuring successfully completed
- Revenues declined to EUR 77.7 million.
- Gross profit margin increased to 17.6 % (previous year: 15.9 %)
- Operating result (EBIT) of EUR -5,797 thousand mainly burdened by lower revenues and restructuring costs
- Wild Bunch generates positive cash flow of EUR 13,843 thousand from operating activities

CONTENT


OLAF MACHT

COMPANY PROFILE

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

THE BUSINESS MODEL - ACTIVE IN THE AREAS OF CONTENT ACQUISITION, FILM & TV SERIES FINANCING, CO-PRODUCTION, FILM & TV SERIES DISTRIBUTION AND INTERNATIONAL SALES WITH AN INTERNATIONAL DISTRIBUTION NETWORK

The Group is an independent European film and TV series distribution and production services company actively engaged in the areas of content 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.

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

The country and brand strategy includes:

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

As early as 2008 Wild Bunch also positioned itself in the market of direct electronic distribution with its VOD / SVOD service FILMO TV in France. Furthermore, Wild Bunch also has a presence in the field of film production. Wild Bunch produced or co-produced movies, TV series and TV shows like BLUE IS THE WARMEST COLOR, LE LIVRE D'IMAGES, VICTORIA, WOLF TOTEM, ÜBERFLIEGER - KLEINE VÖGEL GROSSES GEKLAPPER, 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.

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

Wild Bunch currently manages a total library of around 2,500 film & TV series titles and co-finances and/or distributes up to an additional 50 new independent films a year. Well positioned thanks to both a long-standing reputation widely recognised by the global film business and its large and artistically diverse selection of international arthouse movies, the Group considers itself well positioned and has already ensured the successful international sales as well as strengthen the reputation of numerous films. International and local successes have been achieved with well-known films such as THE ARTIST, LES MISÉRABLES, CARPHRNAÜM, DHEEPAN, DRIVE, FAHRENHEIT 9/11, THE GRANDMASTER, INTOUCHABLES, KIKI, THE KING'S SPEECH, DER KLEINE NICK, MARCH OF THE PENGUINS, MARY AND MIKE, PAN'S LABYRINTH, THE READER, SIN CITY, SPIRITED AWAY, TWO LOVERS, VICKY CRISTINA BARCELONA, VICTORIA, LES MISERABLES.

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 – EXPERIENCE AND INTERNATIONAL NETWORK COMBINED

Wild Bunch's business activities are managed by an experienced management team. As Chairman of the Board 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.

He is supported by an experienced and international management team. Marc Gabizon, Head of Group Wild Bunch operations is based in Germany; Gregory Strouk, Head of Wild Bunch TV & Wild Bunch Digital and Jérôme Rougier, Head of French theatrical distribution and acquisition are based in Paris; Antonio Medici, CEO of BIM Distribuzione is based in Roma; from Madrid, Andres Martin is Founder and Head of Vértigo Films; Adeline Fontan Tessaur, based in Paris, is General Manager of the international sales company Elle Driver; Markus Aldenhoven, Legal & Business Affairs of Wild Bunch Germany is based in Munich; Bruno Delecour, CEO of FilmoTV, is based in Paris and Amandine Houpe, Chief Financial Officer of Wild Bunch S.A. and Deputy Chief Financial Officer of the Group, runs Wild Bunch Group finances from Paris.

THE STRATEGY - TAILOR-MADE PRODUCTS FOR PROFITABLE GROWTH

Wild Bunch has set itself the goal of further expanding its position as an independent European film distribution and production services company. The strong international network and synergies 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 audio-visual contents, from the 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 digitization and consequently the change from linear television consumption to on-demand TV, the company sees itself as a pioneer in the development of innovative digital 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.

REPORT OF THE SUPERVISORY BOARD

In the following, the Supervisory Board reports on its activities in the 2019 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 2019, the Supervisory Board performed the duties and obligations as set forth by the law and the Articles of Association. It continuously monitored the Managements conduct of business and regularly advised it on the managerial and strategic orientation of the Company.

The Supervisory Board was informed regularly, promptly and comprehensively by the Management in written and oral reports. The reports contained all relevant information on business development and the situation of the Group, including the risk situation and risk management. Deviations of the actual business from the approved plans were presented, explained and discussed. The Management 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 continued to inform the Supervisory Board on key performance indicators and submitted transactions requiring the approval of the Supervisory Board or those of particular importance in good time for resolution. The Supervisory Board was also kept informed in detail by the Management 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 audit duties by receiving and discussing reports from the Management, 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 2019, the Supervisory Board held three meetings. The Supervisory Board meetings were held either as telephone conferences or in – at least partial - presence of participants. The attendance rate of the members at the meetings of the Supervisory Board was 92.5 %.

COMMITTEES

To ensure an efficient performance of its duties, the Supervisory Board has established two committees: The Audit Committee and the Investment Committee. The Audit 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: Tarek Malak, Dr. Georg Kofler, Kai Diekmann and Benjamin Waisbren until the latter had left the Supervisory Board. Two meetings of the Audit Committee and Investment Committee each were held in 2019.

CONSULTATIONS IN THE SUPERVISORY BOARD

The subject of regular reporting by the Management 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 meetings focused on the implementation of the restructuring measures and related individual issues such as the joint statement of the Management and the Supervisory Board on the voluntary public takeover bid by Voltaire Finance B.V. or the registration of the capital increases against contributions in kind in March / April 2019 with subsequent admission of the new shares by means of a securities admission prospectus in May 2019, the conclusion of shareholder loans, the Group's liquidity situation, the Group's strategic orientation and the improvement of the organizational structure. In the further course of the year, the main topics of discussion were the resolutions of the 2019 Annual General Meeting and in this case the election of a new Supervisory Board member, the structural measures with the merger of the French companies Wild Bunch Distribution SAS - Wild Side Films SAS - Wild Side Video SAS into Wild Bunch S.A. and the establishment of Wild Bunch International SAS and BIM Produzione s.r.l.

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

1. Advising the Management on the preparation and presentation of the 2018 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 on the Group's future strategy, in the TV and digital fields.
3. Advising the Management on group internal financing, 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 budget planning submitted by the Management Board for the 2019 financial year, the joint reasoned opinion of the Management and the Supervisory Board in connection with the voluntary public takeover bid by Voltaire Finance B.V., the adoption and approval of the annual and consolidated financial statements for the 2018 financial year, the adoption of the dependent company report and the corporate governance documentation for the 2018 financial year. The Supervisory Board also passed resolutions on the commission of the Group's auditor for the 2019 financial year and to propose Arjun Metre for election to the Supervisory Board to the Annual General Meeting. The Supervisory Board also approved to refinance the Group's credit line with Bank Leumi's through a loan from Commerzbank AG on the basis of the terms negotiated by the Management.

CORPORATE GOVERNANCE

At its meetings, the Supervisory Board dealt several times with corporate governance issues within the company. The Management 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 2019. It is permanently available to the public on the Wild Bunch AG website together with previous declarations of compliance. In the declaration, the Management Board and Supervisory Board declared that the recommendations of the German Corporate Governance Code in the version dated February 17th, 2017 were and are complied with, with the exceptions stated in the declaration of compliance. In the Corporate Governance Report, the Management 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 2019 financial year, the following personnel changes occurred to the composition of the Supervisory Board: Supervisory Board member Benjamin Waisbren resigned his mandate with effect from the end of 19 February 2019. Subsequently, the Supervisory Board consisted of the four remaining members in office, Tarek Malak, Kai Diekmann, Pierre Tattevin and Dr. Georg Kofler. Michael Edelstein had left the Supervisory Board already on 22 November 2018. Accordingly, new elections to the Supervisory Board were necessary. In accordance with the resolution proposed by the Supervisory Board, the 2019 Annual General Meeting on 28 August 2019 elected Arjun Metre to the Supervisory Board

COMPOSITION OF THE MANAGEMENT BOARD

Until 31 October 2019, the Company's Management in the 2019 financial year consisted initially of Vincent Grimond (Chairman of the Board) and Max Sturm. As of 1 November 2019, the Management consisted of Vincent Grimond.

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 28 August 2019 as the auditor of the annual financial statements and the consolidated financial statements for the 2019 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 3 November 2019 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 2019 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 2019 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 30 June 2020, 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. As a result of its assessment, no objections were to be raised. The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management as well as the combined Group and Management Report. The annual financial statements for the 2019 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 audit period, Wild Bunch AG was classified as a company dependent on a single shareholder in that very period. There is no control and/or profit transfer agreement with the controlling company in place.

The Management of Wild Bunch AG has therefore prepared a report on the relationship with affiliated companies for the 2019 financial year in accordance with section 312 of the German Stock Corporation Act (AktG) for the period of the dependency (dependency report). The Management submitted the dependency report to the Supervisory Board in due time.

The Company's auditors have audited the dependency 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 Bunch 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 reported on their audit and the main results of their audit at a separate meeting of the Audit Committee. At their meeting on 30 June 2020, the members of the Supervisory Board discussed the audit report in detail with the Management. The members of the Supervisory Board concluded that the audit report meets the legal requirements. In the course of its assessment, the Supervisory Board did not see any indications of incorrectness, incompleteness or other objections. The Supervisory Board concurs with the Management's proposal for the appropriation of earnings.

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

The Supervisory Board

Berlin, 30 June 2020

Tarek Malak
Chairman

THE SHARE

SHARE PRICE PERFORMANCE

The Wild Bunch AG share, which is listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange (initial listing February 25, 2008) was unfortunately not able to profit from the positive mood on the capital market in 2019, as the German market barometer the DAX® (German Share Index) did.

After a sharp decline at the end of 2018, the DAX® was able to almost completely make up for its losses and closed 2019 with a performance of plus 25.22 %. The Wild Bunch share lost around 2 % in value over the same period.

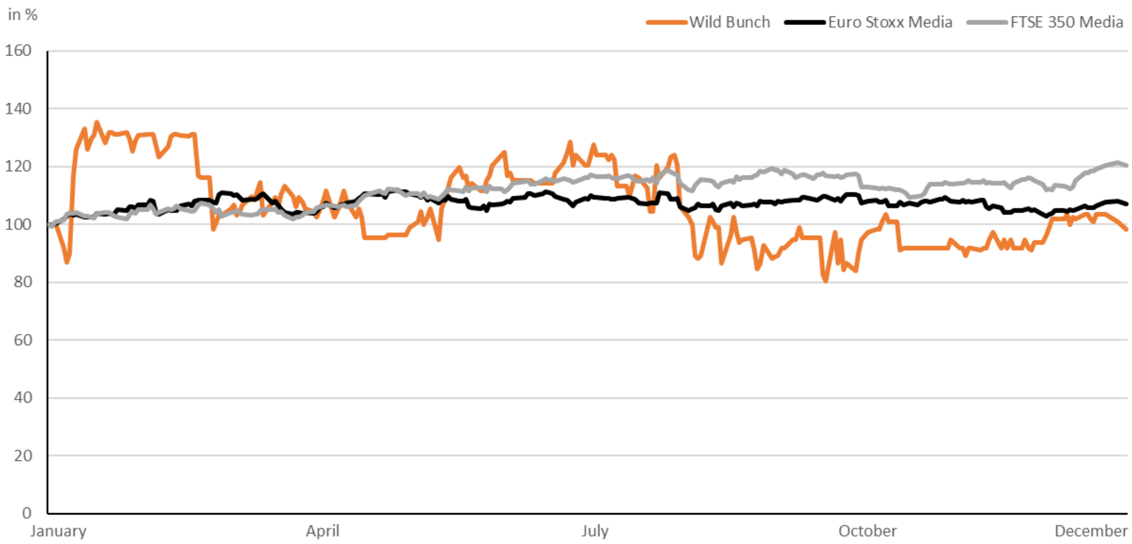
After a stormy rise in the first two months of 2019, the share price performance was more characterized by a sideways movement with low volatility. The share opened the trading year on January 2, 2019 at a price of EUR 2.24. Shortly afterwards, the share reached its annual high of EUR 3.03 on January 18, 2019. The low for the year of EUR 1.80 was reached on September 20, 2019. With a share price of EUR 2.20 and a market capitalization of EUR 52.67 million, the Wild Bunch share closed on December 30, 2019.

A significant change in the company's share classes occurred in the first half of the 2019 financial year by increasing the share capital to EUR 23,942,755.00 and the total number of shares to 23,942,755 as a result of the capital increases against contribution in kind on March 14, 2019 and April 12, 2019 respectively. The total of 21,898,680 new shares from these two capital increases against contribution in kind were admitted to the Frankfurt Stock Exchange on May 31, 2019 under ISIN/WKN DE000A2TSLZ0 / A2TSLZ. The technical combination under the common ISIN/WKN DE000A2TSU21 / A2TSU2 was then carried out immediately after the Annual General Meeting on August 28, 2019 after the congruent entitlement in profits of all shares had been established (adoption of the annual financial statements and appropriation of profits).

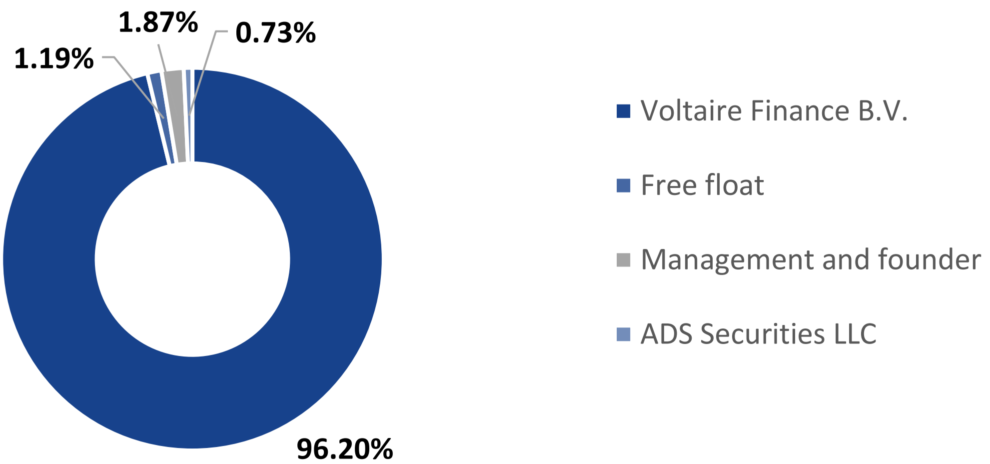
IMPORTANT KEY DATA

Security identification number	A2TSU2
ISIN	DE000A2TSU21
Stock exchange abbreviation	WBAH
Trading segment Transparency level	Regulated Market General Standard
Class of shares	Ordinary or no-par value bearer shares
Initial quotation	February 25th, 2008
Share capital (December 31, 2019)	EUR 23,942,755.00
Market capitalization (December 30, 2019)	EUR 52.67 m

SHARE PERFORMANCE (JANUARY 2 - DECEMBER 30, 2019)



SHAREHOLDER STRUCTURE (AS OF 31.12.2019)



The settlement of the voluntary takeover offer made by Voltaire Finance B.V. to the existing shareholders of Wild Bunch AG in February 2019 and of the two capital increases against contribution in kind in March and April 2019 led to significant changes in the shareholder structure.

Voltaire Finance B.V. is now the largest investor in the company with 96.20 % of the shares and thus continues to be a stable and long-term anchor investor. These anchor investors also include ADS Securities LLC as well as the management and founders with 0.73 % and 1.87 % of the shares respectively. The resulting sharply reduced free float amounts to around 1.19 % of the shares.

INVESTOR RELATIONS

Communication with the capital market was limited to the extent required by law due to limited capacities.

ANNUAL GENERAL MEETING

On August 28, 2019 the Annual General Meeting of the fiscal year 2019 of Wild Bunch AG took place in Berlin.

The Annual General Meeting was presented with the adopted annual financial statements of Wild Bunch AG as of 31 December 2018 and the approved consolidated financial statements as of 31 December 2018. The Annual General Meeting ratified the actions of the Management Board and the Supervisory Board for fiscal year 2018. Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, was elected as the new auditor and Group auditor for the 2019 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 Michael Edelstein and Benjamin Waisbren, new elections to the Supervisory Board were necessary.

Arjun Metre, Head of Sports, Media & Entertainment related Investments at Tennor Holding B.V., Schiphol, Netherlands, was newly elected to the Supervisory Board.

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

A short curriculum vitae of the new member of the Supervisory Board, Arjun Metre, is available on the Wild Bunch AG website at www.wildbunch.eu in the "Investors" section under "Dates" and there under "Annual General Meetings".

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

GENERAL INFORMATION ABOUT THE GROUP

INTRODUCTION

This combined Wild Bunch AG Group Management Report and Management Report was prepared pursuant to section 315 of the German Commercial Code (HGB). Unless Wild Bunch AG or 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 Wild Bunch Group is a leading independent European media company, which with its subsidiaries and brands is active in international sales and distribution as well as in the production and co-production of films and TV series.

After its own production or co-production or the purchase of exploitation rights, Wild Bunch serves its partners of the most diverse reception channels, from cinema operators to television broadcasters and providers of digital video content, with this content via its own classical or digital direct sales. The target markets in focus are thus cinema, TV and VOD/SVOD providers (also known as OTT video providers) and, to a lesser extent, exploitation via DVD/Blu-ray.

In the course of the increased acceptance and penetration of digital distribution channels by consumers, Wild Bunch has also positioned itself in this market with its French VOD/SVOD platform FilmoTV.

Country and brand strategy

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

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

Production and distribution

VOD/SVOD-Platforms

Group structure

The parent company of the Wild Bunch Group, Wild Bunch AG, is a listed stock corporation headquartered in Berlin. As the holding company, it performs a holding function and is responsible for management, financing, group law, communications and information technology (IT).

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

1.2. EMPLOYEES

In the 2019 financial year, the Group had an average of 125 employees (incl. management), in comparison with the previous year of 149 employees. This reflects efforts that were made to reduce overheads over time.

1.3. RESEARCH AND DEVELOPMENT

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

1.4. 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 analyses 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.

BUSINESS REPORT

2. BUSINESS REPORT

2.1. MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

2.1.1. BUSINESS ENVIRONMENT

The respective overall economic development as well as economic trends, particularly in France, Germany, Italy and Spain, have a significant influence on the Group's operating success. In addition, the Wild Bunch Group also operates in non-European markets such as the USA, for example in film purchasing or in its international sales activities.

In its World Economic Outlook of April 2020, the International Monetary Fund (IMF) reports a slowdown in global production growth from 3.6 % in 2018 to 2.9 % in 2019.

Nevertheless, there are differences in economic development between the individual regions and countries. After 2.9 % in 2018, the **US economy** still grew by 2.3 % in 2019. The **European Union** recorded growth of only 1.2 % in 2019, following an increase of 1.9 % in 2018.

Wild Bunch's most important markets recorded a slowdown in economic growth in 2019.

According to the IMF, the **French Economic Production** grew at a rate of 1.3 % in 2019, compared with 1.7 % in 2018. The **German Economic Production** still recorded growth of 0.6 % in 2019 (previous year: 1.5 %). For **Italy**, according to the IMF only a slight growth of 0.3 % in 2019 was the result compared to 0.8 % in the previous year. The dynamic growth in **Spain's** Economic Production is decreasing further. According to the IMF, a growth of around 2.0 % was achieved in 2019 (previous year: 2.4 %).

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 2019, the exchange rate stood at 0.88 euros to the US dollar according to data from the European Central Bank (ECB). After a continuous rise, the US dollar finished the last day of trading at 0.90 euros to the US dollar.

2.1.2. INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

The Wild Bunch Group operates in a market environment that continues to change dynamically. The focus is now on the consumer, who determines when, what and how he or she wants to see content. A change in viewing habits, based on personal preferences and daily routines, which was long anticipated and has now become reality. Due to the high degree of digitalization in the media world, this development is supported in particular by the versatile reception devices of consumers.

According to estimates of the industry study "PwC Global Entertainment & Media Outlook 2019 - 2023" by the accounting and auditing firm PriceWaterhouseCoopers ("PwC"), the dynamic changes will lead to total revenues of the industry of USD 2.2 trillion in 2019, compared to USD 2.1 trillion in 2018, this represents a growth rate of around 4.8 %.

In 2020, the Entertainment & Media industry will be influenced at the regulatory level, especially in Europe. Following the publication of the new EU directive for audio-visual media services at the beginning of November 2018, the member states now have 21 months (until September 2020) to transpose it into national law. The most important goal of these new regulations is to create equal competitive conditions for the exploitation stages cinema, traditional television and new services such as on-demand media services. The new rules also aim to increase cultural diversity and promote European content.

2.1.2.1. CINEMA

In their study "PwC Global Entertainment & Media Outlook 2019 - 2023", analysts at PwC estimate global gross income to be USD 43.4 billion in 2019.

The **French cinema market** is characterised by investments in innovative projection and audio technologies and a strong national film production with its focus on comedy, which continues to be supported and protected by regulatory measures. Internationally rather less noticed, national productions in **Germany** showed a solid performance. Especially comedies and children's/family films performed very well and attracted great interest. National film funding in its various facets provides important support for the German film industry. The **Italian cinema market** is significantly influenced by the continuing problem of film piracy and the fierce competition from online streaming competitors. In addition, there is also the declining number of cinema visits during the summer holiday season and the predominant lack of interest in US productions, which equates to greater interest in local productions. In **Spain**, investments made by cinema operators in luxurious and modernised cinemas should lead to an increase in attendance figures and higher ticket prices should also generate higher revenues.

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

Electronic distribution comprises the sale of film rights and content to over-the-top video (OTT video) services, i.e. for the reception of content directly via a device connected to the Internet, such as a television set (Smart TV) or other peripheral devices (e.g. DVD players and game consoles) as well as via mobile devices such as smart phones, tablets and notebooks. A distinction is made between single use Transactional Video-on-Demand or TVOD, i.e. the lending of a video for a limited period of time, the right of use expires at the end of the period or the possibility of multiple use Subscription Video-on-Demand or SVOD, i.e. a subscription model, with mostly monthly payment for rights of use of an (un)limited number of film titles.

Due to the reciprocal influence with OTT-Video we also include the sale and rental of DVDs or Blu-rays (home entertainment business) in this segment Electronic distribution.

The OTT video market is currently in a global struggle for subscribers. Netflix and Amazon Prime Video still dominate, but new offers from Disney+, ATT/WarnerMedia or AppleTV and Facebook Watch unleash the competition. An extensive competition for the best, especially local content, for new subscribers, either as in-house or third-party production - is seen as the beginning of a "golden age" for the TV and film industry. Content remains the key factor for success in this market. PwC analysts expect the OTT video market to generate total global revenues of USD 45.3 billion in 2019 (previous year: USD 38.2 billion).

In contrast, the home entertainment market is developing in exactly the opposite direction and will become a niche market in the long term. The demand for DVDs and Blu-rays continues to decline worldwide and is being replaced by online videos. This is also reflected in the estimates of PwC analysts. Total revenues are estimated at only USD 15.0 billion in 2019 (previous year: USD 17.0 billion).

The saturated **OTT video markets** such as **France** and **Germany**, as well as the emerging markets of **Italy** and **Spain**, are characterized by the reorganisation and reissues of various market players in order to compete against market leaders such as Netflix and Amazon Prime Video. Public and private broadcasters in these countries are working together to create a national champion and to compete in the market.

The market participants have entered into an extensive competition for local content. In addition, the regulatory requirements for market participants are increasing significantly. For example, the adopted EU Directive for audio-visual media services, as mentioned in the introduction. The most important element is that providers of on-demand audio-visual media services (such as Amazon Prime or Netflix) must ensure that at least 30 % of their catalogues consist of European content and that this content is given appropriate status and presentation.

The French market is one of the most heavily regulated markets in Europe. Among other things, France requires VOD market players to pay a two percent tax on their sales to promote local productions and to ensure that at least 60 % of European and at least 40 % of French works in their film libraries. A universal tax is also levied on digital services provided by foreign companies operating in France. These payments benefit the state film promotion agency CNC (Centre national du cinéma et de l'image animée) to promote domestic productions.

2.1.2.3. TRADITIONAL TELEVISION TV

The market segment, "Traditional Television TV", is facing a further weakening of its growth dynamics in the coming years. Demand for OTT's video offerings will continue to rise, price pressure among suppliers remains high, and the financing of public television broadcasters via broadcasting fees continues to be an important but stagnant element in many countries. In individual markets, a wave of consolidation among suppliers is already taking place, for example in France. These are the challenges for the distribution of films and TV productions; however, first-class and target-group oriented content is still in demand.

PwC expects the global market for traditional television TV to reach USD 233.3 billion in 2019.

The French government is currently taking a very active role in regulating the **French TV market** to protect the domestic industry, see also 2.1.2.2. Electronic Distribution. The **German TV market** is mainly characterized by high broadcasting fees, which make a stable and high contribution to the TV market volume. Competition and consolidation is taking place here, particularly in the area of reception technologies, i.e. cable, IPTV and satellite. Examples are the expansion of the IPTV offer "EntertainTV" of Deutsche Telecom or the merger of Kabel Deutschland, Unity Media and Vodafone to form the largest cable provider in Germany. Characterized by a strong free-to-air TV sector, the penetration of the **Italian TV market** with TV subscriptions is rather low. Nevertheless, competitors are trying to attract new customers with new and more expensive premium TV packages (more TV channels, UHD or "TV Everywhere"). The current market driver in the **Spanish TV market** is the strong expansion of multi-play offers (e.g. mobile telephony, fixed network, (A)DSL Internet, TV and WiFi), despite the fact that the market is subject to strong competitive pressure from OTT-video providers.

2.1.2.4. PRODUCTION

In the 2019 financial year, production activities in the Wild Bunch Group were still limited primarily to Germany. According to the German film industry's umbrella organization SPIO e.V. the number of German feature film premieres in cinema in 2019 rose by 3 % to 157 compared to 153 in 2018. In the long term, the 10-year average is 146 films. 39 % of new German feature films were German-foreign co-productions, with France, Austria, Switzerland, Belgium and the USA among the preferred co-production countries of the last 10 years. 195 (previous year: 179) production companies were involved in the German premieres in 2019. There is a high competitive and cost pressure in production.

A significant influence on production is exerted by film subsidies throughout Europe, which can be applied for in various areas and are usually conditionally repayable loans. In Germany, for example, funding can be applied for the production, the screenplay, an international co-production, distribution or video exploitation. The national film funding agency (FFA) reports a further decline in overall applications for funding in 2019 compared to previous years. After a year in 2018 with more applications in cinema funding, more applications in production & script funding were submitted in 2019. In production funding, the FFA approved EUR 15.7 million euros for 40 projects in 2019. The FFA supported the creation of 38 screenplays with around EUR 1.1 million. In distribution and sales, the FFA awarded subsidies and media services totalling EUR 12.4 million for 69 films.

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, in 2018 the Management Board has 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 €k	2019	2018
Revenue	77,733	81,282
Gross profit [1]	13,680	12,945
Operating result (EBIT)	-5,797	-6,503
Net debt[2]	77,093	98,180

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

[2] Net debt corresponds to financial liabilities excluding leasing liabilities from the first-time application of IFRS 16 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 2019 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

Theatrical distribution and International Sales remain critical components of our business. The Wild Bunch Group is well positioned in the market as an established provider of high-quality content of all kinds along the entire exploitation chain. A broad and high-quality film library, extensive contacts to talents, a strong international distribution and sales network and the gradual expansion of production structures are the foundations of the Wild Bunch Group's business activities.

Despite strong financial pressure, in 2019 the Group showed its capacity to react with Wild Bunch TV getting some new TV series to distribute internationally for the following years, and its ability to pursue the development of production/coproduction activities. The Group coproduced or launched coproduction of 31 projects, including 21 TV series and 10 movies.

2.3.1. BUSINESS SEGMENT INTERNATIONAL SALES AND DISTRIBUTION AND FILM PRODUCTION

2.3.1.1. THEATRICAL DISTRIBUTION[1]

A total of 52 movies (previous year: 38 movies) were released by the Group in France, Germany, Italy and Spain in the fiscal year 2019, for a theatrical revenue of EUR 13,246 thousand vs EUR 13,804 thousand in 2018.

13 films in French cinemas, including DRAGON BALL SUPER BROLY by Tatsuya Nagamine which reached 608,548 admissions; 14 movies released in Germany by Wild Bunch Germany, including DEUTSCHSTUNDE by Christian Schwochow - produced by Senator Film Produktion (333,293 admissions); 10 movies released in Italy by BIM (including 7 movies in collaboration with "Movies Inspired"), including BOOK CLUB by Bill Holderman reaching 223,183 admissions; 15 releases in Spain by Vértigo, including THE OLD MAN AND THE GUN by David Lowery reaching 147,713 admissions.

In 2019, the Wild Bunch Group made several multi territories releases such as CHILD'S PLAY by Lars Klevberg, that was theatrically released in Spain and Germany or THE FAREWELL by Lulu Wang released by BIM Distribuzione and Vértigo.

But 2019 was also marked by some disappointing movies such as FAHIM by Pierre-François Martin-Laval in France (215,000 admissions), UN HOMME PRESSE by Hervé Mimran in Italy (39,804 admissions), UNDER THE SILVER LAKE by David Robert Mitech in Spain (15,526 admissions) or MEIN LOTTALEBEN by Neele Leana Vollmar in Germany (234,527 admissions).

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

title	director	origin	distribution company	release date
MIRAI	Mamoru Hosoda	Japan	Wild Bunch S.A.	26.12.2018
UNDER THE SILVER LAKE	David Robert Mitchell	USA	Vertigo	28.12.2018
LUCIA'S GRACE	Gianni Zanassi	Italy	Vertigo	04.01.2019
TOTORO	Hayao Miyazaki	Japan	Vertigo	04.01.2019
UNA NOTTE DI 12 ANNI	Alvaro Brechner	Uruguay, Spain, Argentina	BIM for Movies Inspired	10.01.2019
POLAROID	Lars Klevberg	USA, Norway	Wild Bunch Germany	10.01.2019
CAPHARNAÜM	Nadine Labaki	Lebanon, USA, France, Cyprus, Qatar, UK	Wild Bunch Germany	17.01.2019
THE OLD MAN AND THE GUN	David Lowery	USA	Vertigo	25.01.2019
UN HOMME PRESSE	Hervé Mimran	France	BIM	21.02.2019
UN HOMME PRESSE	Hervé Mimram	France	Vertigo	22.02.2019
THE GUILTY	Gustave Möller	Denmark	BIM for Movies Inspired	07.03.2019
THE SISTERS BROTHERS	Jacques Audiard	France, Spain, Romania, Belgium, USA	Wild Bunch Germany	07.03.2019
REBELLES	Allan Mauduit	France	LE PACTE	13.03.2019
DRAGON BALL	Tatsuya Nagamine	Japan	Wild Bunch S.A.	13.03.2019
RICORDI	Valerio Mieli	Italy, France	BIM	21.03.2019
LES INVISIBLES	Louis-Julien Petit	France	Vertigo	29.03.2019
COMME SI DE RIEN N'ÉTAIT	Eva Trobisch	Germany	Wild Bunch S.A.	03.04.2019
BOOK CLUB	Bill Holderman	USA	BIM	04.04.2019
BORDER	Ali Abbasi	Sweden, Denmark	Wild Bunch Germany	11.04.2019
DILILI À PARIS	Michel Ocelot	France	BIM for Movies Inspired	24.04.2019
MUG	Malgorzata Szumowska	Poland	BIM for Movies Inspired	24.04.2019
MAIS VOUS ÊTES FOUS	Audrey Diwan	France	Wild Bunch S.A.	24.04.2019
THE QUEEN'S CORGI	Ben Stassen, Vincent Kesteloot	Belgium, USA	Wild Bunch Germany	01.05.2019
SOMBRA	Zhang Yimou	China, Hong Kong	Vertigo	17.05.2019
EL ANGEL	Luis Ortega	Argentina, Spain	BIM for Movies Inspired	30.05.2019
LA PARENZA DEI BAMBINI	Claudio Giovannesi	Italy	Wild Bunch S.A.	05.06.2019
JULIET NAKED	Jesse Peretz	USA, UK	BIM	06.06.2019
CHILD'S PLAY	Lars Klevberg	Canada, USA	Vertigo	28.06.2019
LA QUIETUD	Pablo Trapero	Argentina	BIM	04.07.2019
KURSK	Thomas Vinterberg	France, Belgium, Luxemburg, Romania, Canada, USA	Wild Bunch Germany	11.07.2019
Le TIGRE DU BENGALE & LE TOMBEAU HINDOU (re-releases)	Fritz Lang	Germany, France, Italy	Wild Bunch S.A.	14.07.2019
CHILD'S PLAY	Lars Klevberg	Canada, USA	Wild Bunch Germany (via Capelight)	18.07.2019
LES CREVETTES PAILLETEES	Cédric Le Gallo et Maxime Govare	France	Vertigo	19.07.2019

title	director	origin	distribution company	release date
GIVE ME LIBERTY	Kirill Mikhanovsky	USA	Wild Bunch S.A.	24.07.2019
KILLERMAN	Malik Bader	USA	Wild Bunch Germany	08.08.2019
MON INCONNUE	Hugo Gélin	France, Belgium	Vertigo	09.08.2019
LE MYSTERE DES PINGOUINS	Hiroyasu Ishida	Japan	Wild Bunch S.A.	14.08.2019
THALASSO	Guillaume Nicloux	France	Wild Bunch S.A.	21.08.2019
GOLDEN GLOVE	Fatih Akin	Germany, France	BIM	29.08.2019
MEIN LOTTALEBEN - ALLES BINGO MIT FLAMINGO	Neele Leana Vollmar	Germany	Wild Bunch Germany - Co-Produced by Senator Film Produktion	29.08.2019
THE PHOTOGRAPH	Ritesh Batra	Germany, India, USA	Vertigo	30.08.2019
NOUS FINIRONS ENSEMBLE	Guillaume Canet	France	BIM for Movies Inspired	12.09.2019
AN EASY GIRL	Rebecca Zlotowski	France	Wild Bunch Germany	12.09.2019
DEUTSCHSTUNDE	Christian Schwochow	Germany	Wild Bunch Germany - Co-Produced by Senator Film Produktion	03.10.2019
THE TRUTH	Kore-Eda Hirokazu	France, Japan	BIM	10.10.2019
FAHIM	PEF	France	Wild Bunch S.A.	16.10.2019
DEUX MOIS	Cédric Klapisch	France	Vertigo	25.10.2019
YOUNG AHMED	Jean-Pierre et Luc Dardenne	Belgium, France	BIM	31.10.2019
PORTRAIT OF A LADY ON FIRE	Céline Sciamma	France	Wild Bunch Germany (via Alamode)	31.10.2019
ADULTS IN THE ROOM	Costa Gavras	France, Greece	Wild Bunch S.A.	06.11.2019
LA FAMEUSE INVASION DES OURS EN SICILE	Lorenzo Mattotti	France, Italy	BIM	07.11.2019
THE FAREWELL	Lulu Wang	USA	Vertigo	08.11.2019
LA VIE INVISIBLE D'EURIDICE GUSMAO	Karim Ainouz	Brasil, Germany	Vertigo	22.11.2019
YUNG	Henning Gronokowski	Germany	Wild Bunch Germany	28.11.2019
FAHIM	Pierre-François Martin-Laval	France	BIM	05.12.2019
EL TRAIDOR	Marco Bellochio	Italy, France, Germany, Brasil	Vertigo	05.12.2019
THE FAREWELL	Lulu Wang	USA	BIM	24.12.2019
PAVAROTTI	Ron Howard	USA, UK, France, Italy	Wild Bunch Germany	26.12.2019

The contents of this table are not part of the statutory annual and consolidated financial statements audit.

2.3.1.2. INTERNATIONAL SALES

International Sales revenue improved significantly in 2019 to EUR 15,502 thousand (previous year: EUR 14,516 thousand). The Wild Bunch Group handled international sales for 52 movies in 2019 (28 movies in 2018), including YOUNG AHMED by Jean-Pierre and Luc Dardenne, who won the Best Director palme at Festival de Cannes, the movie was released in Italy by BIM Distribuzione or THE ROOM by Christian Volckman, a genre movie also to be released by BIM Distribuzione in Italy, LA PARENZA DEI BAMBINI by Claudio Giovannesi an Italian movie based on the book by Roberto Saviano (Gomorra), the movie was released by Wild Bunch in France or the acclaimed movie throughout international festivals LES MISERABLES by Ladj Ly, released by Wild Bunch Germany.

WILD BUNCH TV – 7 SERIES DELIVERED IN 2019 (4 SERIES DELIVERED IN 2018)

Wild Bunch TV managed to strengthen its TV series sales activities with the delivery of seven new series such as 3 seasons of DRAGONSLAYER666, a 12x26' Finish series, based on the award-winning book from critically-acclaimed young novelist Aleksi Delikouras (What it takes to become a champion, and how to build a team that you can trust to take with you into battle - only this war is happening online); NUDES a 10x20' teen drama created by Liv Joelle Barbosa Blad, Jørgen Færøy Flasnes, Nina Barbosa Blad, Erika Calmeyer, or THE NAME OF THE ROSE (French speaking territories), by Giacomo Battiato, a 8x52' based upon the bestseller "The Name of the Rose" by Italian author Umberto Eco.

2.3.1.3. ELECTRONIC DIRECT SALES AND HOME ENTERTAINMENT

Globally, in Wild Bunch key markets the trends remain constant: the demand for physical videos declined in 2019 while VOD remained disappointing and SVOD consumption increased everywhere, contributing to higher market total revenues.

In order to optimize its home entertainment and electronic distribution revenues in such a market Wild Bunch increased the number of "Direct to" releases in 2019. A total of 22 movies (previous year: 18 movies) were released directly to TV or DVD or VOD by the Group in the fiscal year 2019.

As far as physical and VOD releases are concerned, in France, Wild Bunch resisted thanks to the good performance of DRAGON BALL SUPER BROLY and catalogue sales. In Italy we can underline the good performance of BOOK CLUB, THE OLD MAN AND THE GUN or CHILDREN ACT in VOD and DVD. In Spain, Vértigo benefited from extra home entertainment revenues thanks to the relaunch of Studio Ghibli titles in DVD/VOD. In Germany, the VOD and DVD revenue decreased compared to 2018. As far as SVOD is concerned, the company pursued the sales to main and local services.

In 2019, Wild Bunch also achieved significant sales to local TV channels. In France 147 movies & TV series were sold to TV channels versus 132 in 2018 and top audiences were achieved for KING SPEECH (France 3), HOMEFRONT (C8) or SI J'ETAIS UN HOMME (TF1). In Italy, the TV sales revenue increased mostly with the top partners for independent movies RAI and SKY. In Spain, Vértigo succeeded in renewing its agreement with Moviestar+ and increased the revenues by 20 % in Pay TV sales. In Germany, the Group suffered a decline in TV revenues.

2.3.2. BUSINESS SEGMENT OTHER

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

In 2019 FilmoTV put online over 1,300 movies in SVOD and 3,500 movies in VOD. Marketing wise, FilmoTV launched "Enter the VOD", a podcast available on all podcast platforms and initiated collaborations with Youtubers specialized in movies. FilmoTV performance increased regularly in SVOD in 2019, while TVOD boomed.

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. SUPPLEMENTARY INFORMATION ON THE OPERATING BUSINESS

MAIN AWARDS AT FILM FESTIVALS

In 2019 Festival de Cannes, several movies sold or distributed by the Wild Bunch Group were awarded: the Jury Prize for LES MISERABLES by Ladj Ly, Jean-Pierre and Luc Dardenne won the Best Directors prize for YOUNG AHMED, a special distinction and Fipresci prize for IT MUST BE HEAVEN by Elia Suleiman; BEANPOLE by Kantemir Balagov won the Best Director Prize and the Fipresci prize at Un Certain Regard, AN EASY GIRL by Rebecca Zlotowsky won the SACD Prise at La Quinzaine des Réalisateurs and ALICE ET LE MAIRE by Nicolas Pariser won the Europa Cinemas Prize at La Quinzaine des Réalisateurs. Furthermore, THE TRUTH by Kore-Eda Hirokazu was the opening movie at Venice Mostra.

DEVELOPMENT OF PRODUCTION AND COPRODUCTION ACTIVITIES

One of the main strategic aims of Wild Bunch is to extend its activities in (co-)production. In 2019, the Group took a big step forward in its ambitions, with the acquisition of 31 projects in production (including 16 in development): 21 TV series and 10 movies.

Wild Bunch wants to become a major producer of local movies and TV series in France, Italy, Spain and Germany.

Already a recognised producer in Germany with its label Senator Film Produktion, the Group set up a new production company in Italy in 2019: BIM Produzione s.r.l. The company is now getting organized to extend production capacities also in Spain and France.

2.3.4. FINANCIAL RESTRUCTURING MEASURES AND CHANGES IN THE SCOPE OF CONSOLIDATION IN THE REPORTING YEAR 2019

In the first half of 2019, Wild Bunch successfully completed the financial restructuring begun in 2018. The main measures include:

- Conversion of all bonds of the 8% corporate bond 2016/2019 with a total nominal value of EUR 18.0 million into 3,600,000 new no-par value shares of the company with a pro rata value of EUR 1.00 each.
- Conversion of EUR 36.6 million of liabilities of Wild Bunch AG into 18,298,680 new no-par value shares with a pro rata value of EUR 1.00 each. This

capital increase against contribution in kind is part of the agreement on the financial restructuring of Wild Bunch signed on June 15, 2018 between the company, Tennor Holding B.V. (formerly Sapinda Holding B.V.) and Voltaire Finance B.V. In a step-by-step process, in March 2019, Voltaire Finance B.V. took over existing bank liabilities of Wild Bunch S.A. and liabilities of Wild Bunch S.A. to other creditors in the total amount of EUR 62.7 million. EUR 26.1 million of this amount remained as a loan with Wild Bunch S.A. EUR 36.6 million was taken over by Wild Bunch AG as part of a debt assumption and then converted into equity.

- These transactions reduced Wild Bunch's liabilities by EUR 54.6 million and increased Wild Bunch AG's share capital from EUR 2,044,075, divided into 2,044,075 no-par value shares, to EUR 23,942,755, divided into 23,942,755 no-par value shares.

These measures changed the Group's financial position and going concern risk. See the opportunities and risk report in this report.

The consolidated investments of the Wild Bunch Group and the corresponding changes are presented in the Notes to the consolidated financial statements in the section on the scope of consolidation.

The following changes occurred in the scope of consolidation in the 2019 financial year:

In March 2019, the investment in Bavaria Pictures GmbH, previously reported under shares in associated companies, was sold retroactively to the co-shareholder Bavaria Film GmbH with effect from 1 January 2019.

In May 2019, Wild Bunch decided to merge the French companies Wild Bunch Distribution SAS, Wild Side Film SAS and Wild Side Video SAS into Wild Bunch S.A. This serves to simplify the Group structures and optimize administrative processes. The merger took place to July 31, 2019. The merger of the companies into Wild Bunch S.A. has no effect on these consolidated financial statements.

In October 2019, BIM Produzione s.r.l. was founded in Rome as a 90 % subsidiary of BIM Distribuzione s.r.l. The aim of the company is to produce Italian television programmes and films to meet the growing demand from local customers. The development of the first projects began in the 2019 financial year; the first production is planned for 2020.

On May 10, 2019, the Supervisory Board of Wild Bunch AG decided to reorganize the international sales activities of Wild Bunch S.A., Paris, France, by establishing the existing international sales department as an independent company. The aim is to share know-how and fixed costs with new partners and to benefit from their financial strength in the realisation of new projects. In November 2019, Wild Bunch S.A., Paris, France, acquired 20 % of the newly established Wild Bunch International S.A.

Since Mr. Vincent Maraval left Wild Bunch S.A. on June 30, 2019, there is no longer any possibility of control over the 45 % interest in Insiders LLC, Los Angeles, USA, which had been fully consolidated to date. The 45 % interest in Insiders LLC is now accounted according to the equity method.

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

2.4.1. OVERALL ASSESSMENT OF THE REPORTING PERIOD

The reporting year was largely characterised by the completion of the financial restructuring (see section 2.3.4). In addition, the loans with Voltaire Finance B.V. were restructured in May 2019 and adjusted to the financial requirements of the Wild Bunch Group. In total, Voltaire Finance B.V. provided new funds of EUR 18.35 million in the reporting year. In April 2020, the loan from Bank Leumi (UK) plc ("Bank Leumi") was repaid; a new credit facility of up to EUR 35.0 million with a term until October 2022 was agreed with Commerzbank AG (see also events after the balance sheet date in the Notes). This created a new Wild Bunch Group, so to speak, which was able to devote itself fully to its operating business again and, in the opinion of the Management Board, which has achieved important milestones in the 2019 financial year despite the decline in sales and the still negative operating result.

In operational terms, the 2019 financial year was characterized by a scheduled increase in investments in new films compared to the previous year. A total of EUR 29.2 million (previous year: EUR 18.7 million) was invested in films. However, these investments did not yet lead to the expected income in the reporting year, among other things because numerous investments could only be made after the financial restructuring and after the new loan agreement with Voltaire Finance B.V. had been completed. As a result, the Wild Bunch Group's revenues of EUR 77.7 million in the reporting year (previous year: EUR 81.3 million) were slightly below the expected range of EUR 80.0 million to EUR 90.0 million. Nevertheless, gross profit of EUR 13.68 million was 5.7 % higher than in the previous year; the gross margin improved significantly.

Administrative expenses are at the same level as in 2018 and the ongoing efforts to reduce administrative costs, including personnel expenses, were offset by higher one-off legal and consulting fees.

As a result, the operating result (EBIT) was EUR - 5.8 million, an improvement of EUR 0.7 million compared to the previous year (EUR -6.5 million).

The Wild Bunch Group’s material earnings indicators developed as follows in the reporting year:

Key figures in €k	2019	2018
Revenue	77,733	81,282
Gross profit [1]	13,680	12,945
Operating result (EBIT)	-5,797	-6,503
Net debt[2]	77,093	98,180

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

[2] Net debt corresponds to financial liabilities excluding leasing liabilities from the first-time application of IFRS 16 less cash and cash equivalents

Originally, the Management Board assumed a consolidated EBIT of EUR -2.0 million to EUR -4.0 million before special effects for the 2019 financial year.

These special effects include costs of the capital increases carried out in 2019 (see section 2.3.4.), costs of the refinancing of liabilities to Bank Leumi planned for 2019 and costs from the simplification and streamlining of the Group structures. The costs of the capital increases were largely offset against the capital reserves without affecting income. The planned measures to reduce administrative costs (overhead costs) in connection with the simplification and streamlining of Group structures could only be started later than planned. In addition, the reduction in personnel expenses was offset by higher than expected legal and consulting costs, including one-off costs. In addition to these effects, the main reasons for the deviation from the expected EBIT were the lower than expected sales and the need for, in some cases, extensive value adjustments on receivables due to the financial difficulties of some partners. It must be emphasized that both gross profit and gross profit margin increased compared to the previous year.

The mandatory first-time adoption of the accounting standard IFRS 16 Leases as of January 1, 2019 will have an impact on the consolidated financial statements of Wild Bunch AG. Payment obligations from previous operating leases will be discounted in the future and carried as a lease liability as financial liabilities they increase financial liabilities. At the same time, the lessee capitalizes a right of use. Operating expenses previously recorded in connection with operating leases will thus in future be included in the depreciation of capitalised rights of use or in interest expenses for discounted obligations under operating leases. In the cash flow statement, the repayment portion of the lease payments from previous operating leases will in future reduce the cash flow from financing activities and no longer the cash flow from operating activities. Only the interest payments remain in the cash flow from operating activities. The published figures for the previous year were not adjusted retrospectively as part of the first-time application of IFRS 16.

2.4.2 SEGMENT PERFORMANCE

2.4.2.1 SEGMENT INTERNATIONAL SALES AND DISTRIBUTION AND FILM PRODUCTION

In the financial year 2019, sales decreased by 7.3 % to EUR 70,799 thousand (previous year: EUR 76,370 thousand), other film-related revenues amounted to EUR 2,931 thousand (previous year: EUR 4,420 thousand). The decrease in revenues is mainly due to significantly lower revenues in the TV business, including library titles among other things. The individual areas contributed to revenue as follows:

Revenue in €k	2019	2018	change
International sales	15,502	14,516	+986
Cinema rights	13,246	13,804	-558
Electronic Direct Distribution/Home Entertainment/TV	37,320	46,443	-9,123
Film production	4,731	1,607	+3,124
Total	**70,799**	**76,370**	**-5,571**

In the 2019 reporting year, sales revenues were offset by cost of sales of EUR 62,482 thousand (previous year: EUR 68,834 thousand). The cost of sales include distribution costs, the amortization of film rights and licensor transfers. The gross profit amounted to EUR 11,248 thousand after EUR 11,956 thousand in the comparative period. The gross profit margin rose to 15.9 % after 15.7 % in 2018.

2.4.2.2 SEGMENT OTHER

The segment Other, which includes the VOD platform and other activities, generated revenue of EUR 6,934 thousand in 2019 (previous year: EUR 4,912 thousand) and other income of EUR 1,505 thousand (previous year: EUR 1,000 thousand). With cost of sales of EUR 6,007 thousand (previous year: EUR 4,923 thousand) the Group was able to achieve a gross profit of EUR 2,432 thousand (previous year: EUR 989 thousand). The gross profit margin increased significantly to 35.1 % (previous year: 20.1 %), with both revenues and other income contributing in roughly equal parts.

2.4.3. THE GROUP'S FINANCIAL PERFORMANCE

The consolidated result for the year of EUR -11,981 thousand was above the previous year's figure (previous year: EUR -13,267 thousand), but below target. The result attributable to the Group's shareholders amounted to EUR -11,932 thousand (previous year: EUR -13,005 thousand). In connection with the two capital increases through contribution in kind (debt-equity swaps) in March and April 2019 respectively, total income of EUR 1,653 thousand was generated, which is reported in the financial result.

In addition to the effects explained above and the development of revenues and cost of sales for the segments as well as the cost of sales of the services rendered to generate revenues, the following changes should be highlighted for the 2019 reporting year:

Administrative expenses, including other operating expenses, amounted to EUR 22,743 thousand (previous year: EUR 22,696 thousand) in the reporting year and, contrary to expectations, remained more or less the same as in the previous year due to higher than planned legal and consulting fees. Personnel expenses decreased to EUR 13,068 thousand (previous year: EUR 13,693 thousand) due to the lower average number of employees during the year. Expenses arising from the discounting of obligations under operating leases (first-time application of IFRS 16) amounted to EUR 97 thousand in the reporting year. For the first time, these costs are reported under financial expenses in the reporting year, instead of under rental expenses and operating lease expenses in administrative expenses.

The financial result in the reporting year was EUR -5,522 thousand after EUR -6,581 thousand in the prior-year period. The income from the non-cash capital increases described above has overcompensated the higher interest expenses from financial liabilities of EUR 7,496 thousand (previous year: EUR 6,598 thousand).

2.4.4. THE GROUP'S NET ASSETS

The balance sheet total of the Group as of 31 December 2019 amounted to EUR 283,059 thousand (previous year: EUR 271,677 thousand). On the assets side, non-current assets increased by EUR 3,741 thousand (31 December 2019: EUR 198,449 thousand; 31 December 2018: EUR 194,708 thousand) and current assets by EUR 7,640 thousand (31 December 2019: EUR 84,610 thousand; 31 December 2018: EUR 76,970 thousand). The increase in non-current assets mainly results from the first-time capitalization of rights of use (first-time application of IFRS 16) of EUR 4,826 thousand. Amortization of film assets largely corresponded to new investments. The increase in current assets is mainly attributable to the rise in trade accounts receivable (increase of EUR 2,168 thousand to EUR 36,932 thousand) and the increase in cash and cash equivalents of EUR 2,779 thousand to EUR 21,362 thousand.

2.4.5. THE GROUP'S FINANCIAL SITUATION

To finance itself, the Wild Bunch Group uses both equity and debt 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 Voltaire Finance B.V. as well as an assumption of debt followed by a non-cash capital increase against contribution in kind which were converted into new Wild Bunch AG shares in 2019. Furthermore, there were liabilities of EUR 18,590 thousand relating to an 8% bearer bond (bond 2016/2019) which were converted into new Wild Bunch AG shares in March 2019 through a non-cash capital increase against contribution in kind.

In addition, the Group also has a credit facility agreed with London-based commercial bank Bank Leumi (UK) plc ("Bank Leumi") in April 2017, which has a term of three years and is available to the German, Italian and Spanish companies of the Wild Bunch Group and to Wild Bunch AG. On 31 December 2019, EUR 25,793 thousand of the credit line defined by the value of the borrowing base was drawn down.

In addition, as of December 31, 2019, Voltaire Finance B.V. (formerly SWB Finance B.V.) had granted loans to Wild Bunch AG and Wild Bunch S.A. totalling EUR 71,592 thousand (previous year: EUR 21,910 thousand) to finance investments and working capital. This includes EUR 26,456 thousand (previous year: EUR 0 thousand) from an assumption of financial liabilities in France. The loans from Voltaire Finance B.V. have a term until May 2023.

Wild Bunch AG continuously monitors all debt capital items.

In total, the Wild Bunch Group had non-current and current financial liabilities of EUR 103.5 million (previous year: EUR 116.8 million) as of 31 December 2019. This includes EUR 5.0 million from the first-time recognition of leasing liabilities (first-time application of IFRS 16). The existing credit lines were fully utilised as of 31 December 2019. The loan from Bank Leumi was repaid in April 2020 with the help of a credit line with Commerzbank AG of up to EUR 35.0 million. The first drawing by the Wild Bunch Group amounted to EUR 16.3 million (see events after the balance sheet date in the Notes).

The Wild Bunch Group's equity as of 31 December 2019 amounted to EUR 105,781 thousand (previous year: EUR 67,677 thousand). This represents an equity ratio of 37.4 % (31 December 2018: 24.9 %).

Non-current liabilities increased to EUR 74,170 thousand as of 31 December 2019 (previous year: EUR 28,812 thousand). Information on the maturity and backing of the financial liabilities are provided in the Notes. Deferred tax liabilities as of 31 December 2019 amounted to EUR 2,359 thousand (previous year: EUR 2,693 thousand). The increase in non-current financial liabilities is mainly due to the new loan extension and assumption of debt by Voltaire Finance B.V. and to the replacement of the interim financing existing in the 2018 financial year with non-current loans.

Current liabilities as of 31 December 2019 amounted to EUR 103,108 thousand (previous year: EUR 175,189 thousand). The adjustment of the maturity of the loan liabilities to the shareholder to the needs of Wild Bunch and the conversion of borrowings into equity resulted in a decrease in current financial liabilities of EUR 59,132 thousand to EUR 33,213 thousand (31 December 2018: EUR 92,345 thousand) in the reporting year. Trade payables and licensor transfers decreased by EUR 12,650 thousand to EUR 30,085 thousand (31 December 2018: EUR 42,735 thousand).

There were no off-balance sheet financing instruments either as of 31 December 2019 or as of the previous year's reporting date. The Wild Bunch Group uses operating leases primarily for offices and office equipment to an extent that continues to have no material impact on the Group's financial position. In the balance sheet, capitalised rights of use of EUR 4.8 million are offset by current and non-current financial liabilities from leasing liabilities of EUR 5.0 million resulting from the first-time application of IFRS 16.

2.4.6. WILD BUNCH GROUP LIQUIDITY TRENDS

In the reporting period, the Wild Bunch Group recorded cash inflows from operating activities of EUR 13,843 thousand (previous year: cash inflows of EUR 5,509 thousand). This increase is mainly due to the increase of trade accounts payable.

Investment activity led to cash outflow of EUR 26,064 thousand (previous year: EUR 16,575 thousand). The expenditures for investments in film rights increased significantly compared to the previous year.

Cash flow from financing activities was again positive at EUR 16,862 thousand (previous year: EUR 21,381 thousand). This figure includes loans granted by Voltaire Finance B.V. in the 2019 financial year to finance investments and operating activities in the amount of EUR 18,350 thousand. In total, the cash flow in the reporting period was positive at EUR 4,641 thousand (previous year: EUR 10,315 thousand).

Wild Bunch AG manages cash and cash equivalents in close cooperation with the operating companies. The basis for this coordination is liquidity planning and monitoring the development of net debt. In addition, the liquidity status within the Group is regularly reviewed. Securing the Group's liquidity is the top priority. The operating companies are to finance their operating business activities from current cash flow as far as possible.

Net debt developed as follows:

Net Debt in €k	2019	2018	Change €k	Change %
Cash and cash equivalents	21,362	18,583	2,779	15.0
- non-current finanical liabilities[1]	66,455	24,418	42,037	172.2
- current financial liabilities[1]	32,000	92,345	-60,345	-65.3
Net Debt	**77,093**	**98,180**	**-21,087**	**-21.5**

[1]Financial liabilities excluding lease liabilities from the first-time application of IFRS 16

Net debt decreased to EUR 77,093 thousand (previous year: EUR 98,180 thousand) due to the financial restructuring of the 8% company bond and the French companies' liabilities to banks as planned.

2.4.7. INVESTMENTS MADE BY THE WILD BUNCH GROUP

Additions to intangible assets, which first and foremost comprise film rights and advance payments made on film rights, amounted to EUR 29,232 thousand (previous year: EUR 18,879 thousand) in the 2019 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 2019 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 management of investments, 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

Wild Bunch AG's annual result for 2019 is above expectations and significantly higher than last year. Although income from profit transfers declined as expected in fiscal year 2019, legal and consulting fees were significantly lower than planned. Furthermore, no depreciation of current assets exceeding the usual depreciation and amortisation was incurred in the year under review (previous year: EUR -2,547 thousand).

The net result for the year under review was EUR -1,521 thousand (previous year: EUR -6,265 thousand). Compared to the previous year, it was influenced by three main factors. Other operating expenses decreased by EUR 2,286 thousand to EUR 3,199 thousand (previous year: EUR 5,485 thousand), income from profit transfers decreased by EUR 1,432 thousand to EUR 1,427 thousand (previous year: EUR 2,859 thousand) and write-downs of receivables from affiliated companies (write-downs on current assets to the extent that they exceed the write-downs customary in the corporation) are no longer applicable, as already mentioned above.
Revenues in 2019 amounted to EUR 424 thousand (previous year: EUR 664 thousand), mainly consisting of cost allocations of EUR 393 thousand (previous year: EUR 642 thousand). Revenues also include home video revenues of EUR 5 thousand (previous year: EUR 7 thousand) and revenues from the exploitation of other rights of EUR 26 thousand (previous year: EUR 15 thousand). These revenues from so-called legacy business were offset by cost of materials in the amount of EUR 50 thousand (previous year: EUR 88 thousand), of which EUR 41 thousand (previous year: EUR 66 thousand) are attributable to projects that are no longer being pursued for strategic reasons.

The other operating income of the individual company amounted to EUR 645 thousand (previous year: EUR 118 thousand) and includes in particular income from the reversal of individual value adjustments and the write-off of provisions in the year under review.

Excluding members of the Management Board, Wild Bunch AG employed an average of 6 (previous year: 7) people in fiscal year 2019. Personnel expenses in 2019 amounted to EUR 782 thousand (previous year: EUR 919 thousand).

The company's other operating expenses amounted to EUR 3,199 thousand in 2019 (previous year: EUR 5,485 thousand). As in the previous year, they include significant expenses in connection with the financial restructuring of the Company and the Wild Bunch Group. Overall, however, legal and consulting fees were lower than expected. In addition, other operating expenses include rental expenses, costs for the Supervisory Board, travel expenses and other administrative costs.

As the parent Wild Bunch AG is responsible for Group financing and provides liquidity to the Group companies. To this end, the Group takes out loans or refinances itself on the capital market. Interest is paid on receivables and liabilities between Group companies arising from financing activities. In 2019, other interest and similar income amounted to EUR 1,803 thousand (previous year: EUR 1,289 thousand). This was offset by interest and similar expenses of EUR 2,037 thousand (previous year: EUR 3,033 thousand).

2.5.2. ASSETS AND FINANCIAL POSITION OF WILD BUNCH AG

The balance sheet total of Wild Bunch AG as of 31 December 2019 of EUR 180,879 thousand was higher than the figure for the previous year (previous year: EUR 147,058 thousand). On the assets side, the slight increase is almost exclusively due to the increase in current assets.

Fixed assets amounted to EUR 132,063 thousand as of 31 December 2019 (previous year: EUR 132,076 thousand), whereby, as in the previous year, the lion's share of EUR 111,698 thousand is attributable to shares in affiliated companies. The loans granted to Wild Bunch S.A., Paris, France (loans to affiliated companies) remained unchanged at EUR 18,182 thousand (previous year: EUR 18,182 thousand) as of 31 December 2019. Shares in associated companies remained unchanged at EUR 2,108 thousand. Intangible assets amounted to EUR 1 thousand (previous year: EUR 2 thousand) and tangible assets to EUR 74 thousand (previous year: EUR 86 thousand).

Current assets increased significantly to EUR 48,795 thousand (previous year: EUR 14,873 thousand) as of the 2019 balance sheet date. The increase is mainly due to a receivable from Wild Bunch S.A. in connection with the assumption of a total of EUR 36.6 million of Wild Bunch S.A.'s liabilities by Voltaire Finance B.V., Schiphol, Netherlands. On the other hand, cash on hand and bank balances decreased to EUR 765 thousand (previous year: EUR 1,673 thousand).

On the liabilities side of the balance sheet, Wild Bunch AG's equity as of 31 December 2019 was EUR 143,264 thousand (previous year: EUR 89,597 thousand), and the equity ratio was 79.2 % (previous year: 60.9 %). The Company's equity increased by a total of EUR 53,667 thousand due to the conversion of liabilities into equity as described above. The net loss for 2019 had an opposite effect.

At the end of the fiscal year, provisions amounted to EUR 1,397 thousand (previous year: EUR 1,566 thousand). The decrease is mainly due to lower provisions for outstanding invoices and for legal disputes.

As of the 2019 balance sheet date, liabilities amounted to EUR 36,218 thousand (previous year: EUR 55,894 thousand), which is attributable to increased liabilities to affiliated companies in the amount of EUR 10,178 thousand (previous year: EUR 9,508 thousand) and to increased other liabilities in the amount of EUR 5,787 thousand (previous year: EUR 5,458 thousand). This includes a loan from Voltaire Finance B.V. of EUR 5,768 thousand (previous year: EUR 5,258 thousand). In addition, liabilities due to banks of EUR 19,990 thousand (previous year: EUR 22,155 thousand) were recognised.

There were no off-balance sheet financing instruments either as of 31 December 2019 or as of the previous year's balance sheet date. Wild Bunch AG uses operating leases for offices, storage space and office equipment.

In accordance with planning, the financial position of Wild Bunch AG was significantly improved in the year under review due to the completion of the financial restructuring. Net indebtedness (cash on hand and bank balances less liabilities to banks and the loan from Voltaire Finance B.V.) amounted to EUR -24,993 thousand and was thus below the previous year's figure of EUR -44,038 thousand at the reporting date. The liabilities from the 2016/2019 corporate bond with a nominal value of EUR 18.0 million were converted into new shares of Wild Bunch AG. The loan from Voltaire Finance B.V. remained unchanged at a nominal EUR 5,000 thousand. The loan from Bank Leumi was refinanced in April 2020 with the help of a credit line with Commerzbank AG of up to EUR 35.0 million, of which Wild Bunch AG used an amount of EUR 16,294 thousand in the course of a first-time payment, which was passed on in full, offset against the financed trade receivables to the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany GmbH, Munich, BIM Distribuzione s.r.l., Rome, and Vértigo Film S.L., Madrid.

FORECAST REPORT

3. FORECAST REPORT
3.1. TRENDS IN THE MARKET ENVIRONMENT

As a result of the COVID 19 pandemic (also known as the Corona Pandemic) that struck China in December 2019 and which spread to China in January 2020 as an epidemic and finally became an pandemic worldwide, the global economy suffered a massive and abrupt collapse. In order to protect human lives and to enable national health systems to cope with, drastic measures were taken to prevent the further spread of the virus in the respective countries, which resulted in severe restrictions on people's freedom of movement and thus had a significant impact on economic life.

Based on this, the International Monetary Fund (IMF) projects a downturn in the global economy of -3 % in 2020 after growth of 2.9 % in 2019. In its base scenario, which assumes a slowdown of the pandemic in the second half of 2020, the IMF expects the global economy to recover or normalize by 5.8 % in 2021.

The Corona Pandemic has a global impact on business life and thus also on the Entertainment & Media industry. The drastic measures imposed in many countries, such as contact bans or curfews, which have led to sector-specific bans on events or filming and cinema closures, are resulting in a significant drop in sales, curbed investments, possible insolvencies or in a high level of future consumer restraint. However, the stronger demand for TV and streaming services during the pandemic cannot offset these effects in the Entertainment & Media sector. Possible catch-up effects and thus an economic revival after a further possible containment or even control of the pandemic will not support the Entertainment & Media industry, especially in the cinema and production segment.

With an average annual growth rate of 4.3 %, the auditing and advisory firm PwC expects the growth trend in the global entertainment and media industry to continue for the period 2018 to 2023, according to its industry report "PwC Global Entertainment & Media Outlook 2019 - 2023". At the end of the cycle, the entertainment & media industry is expected to generate total revenues of 2.6 trillion US Dollar. These are the quantitative predictions before the outbreak of the Corona Pandemic in early 2020. PwC has not yet assessed the economic impact of this pandemic on the creative industries. In our view, all the estimates in the "PwC Global Entertainment & Media Outlook 2019 - 2023" for the period 2019 - 2023 are in our opinion now obsolete, especially in the cinema market segment.

Wild Bunch considers that the pandemic will induce two levels of changes:

- Immediate ones with the closing of theatres, the cancellation of film markets and the pause in film and series productions, for a duration still unknown will impact the global level of activity for 2020 and, to some degree, for 2021.
- Long-term changes will derive from the shift in consumer behaviour, with an extreme emphasis on demand services, but also on traditional pay and free TV; the whole business will at last need to adjust to what used to be predictions and has suddenly become reality.

Wild Bunch has always been at the forefront of this change movement and is willing, able, and ready to embrace it.

Wild Bunch currently has a total library of around 2,500 film titles and co-finances or distributes up to 50 new independent films per year. The Group also focuses on the production, co-production and distribution of films and TV series for the national and international TV market. With its corporate structure along the value chain of the film industry, Wild Bunch sees itself as optimally positioned for this challenge, particularly the search for high-quality content, and aims to profit from the growth opportunities in the coming years.

3.2. GROUP FOCUS FOR THE 2020 FINANCIAL YEAR

Most of the decisions taken by Wild Bunch management in the recent quarters are fully consistent with what the "new" market strategically will demand. From the emphasis put on electronic distribution to the development of our TV activities, and not forgetting our efforts to streamline our structure, Wild Bunch has already implemented in the past what the market expects. In the coming months and years, the company intends to resume its growth and to assert itself in the global entertainment and media market as a leading independent pan-European producer and publisher of worldwide and local independent content with global commercialization opportunities and an extensive and high-quality film library. The financial restructuring and the new credit agreement with Commerzbank AG will enable Wild Bunch to further implement its strategic directions: increased presence in TV programming, increased focus in production, increased commercial presence through its digital distribution offerings, expansion of its presence as an SVOD operator in Europe and optimization of its film library.

The company is also continuing its efforts to improve its structures and efficiency and to reduce its costs. In addition, Wild Bunch is focusing on the commercialization of its extensive film library, supported by increased demand, particularly from digital broadcasters and television stations.

3.3. EXPECTED DEVELOPMENT

2019 saw the emergence of a new Wild Bunch, now out of its financial restructuring.

The management was focusing on increasing the Group's financial resources to fuel the development of its portfolio, with the new Commerzbank AG financing as a first step in that direction when, early March 2020 Wild Bunch was brutally hit by the worldwide Corona Pandemic and its challenges. Nevertheless, the Wild Bunch Group will continue its rationalisation efforts in 2020, simplifying structures, harmonising its instruments and reviewing its organisational structure.

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

Furthermore, the Wild Bunch Group is focused on the expansion of its production activities. After the foundation of BIM Produzione s.r.l. in Italy in October 2019 the next step is to establish further production facilities in France and Spain.

THEATRICAL DISTRIBUTION

The Corona Pandemic meant the closure of all cinemas in France, Italy, Germany and Spain in mid-March 2020. Individual countries are aiming to reopen cinemas under strict conditions such as compulsory masks, minimum distance and hygiene regulations. However, even after reopening, it cannot be ruled out that individual cinemas may be closed again.

Furthermore, when the theatres re-open, there will be a huge number of movies that could not be released during the crisis that will rush to the screens. Wild Bunch is working at refining its theatrical release strategy or at finding alternatives, like direct sales to electronic platforms.

But, in the current situation, it is impossible to give any projection on the Group theatrical releases for 2020.

INTERNATIONAL SALES

The Corona Pandemic implied moreover the cancellation of all markets and festivals since mid-March 2020, such as the Festival and Marché du Film de Cannes. These markets are key events for selling and acquisition of movies. Even if the operators are organizing digital markets, the efficiency of such initiatives is uncertain.

On top of that, local distributors which acquired movies to be released in 2020 are also facing the closing of the theatres. They might postpone the delivery of the movies.

Again, it seems unrealistic to give any projection on the Group international sales activities for 2020, except than saying that all efforts are made to sell the movies in our portfolio through different channels and to cash in receivables as quickly as possible.

WILD BUNCH TV – 5 SERIES TO BE DELIVERED IN 2020

Wild Bunch TV should deliver 5 new TV series in 2020 such as CHEF IN A TRUCK, a 3 x 52' docu series by Eric Nebot, from a five star kitchen to a food truck; FAUDA 3, the 12 x 40' multi awarded TV series by Lior Raz and Avi Issarcharoff, Season 3 of this Israeli production further increases its dramatic tension; L'AMOUR FOU, a 3 x 52' crime thriller, are monsters always the ones we assume?

ELECTRONIC DISTRIBUTION, HOME ENTERTAINMENT AND TV SALES

Globally, Wild Bunch digital and home entertainment activities follow the market trends: a decline of physical video releases performance, strong and fast-growing electronic distribution activities, mainly due to SVOD, and solid performances in TV sales thanks to a strong presence of Free and Pay TV in each country. Furthermore, Wild Bunch has, in each country, local rights on a high number of recent successful titles (international and local) and an attractive library which makes the company a privileged provider of movies for TV broadcasters and electronic platforms. Wild Bunch has adapted itself to the new consumption patterns, and defined its strategy on a country by country basis.

To optimize its home entertainment and electronic distribution revenues Wild Bunch will increase the number of "Direct to" releases in 2020. A total of 36 movies (previous year: 22 movies) should be released directly to TV or DVD or VOD by the Group in France, Germany and Italy in the fiscal year 2020: e.g. the release of OFFICIAL SECRETS by Gavin Hood in Italy and; the release of U-235 by Sven Huybrechts in Germany and the release of ROBO by Sarik Andreasyan in France.

Traditional TV sales activities should remain strong throughout the Group, despite the slowdown in advertising activity for free TV's and the problems encountered by pay TV's in many territories (SVOD competition, cancellation of sports programs, etc.).

It is difficult to precisely analyse the Corona Pandemic impact on VOD/SVOD and TV sales activities today. But the Group was particularly active on those segments since mid-March and the revenue on such activities should hold on strong.

FilmoTV

FilmoTV has enjoyed a significant increase in its VOD sales and number of subscribers since the Corona Pandemic and the lock down was requested in France in March. Furthermore, in 2020 FilmoTV will sign deals with two to four new distribution partners or device provider, including Amazon which appears as a very attractive distribution partner, and will work to reinforce its existing EST/TVOD/SVOD offers. It is difficult to give expectations in such an unusual context, but it can be assumed, that FilmoTV will benefit from the current situation.

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

The global film and entertainment market is subject to various structural changes which already made forecast complex. The Corona Pandemic makes it even more difficult.

Despite the conclusion of the credit agreement with Commerzbank AG and the associated repayment of financial liabilities to Bank Leumi, it is becoming apparent, particularly as a direct consequence of the Corona Pandemic, that Wild Bunch will not be in a position to increase the release of films, especially in cinemas, and investments in new films as planned. In the production segment, too, production starts had to be postponed due to the Corona Pandemic.

In summary, it is very uncertain to make a current forecast. The Management Board currently assumes that the situation of cinemas and international sales markets will not improve significantly by the end of the 2020 financial year. Therefore, a clear decline in sales is expected for 2020 compared to 2019. Furthermore, the Management Board anticipates a noticeable decline in Group EBIT compared to 2019. As a result, net debt is expected to increase significantly again by the end of 2020 compared to December 31, 2019.

The result of Wild Bunch AG as a holding company depends on the development of the earnings and dividend payments of the operating subsidiaries. The Management Board expects lower income from profit transfers for the 2020 financial year; dividend distributions to Wild Bunch AG are not expected as in the previous year. At the same time, the Management Board expects lower personnel, legal and consulting costs at Wild Bunch AG. Overall, the Management Board expects Wild Bunch AG to post a net loss for fiscal year 2020 in approximately the same amount as in the previous year.

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, which is continuously developed and optimized. 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 target actual comparisons are all elements of risk monitoring.
Liquidity management and ensuring adherence to financial target figures are monitored by the senior management and 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. In 2019, the company has started to continuously apply the improved tools and optimized processes and to subject them to permanent control. This will be continued in the Group in 2020.

The complete standardisation of material components of the risk management system across the entire Wild Bunch Group to improve efficiency was completed in 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 headquarters in Berlin are 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 regarding 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 based on 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 m. - € 0.5	relevant
2	> € 0.5 m.	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 after further improvements in the risk documentation firmly anchored in the group structure and backed up by direct contact person.

4.3.1. MARKET, OPERATIONAL AND BUSINESS RISKS

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

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

Specifically, the closure of cinemas or the cancellation of production activities could result in the loss of entire stages of exploitation of the Wild Bunch Group for a corresponding period of time and have a massive negative impact on its net assets, financial position and results of operations. As a result, there could be impairment losses on the reported non-current assets. It is also possible that the achievement of the targets set by the company could be jeopardized or that the targets could be postponed. The resulting potential deviation from the financial covenants set out in the financing agreements of the Wild Bunch Group could increase the possibility of termination during the term of a credit line.

The Wild Bunch Group's diversification into different exploitation stages and target markets reduces this risk marginally, also in comparison to other market participants in the Entertainment & Media industry.

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. For example, market changes in the value chain and exploitation stages, such as increasing competition in production and rights acquisition or declining viewer numbers in the cinema and home entertainment sector or an oversupply of film content, can lead to unfavourable price developments for productions or licensed 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 distribution 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 optionally 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 on the global and regional economic conditions of the target 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 uncertainty and during economic recessions. As a result, the entertainment and media industry may be more strongly affected by such developments than other industries.

Adverse economic developments and economic uncertainty can result from several different factors, such as political tensions, trade and economic conflicts, military interventions or terrorist attacks.

The revenue can also be affected by other factors that impact private consumer spending, such as weather conditions or alternative major events. Sunny and warm weather tends to lead to lower admissions in cinemas because consumers prefer to be outside. A major sporting event such as a soccer world championship or Olympic games lead to significant lower cinema visits. 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 greenlighting 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

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. In particular, digitization in the entertainment & media market is continuously leading to major market changes, including an increase in additional offers and forms of distribution, which can lead to a sustained change in media usage. Digitization also makes it possible to make illegal copies of films. The lack of adequate protection against copyright infringements entails the risk of loss of sales. The consequences of digital piracy are being reduced through lobbying, awareness campaigns and consistent legal action against infringements 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 minimum guarantee 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 literary 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 and coordinated with each other with famous, experienced screenplay writers, directors and producers both domestically and internationally, who are experts in cinema 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. 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 a high price 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 profound 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 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 & TV series 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, 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. 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 believes 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. Deviations on tax assessments can have a negative impact on the results of operations.

Following the implementation of the financial restructuring measures, Voltaire Finance B.V.'s stake in Wild Bunch AG increased to approximately 96.2 %. Subject to the case law of the Federal Court of Justice, it can be assumed that the loss carryforwards existing in previous years have been eliminated.

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 several 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 minor cases and to a lesser extent 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 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 when guarantee or framework credit agreements are cancelled or not extended by banks or investors.

The termination of such contracts would then lead to the 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 measures in April 2019 (financial restructuring agreement between, among others, Wild Bunch AG, Wild Bunch S.A., the French banks and the investor Voltaire Finance B.V.) and in April 2020 (refinancing of Bank Leumi's credit line with Commerzbank AG), the Management Board has laid the foundation for the long-term continuation of the company (see also section 2.3.4. Financial restructuring measures and changes in the scope of consolidation in the 2019 reporting year). The new credit line of up to EUR 35 million with Commerzbank AG will enable the Company to continue to grow by financing receivables to this extent. A precondition for the full utilization of the credit line is that the Wild Bunch Group has sufficient receivables that can be provided to Commerzbank AG as collateral in accordance with the terms of the loan agreement.

Additional financing requirements could arise if there are negative deviations, such as those caused by the Corona Pandemic, from the business plan prepared by the Executive Board for the planning period 2020 to 2024. In the opinion of the Management Board, a significant negative deviation would result in an impairment of the planned business expansion.

The Management Board currently sees no signs that the above-mentioned risks will materialize. If the course of business falls significantly short of the planned expectations, this would impair the further development of the Company and the Group and could jeopardize their continued existence, unless the financial gaps arising from this cannot be closed by other capital measures.

4.3.3. LEGAL RISKS

REGULATORY RISKS

As a pan-European company, the business activities of the Wild Bunch Group are subject to the relevant regulations and legal framework both in the countries where the Group companies are based and at European level. Changes in the regulatory and legal framework can have an impact on the individual business processes of the companies. The operating activities of Wild Bunch are particularly subject to regulatory risks when it comes to the production and distribution of films and media content. The Wild Bunch Group is represented by its managers and employees in interest groups and professional associations to ensure that its interests are represented as comprehensively and efficiently as possible.

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

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

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

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

RISKS ARISING FROM DATA PROTECTION BREACHES

The companies of the Wild Bunch Group collect, store and use data in the normal course of business, which is protected by data protection laws such as the German Federal Data Protection Act, the European General Data Protection Regulation ("DSGVO") and similar regulations in other relevant EU member states. With effect from May 2018, the activities and services of the Wild Bunch Group must comply with the DSGVO, which harmonizes data protection regulations throughout the European Union, implements a stricter data protection concept and significantly increases fines for violations of data protection law. Data protection authorities have the right to audit the company and impose fines if they find that applicable data protection regulations are not being observed. Restrictions resulting from a stricter interpretation of existing requirements or from future changes in data protection laws could have a significant impact on the Wild Bunch Group's business operations and its ability to market products and services to existing or potential customers.

It is also possible that cases of data loss or data misuse due to human error, errors in technical infrastructure or other factors beyond the Wild Bunch Group's control cannot be prevented. We may also be exposed to the loss of consumer data due to cyber-attacks on our data systems or criminal activity by Wild Bunch Group employees or service providers.

As stated above, the use of data, in particular customer data, by Wild Bunch is subject to the strict provisions of the German Federal Data Protection Act and similar regulations. Should third parties gain unauthorized access to data processed by a company of the Wild Bunch Group itself, this could lead to claims for damages and damage to the reputation of Wild Bunch and thus have a material adverse effect on the business, financial position, results of operations and cash flows of the Wild Bunch Group.

RISKS ARISING FROM INTELLECTUAL PROPERTY RIGHTS INFRINGEMENTS

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

In addition, the ordinary business activities of the Wild Bunch Group, namely the business activities of those subsidiaries that are engaged in the development and production of their own film content, may involve the personal rights of third parties. If these rights are infringed, third parties may assert claims for injunctive relief and/or damages. For example, when real events are filmed, the affected parties could attempt to prevent the film from being published in court on the grounds of a violation of personal rights. This can considerably delay or even completely prevent the release of a film.

Furthermore, it is possible that the companies of the Wild Bunch Group may be forced to acquire additional and cost-intensive licenses in the future or to pay additional license fees for technologies or content used. In addition, owners of intellectual property who claim infringement may claim substantial damages and require a Wild Bunch Group company to cease using protected technology or content, which in turn may result in film productions having to be shut down or film releases having to be postponed.

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

Any of these risks could have a material adverse effect on the Wild Bunch Group's business, financial condition and results of operations.

RISKS ARISING FROM LEGAL PROCEEDINGS

As a cross-border company, the Wild Bunch Group is exposed to several legal risks, in particular risks arising from litigations. Regarding individual areas of law, these risks primarily relate to copyright law, company law, securities trading and stock corporation law and labour law. The outcome of current, pending, or future proceedings often cannot be determined with certainty, which can lead to expenses arising from court or governmental decisions or settlement agreements. These are not always (fully) covered by insurance and can have considerable negative effects. Legal disputes therefore include not only pending court proceedings, but also legal disputes that are still being conducted between the parties or with supervisory authorities. By means of active communication and negotiations conducted by lawyers, the Company attempts to reduce risk by seeking out-of-court solutions to legal disputes. There are currently six pending lawsuits before courts and authorities, and the Management Board considers the risk from these proceedings to be significant. Based on legal assessments, provisions have been formed to cover the risks. However, it cannot be ruled out that additional significant burdens on earnings may arise.

4.4. OPPORTUNITIES REPORT

4.4.1. OPPORTUNITY MANAGEMENT

As with its risk management, the Wild Bunch Group pursues opportunity management to implement its strategic and operational objectives swiftly and efficiently through specific activities. Opportunities may arise in all business 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 BENEFITS FROM INCREASED DEMAND FOR TV AND STREAMING SERVICES IN THE CONTEXT OF A PANDEMIC, CURRENTLY THE CORONA PANDEMIC

In the containment or management of pandemics, chains of infection must be interrupted as quickly as possible. In the case of the Corona Pandemic, the respective national governments have also drawn all options for contact reduction in different areas of life. Measures such as direct quarantine, cancellation of major events, prohibition of community meetings/activities, suspension of rail/air traffic, closing of borders led to the population remaining in their own homes. This led to a massive increase in demand for TV and streaming services. The pan-European positioning with an extensive film library with films and TV series as well as the own streaming platform FilmoTV gives Wild Bunch a strong position in these exploitation stages to benefit from pandemic control even in challenging times.

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 reputation and the maintenance and preservation of a reliable 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 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 SEES OPPORTUNITIES IN THE EXPANSION OF PRODUCTION AND CO-PRODUCTION ACTIVITIES DUE TO INCREASED DEMAND FOR LOCAL CONTENT

Country-specific demand and customer wishes as well as new regulatory requirements have massively increased the demand for local content, especially from TV stations and electronic distribution platforms. In order to benefit from this development, the Wild Bunch Group has taken the first major steps in 2019 in one of its most important strategic goals, the expansion of its (co-)production activities, and has already 31 projects in production/co-production (16 of which are in development): 21 TV series and 10 films. In addition to the Senator Film Produktion brand in Germany, the Group has also established a new production company in Italy in 2019: BIM Produzione s.r.l. Moreover, the focus in Spain and France will also be on increasing production activities. Wild Bunch aims to become a leading producer of local films and TV series in its core markets France, Italy, Spain and Germany.

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 filmed 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 to satisfy viewers' demands for new products. The Management Board believes that the establishment of Wild Bunch TV and the strategic focus on expanding production capacities will result in important opportunities.

Wild Bunch TV as 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 seven TV series with international appeal have been successfully produced and sold, management perceives opportunities to repeat the success of the past year.

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 RISKS AND OPPORTUNITIES

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.

If the expected earnings contributions from acquired and yet to be acquired film exploitation rights do not develop as planned and the operating business of the subsidiaries falls significantly short of expectations, the going concern of the company in its current scope of business, despite the concluded financing agreements and despite the financial resources made available by investors, depends largely on the successful raising of further funds.

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.

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

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.

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 take advantage of 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 23,942,755. It is divided into 23,942,755 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 2019 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 2019, 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.

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 2019), Wild Bunch AG held 60 treasury shares with a nominal value of EUR 60, or around 0.0003 % 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 OF THE GERMAN COMMERCIAL CODE (HGB)

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

7. DEPENDENCY REPORT

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

"I 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

The Management Board(s) receive a fixed annual salary (including a subsidised pension and, in some cases, subsidised health and care insurance). The Supervisory Board is also able to grant the Management Board a voluntary bonus of a maximum of EUR 100 thousand for extraordinary performance. The foundations of the remuneration system remain unchanged against the previous year, except for 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, as of 30 June 2020

Wild Bunch AG

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Vincent Grimond
Vorstandsvorsitzender




CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit or loss (IFRS)

in €k	Note	2019	2018
Revenue	2.1.	77,733	81,282
Other film related income [1]	2.2.	4,436	2,970
Total Income		**82,169**	**84,252**
Cost of Sales [1]	2.3.	-68,489	-71,307
Gross Profit		**13,680**	**12,945**
Other operating income	2.4.	3,266	3,248
Administration costs	2.5.	-22,254	-22,428
Other operating expenses	2.6.	-489	-269
Operating Result		**-5,797**	**-6,503**
Finance income	2.7.	10,053	1,038
Finance Costs	2.7.	-15,622	-7,652
Result of an associate or joint venture	2.7.	48	33
Finance result	**2.7.**	**-5,522**	**-6,581**
Profit/(loss) before tax		**-11,319**	**-13,085**
Income tax	2.8.	-662	-182
Net income		**-11,981**	**-13,267**
Non-controlling interest in profit or loss		-49	-262
Profit/(loss) attributable to shareholders		**-11,932**	**-13,005**
Weighted average number of shares (no.)		18,169,148	2,044,075
Potential number of diluted shares (no.)		18,169,148	2,044,075
Total weighted average number of shares (no.)		18,169,148	2,044,075
Earnings per share			
Basic earnings per share (€ per share)	2.9.	-0.66	-6.36
Diluted earnings per share (€ per share)	2.9.	-0.66	-6.36

[1] Prior year amounts adjusted due to a wrong allocation of accounts (IAS 8)

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income (IFRS)

in €k	Note	2019	2018
Statement of recognised income and expenses			
Consolidated net income		**-11,981**	**-13,267**
Items that will be reclassified in the income statement			
Exchange differences on translating foreign operations		0	0
Items that will not be reclassified in the income statement			
Actuarial gains/loss from defined benefit plans	3.15.	-48	-47
Deferred taxes		14	13
Other income		**-34**	**-33**
Total consolidated income		**-12,015**	**-13,300**
Non-controlling interests		-49	-262
Profit attributable to shareholders		**-11,967**	**-13,038**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet – Assets (IFRS)

in €k	Note	2019	2018
Goodwill	3.1.	124,454	124,454
Intangible assets	3.2.	62,727	63,829
Rights of use	3.4.	4,826	-
Tangible assets	3.3.	1,037	1,143
Other financial assets	3.6.	1,504	1,403
Investments accounted for using the equity method	3.5.	1,603	1,550
Deferred tax assets	2.8.	1,470	1,781
Other non-current assets	3.9.	828	548
Non-current assets		**198,449**	**194,708**
Inventories and work in progress	3.7.	1,105	1,710
Trade receivables and related accounts	3.8.	36,932	34,764
Contract assets	3.8.	238	0
Income tax receivables		269	382
Other financial current assets	3.9.	18,395	12,295
Other non-financial current assets	3.9.	6,310	9,236
Cash and cash equivalents		21,362	18,583
Current assets		**84,610**	**76,970**
Assets		**283,059**	**271,677**

Consolidated balance sheet – Equity and Liabilities (IFRS)

in €k	Note	2019	2018
Equity attributable to shareholders	3.10.-3.12.	106,098	67,945
Non-controlling interests	3.13.	-317	-268
Equity		**105,781**	**67,677**
Pension liabilities	3.15.	634	762
Non-current provisions	3.16.	364	25
Deferred tax liabilities	2.8.	2,359	2,693
Non-current debt	3.4./3.17.	70,255	24,418
Other non-current liabilities		558	913
Non-current liabilities		**74,170**	**28,812**
Current provisions	3.16.	1,224	2,645
Current debt	3.4./3.17.	33,213	92,345
Suppliers - accounts payables	3.18.	30,085	42,735
Contract liabilities	3.19.	11,302	10,418
Income tax payables		1,038	535
Other financial current liabilities	3.20.	20,470	19,738
Other non-financial current liabilities	3.20.	5,777	6,773
Current liabilities		**103,108**	**175,189**
Equity and liabilities		**283,059**	**271,677**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of cash flows (IFRS)

in €k	Note	2019	2018
Consolidated net result		**-11,981**	**-13,267**
Depreciation, amortization, impairments and write-ups		25,287	34,371
Result from investments accounted for using the equity method		-48	-33
Changes in provisions		-1,259	-153
Changes in deferred taxes		-24	-233
Other non-cash income and expenses		4,871	-198
Changes in trade receivables		1,251	1,546
Changes in trade payables		2,203	-9,337
Changes in other assets and liabilities		-6,458	-7,188
Cash flow from operating activities	**4.2**	**13,843**	**5,509**
Proceeds from disposals of intangible assets, property, plant, and equipment		67	2,555
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up		100	0
Purchases of intangible assets		-26,176	-18,879
Purchases of property, plant and equipment		-55	-180
Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired		0	0
Purchases of investments in non-current financial assets		0	-72
Cash flow from investing activities	**4.3**	**-26,064**	**-16,575**
Proceeds to equity non-controlling interests		4	0
Proceeds from other financial liabilities		19,296	22,426
Repayments of other financial liabilities		-1,223	-1,045
Repayment of liabilities from finance leases		-1,215	-
Cash flow from financing activities	**4.4**	**16,862**	**21,381**
Cash flow-related changes in cash and cash equivalents		**4,641**	**10,315**
Changes in cash and cash equivalents due to exchange rates		0	0
Changes in cash and cash equivalents due to changes in the scope of consolidation		-213	0
Cash and cash equivalents at the beginning of period		16,907	6,593
Cash and cash equivalents at end of period	**4.1**	**21,335**	**16,907**

Cash payments contained in cash flow from operating activities			
Income taxes paid	4.2	-334	-651
Income taxes received	4.2	3	50
Interest paid	4.2	-2,266	-2,532
Interest received	4.2	34	21

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity (IFRS)

in €k	Issued capital	Capital reserve	Accumulated result	Accumulated other equity					
				Foreign currency translation differences	Other comprehensive income	Other comprehensive income tax	Equity attributable to shareholders	Non-controlling interests	Equity
As of 1 January 2018	**81,761**	**2,709**	**-3,493**		**-41**	**19**	**80,954**	**23**	**80,977**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-
Capital reduction / Combining no-par value shares	-79,717	24,160	55,557	-	-	-	0	-	0
Costs of capital increase	-	-	-	-	-	-	-	-	-
Result of the year	-	-	-13,005	-	-	-	-13,005	-262	-13,267
Other comprehensive income	-	-	-	0	-47	13	-33	-	-33
Other adjustments	-	-	29	-	-	-	29	-29	-
As of 31 December 2018	**2,044**	**26,869**	**39,088**	**0**	**-88**	**32**	**67,945**	**-268**	**67,677**
As of 1 January 2019	**2,044**	**26,869**	**39,088**	**0**	**-88**	**32**	**67,945**	**-268**	**67,677**
Change in scope of consolidation	-	-	-	-	-	-	-	-1	-1
Conversion of financial liabilities into equity	21,899	31,636					53,535		53,535
Costs of capital increase	-	-3,156					-3,156		-3,156
Result of the year	-	-	-11,932	-	-	-	-11,932	-49	-11,981
Other comprehensive income	-	-	-	0	-48	14	-34	-	-34
Other adjustments	-	-	-259	-	-	-	-259	-0	-260
As of 31 December 2019	**23,943**	**55,349**	**26,897**	**0**	**-136**	**46**	**106,098**	**-317**	**105,781**

For more details, please refer to sections 3.10 Subscribed capital, 3.11Capital reserves, 3.12 Other reserves and 3.13 Non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES AND METHODS

1.1 GENERAL INFORMATION

The Wild Bunch Group (hereinafter "Group") was formed in 2015 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 Wild Bunch Group is a leading independent European film distribution and production company with a very extensive film library, actively engaged in acquisition, co-production, film distribution and international sales.

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 2019 were released to the Supervisory Board by the Management Board on 30 June 2020 and approved by the Supervisory Board on 30 June 2020.

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 2019 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 annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting methods corresponding to the respective business activities.

A distinction is made in the balance sheet between non-current and current assets and liabilities, with current being defined as all assets and liabilities that are expected to be realised within twelve months of the balance sheet date or are due within the Group's normal operating cycle. All other assets or liabilities are classified as non-current. The income statement is prepared using the cost of sales method.

In the previous year, due to an incorrect account allocation, corrections of depreciation during the year were shown as income from reversals of impairment losses. This did not have any effect on earnings. The erroneous presentation of the previous year did not lead to any significant distortion of the Group's situation. However, the previous year's presentation has been corrected to ensure better comparability of the items concerned with the current financial year. The correction led to the following changes in the consolidated income statement for the 2018 financial year. There were no changes in the consolidated balance sheet or the consolidated cash flow statement.

in €k	2018	2018	2018
	before corrections	corrections	after corrections
Other film related income	5,419	-2,449	2,970
Total Income	86,702	-2,449	84,252
Cost of Sales	-73,757	-2,449	-71,307
Gross Profit	12,945	0	12,945

The consolidated financial statements of Wild Bunch AG for the financial year from 1 January to 31 December 2019 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. 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

The following changes in the scope of consolidation occurred in the 2019 financial year:

In March 2019, the investment in Bavaria Pictures GmbH, previously shown under shares in associated companies, was sold to the co-shareholder Bavaria Film GmbH retroactively with effect from January 1, 2019. The carrying amount of the investment was EUR 0 thousand. The income from the sale of the investment of EUR 100 thousand is shown in the financial result.

In May 2019, Wild Bunch decided to merge the French companies Wild Bunch Distribution SAS, Wild Side Film SAS and Wild Side Video SAS into Wild Bunch S.A. This will simplify group structures and optimize administrative processes. The merger took place on 31 July 2019. The merger of the companies to form Wild Bunch S.A. has no effect on the present consolidated financial statements.

In October 2019, BIM Produzione s.r.l. was founded in Rome as a 90 % subsidiary of BIM Distribuzione s.r.l. together with a third party to strengthen the Group's production activities. The share capital of BIM Produzione s.r.l. amounts to EUR 40,000 and was paid in cash. The company has been included in the consolidated financial statements since 31 October 2019. The development of first projects was started in the 2019 financial year, the first production is planned for 2020.

On May 10, 2019, the Supervisory Board of Wild Bunch AG decided to reorganize the international sales activities of Wild Bunch S.A., Paris, France, by establishing the existing international sales department as an independent company. The aim is to share know-how and fixed costs with new partners and to use their financial power to realize new projects. In November 2019 Wild Bunch S.A., Paris, France, acquired 20 % of the shares in the newly founded Wild Bunch International S.A. for a purchase price of EUR 2 thousand. The investment is consolidated using the equity method. The Group's share of the 2019 result amounts to EUR -2 thousand.

Since the departure of Mr Vincent Maraval from Wild Bunch S.A. on 30 June 2019, there is no longer any possibility of control over the 45 % stake in Insiders LLC, Los Angeles, USA, which had been fully consolidated up to that date. Insiders LLC had previously been fully consolidated, as Vincent Maraval, former member of the Group's Management Board, was appointed as the sole managing director of Insiders LLC with sole power of representation, and a change in management was only possible with an 80 % majority. In this respect, the Group had a blocking minority for the dismissal and/or new appointment of the management. Therefore, even without most voting rights, the Group had sufficient rights to control Insiders LLC, since it had the practical possibility to control the relevant activities unilaterally. The 45 % interest in Insiders LLC is now consolidated using the equity method. The result of the deconsolidation of Insiders LLC amounts to EUR 0 thousand, which includes the expenses from foreign currency differences previously included in other comprehensive income. During the deconsolidation, minority interests of EUR 5 thousand were disposed of, the initial value of the at-equity investment amounts to EUR 4 thousand.

The carrying amounts of the disposed assets and liabilities are as follows:

in €k	book value
Intangible assets	9
Trade receivables and related accounts	2
Other non-current assets	339
Cash and cash equivalents	213
Other current liabilities	-558
Disposal of net assets	**5**
Minority interests in net assets	-5
Realisation of foreign exchange differences previously recognised in other comprehensive income	0
Deconsolidation result	**0**

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

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 2019. Control exists 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 the following characteristics:

- The power over the investee (i.e. under currently existing rights, the Group can 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 can 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 within the 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 and with no effect on results in equity as transactions with equity investors.

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 associated company is a company over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those decisions.

A joint venture is a joint agreement whereby the parties exercise joint control and hold joint rights over the net assets. Joint control exists only when decisions on the relevant activities require the unanimous consent of the parties to the joint venture.

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

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

The income statement contains the Group's share of the profit or loss of the associate or joint venture for the period. This is allocated to the investment book value. Profit distributions from these companies reduce the carrying amount of the investment. Changes in other comprehensive income of these investments are recognised in other comprehensive income of the Group. In addition, changes recognised directly in the equity of the associated company or joint venture are recognised by the Group in the amount of its share and, where necessary, presented in the statement of changes in equity. Unrealized gains and losses from transactions between the Group and the associated company or joint venture are eliminated in proportion to the share in the associated company or joint venture.

After applying the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate or joint venture. On each balance sheet date, the Group determines whether there are objective indications that the Group's net investment in an associate or joint venture may be impaired. If such indications exist, the amount of the impairment is determined as the difference between the recoverable amount of the investment in the associate or joint venture and the carrying amount of the investment, and the loss is then recognised in profit or loss as "impairment of investments accounted for using the at-equity method".

Business combinations

Business combinations are reported using the acquisition method. They are initially consolidated by offsetting the costs 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 based on 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 2019 is shown below:

	31.12.2019	31.12.2018
Fully consolidated companies		
Domestic	11	11
Foreign	14	17
Shares in joint ventures and associates		
Domestic	0	1
Foreign	3	1
Total	**28**	**30**

For the changes in the scope of consolidation in the fiscal year 2019, see above.

The following companies were recorded in the consolidated financial statements in the fiscal year 2019:

Ser. no.	Fully consolidated entities	Seat	Main business activity	Share in % 2019	Share in % 2018	Held by	See footnote for further infor-mation
	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 & 12	-
	Foreign						
12	Wild Bunch S.A.	Paris, France	Holding and international sales	100.0	100.0	1	-
13	BIM Distribuzione s.r.l.	Rome, 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	-
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	BIM Produzione s.r.l	Rome, Italy	Production	90.0	-	13	4

Ser. no.	Consolidated at-equity	Seat	Main business activity	Shares in % 2019	Shares in % 2018	Held by	See footnote for further infor-mation
	Foreign						
26	Circuito Cinema s.r.l.	Rome, Italy	Sales	24.9	24.9	13	3
27	Wild Bunch International S.A.	Paris, France	Sales	20.0	-	12	3
28	Insiders LLC	Los Angeles, USA	Sales	45.0	-	12	3

[1] Profit transfer agreement with the parent company

[2] Section 264 para. 3 HGB was applied

[3] At-equity approach

[4] New foundation in the 2019 financial year

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 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.

Revenue recognition

The Wild Bunch Group concludes agreements with customers where the effective transaction price is fixed, but the amount of revenue depends on a future event (e.g. number of admissions, number of downloads of movies). In these cases, the Wild Bunch Group classifies the consideration as variable consideration. In individual cases, estimates may be made in identifying the transaction price if the corresponding invoices from licensees are not yet available. In such cases, the Wild Bunch Group uses the most probable amount method to determine the consideration due to the Wild Bunch Group.

In the case of contract productions, revenue is recognised over a certain period of time using the percentage of completion method in accordance with IFRS 15, as an asset is created that has no alternative use and the Group has a legal right of payment for the service already rendered. The progress of completion, according to which the revenue is recognised, is determined using the cost-to-cost method. The Group considers this input-based method to be the most suitable for determining the degree of completion, because the progress of work represents the economic progress according to the ratio of contract costs incurred up to the balance sheet date to the estimated total contract costs. This method requires a reliable estimate of total costs and the stage of completion. In connection with contract productions, contract assets of EUR 238 thousand were recognised as of 31.12.2019.

Right of Use

Wild Bunch determines the term of a rental agreement as the non-cancellable term of the rental agreement. If there is an option to extend the rental agreement, Wild Bunch assesses at its own discretion whether it is sufficiently certain that the option to extend the rental agreement will be exercised. The carrying amount of the rights of use as of 31.12.2019 is EUR 616 thousand.

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)). The carrying amounts of these non-financial assets as of 31.12.2019 totalled EUR 188,218 thousand.

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. The carrying amount of companies accounted for using the equity method was EUR 1,603 thousand as of 31 December 2019 and the carrying amount of financial assets (equity instruments) was EUR 480 thousand.

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. The carrying amount of the financial assets as of 31.12.2019 is EUR 37,170 thousand.

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 revenues. The Group identifies losses from contracts with customers by continuously monitoring and comparing the revenues 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.

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. The provisions as of 31.12.2019 totalled EUR 1,588 thousand.

Liabilities arising from licensor shares

The Group companies are exposed to various supplementary claims from licensors regarding 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. The carrying amount of liabilities from licensor shares as of 31.12.2019 amounts to EUR 16,544 thousand.

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 regarding 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 regarding 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 foundations for ensuring that the business continues as a going concern in the long term.

The creditors of the 8 % corporate bond 2016/2019 issued in 2016 with a total nominal value of EUR 18.0 million took part in a vote without a meeting in September 2018, in which voting bonds with a nominal value of EUR 14,700,000.00 participated, representing 81.67 % of the total 180 outstanding bonds with a nominal value of EUR 100,000.00 each, resolved to exchange all bonds held by them, together with accrued interest, for new shares in Wild Bunch AG by way of a capital increase against contribution in kind, excluding shareholders' subscription rights ("Debt Equity Swap I"). As part of the Debt Equity Swap I, the bondholders acquired purchase rights to a total of 3,600,000 new shares in Wild Bunch AG upon entry of the capital increase in the Commercial Register on March 14, 2019, and subsequently exercised these rights. The execution of the Debt Equity Swap I reduced the financial liabilities of Wild Bunch AG by EUR 18.0 million.

In addition, by implementing all the key points of the restructuring agreement between Wild Bunch AG, its French subsidiary Wild Bunch S.A., French banks and Voltaire Finance B.V. (formerly SWB Finance B.V., hereinafter referred to as "Investor"), the Company was able to repay existing bank liabilities and other liabilities in France totalling EUR 63.1 million. Wild Bunch AG took over liabilities of EUR 36.6 million from Wild Bunch S.A. by way of debt assumption, which the investor then contributed to Wild Bunch AG by way of a capital increase against contribution in kind excluding the subscription rights of other shareholders ("Debt Equity Swap II"). With the entry of the Debt Equity Swap II in the Commercial Register on April 12, 2019, the financial liabilities of the Wild Bunch Group were reduced by EUR 36.6 million. The investor granted a loan to Wild Bunch S.A. in the amount of EUR 26.5 million by agreement dated May 13, 2019.

In total, the financial liabilities of the Wild Bunch Group are reduced by EUR 54.6 million as a result of the two debt equity swaps.

Furthermore, the investor has granted the Wild Bunch Group interim financing during the implementation of the restructuring measures, from which Wild Bunch S.A. and Wild Bunch AG have drawn a total of EUR 27.0 million (31 December 2018: EUR 21.6 million). This bridge financing was fully refinanced by a shareholder loan of EUR 40.0 million. The signing of this loan agreement and the payment of the EUR 13.0 million not required to refinance the interim financing took place in May 2019 and June 2019 respectively. The loan has a term until June 13, 2023 and is repayable at maturity. The interest rate is 9.5 %. Wild Bunch AG has drawn a total of EUR 5.0 million and Wild Bunch S.A. has drawn EUR 35.0 million.

The implementation of the above-mentioned capital and financing measures by the investor was subject to the condition that Wild Bunch AG's balance sheet debt was previously reduced. To this end, the company's Annual General Meeting on September 26, 2018 resolved to reduce the share capital by way of a simplified retirement 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 in the Commercial Register on November 26, 2018. As a result of the two debt equity swaps, the company's share capital increased by EUR 21.9 million to EUR 23.9 million.

In the reporting year, the Group had a credit line of up to EUR 30 million with Bank Leumi (UK) plc, London, UK ("Bank Leumi"), with a term ending on 5 April 2020. The amount of funds generally available to the Group depended on the actual assets of the borrowers determined on a monthly basis. As of 31 December 2019, the Wild Bunch Group had drawn a total of EUR 25.8 million (31 December 2018: EUR 26.3 million). Since April 5, 2019, the credit line has been in an early repayment phase during which no further drawdowns were planned. However, the financial covenants agreed in the loan agreement continued to apply during this prepayment phase, albeit in a more favourable form for the company, taking the restructuring into account, due to an adjustment regulation from September 2018. In addition, several agreements were concluded with Bank Leumi to waive the loan due date as part of the implementation of these restructuring measures ("waiver"). The loan from Bank Leumi was repaid in April 2020 with the help of a credit line from Commerzbank AG. The first drawdown of the credit line at Commerzbank AG amounted to EUR 16.3 million. The credit line of Commerzbank AG amounts to up to EUR 35.0 million and runs until October 2022. The agreement with Commerzbank provides for the bank to provide funds against assignment of claims of Wild Bunch AG. Qualifying as receivables are receivables secured by credit default insurance of the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany, Munich, BIM Distribuzione s.r.l., Rome and Vértigo Films S.L., Madrid. Wild Bunch AG is obligated to pass on to these subsidiaries any loan amounts received in accordance with the collateral provided by the subsidiaries.

Furthermore, the Management Board plans further operational measures to improve the earnings situation in 2020.

On the other hand, the Management Board currently assumes that the Corona-Covid-19 Pandemic ("Corona Pandemic") will have a negative impact on Wild Bunch AG as well as on the investments and global activities of the Wild Bunch Group in fiscal year 2020.

Additional financing requirements could arise if there are negative deviations, such as those caused by the Corona Pandemic, from the business plan prepared by the Management Board for the planning period 2020 to 2024. In the opinion of the Management Board, a significant negative deviation would result in an impairment of the planned business expansion.

The Management Board currently sees no signs that the above-mentioned risks will materialize. If the course of business falls significantly short of the planned expectations, this would impair the further development of the company and the Group and could jeopardize their continued existence unless the resulting financial gaps can be closed by other capital measures.

1.5 FUNDAMENTAL ACCOUNTING METHODS

Accounting in the Wild Bunch Group is based on the principle of historical costs. An exception is made for items that are reported at fair value, such as certain financial assets carried at fair value. With the exception of the standards to be applied for the first time in fiscal year 2019, which are listed below, the accounting policies applied uniformly throughout the Group in fiscal year 2019 are essentially unchanged from the previous year and are presented below.

The Group applied the following standards and amendments for the first time in the 2019 financial year.

- IFRS 16 Leases – New conception of lease accounting and replacement of IAS 17

- IFRIC 23 Uncertainty in income tax treatment - clarification on accounting for uncertainty in income taxes
- IAS 28 Investments in Associates and Joint Ventures - clarification that entities are required to apply IFRS 9 to long-term investments in associates or joint ventures
- IFRS 9 Financial Instruments - Prepayment Arrangements with Negative Settlement
- IAS 19 Employee Benefits - Amendments to Employee Benefits - Plan modification, curtailment or settlement
- AIP 2015 - 2017 - Improvements to IFRS 3, IFRS 11, IAS 12 and IAS 23

The application of IFRS 16 has resulted in significant changes compared to the previous year. These are described below. The application of the remaining changes to standards has not resulted in any or no significant changes compared to the previous year.

IFRS 16 Leases replaces IAS 17 Leases and the associated interpretations. A lease exists if the fulfilment of the contract depends on the use of an identifiable asset and the customer simultaneously acquires control over this asset. The lessee's classification as an operating or finance lease as required by IAS 17 will no longer apply in future. IFRS 16 stipulates that lessees will in future generally recognise all leases as assets on the asset side in the form of a right of use and the corresponding discounted lease liability on the liabilities side. The right of use is generally the present value of the future lease payments plus directly attributable costs and is generally depreciated on a straight-line basis over its useful life. The leasing liability is to be amortized using the effective interest method. In the income statement, expenses from operating leases were previously reported under other operating expenses. Since the 2019 financial year, depreciation on the right of use and interest expenses for the leasing liabilities have been reported instead. In the cash flow statement, payments from leasing relationships will in future be divided into interest payments and redemption payments. While the interest payments continue to be reported under cash flow from operating activities, the redemption payments are allocated to cash flow from financing activities.

The Wild Bunch Group has identified two categories of leases which, due to the transition to IFRS 16 as of January 1, 2019, will be accounted for as operating leases under the new standard: leased real estate and leased operating and office equipment and leased vehicles. As the Wild Bunch Group operates in the media sector, physical assets from leases only have a supporting function for business operations.

IFRS 16 was applied retrospectively for the first time in accordance with the transitional provisions in a modified form (IFRS 16.C5b). The comparative figures for the 2018 financial year were not adjusted in accordance with IFRS 16.C7. Wild Bunch applies the option not to recognise short-term leases with a term of no more than 12 months (and no purchase option) and leases where the underlying asset is of minor value (less than EUR 5 thousand per asset) (IFRS 16.5). Lease payments from short-term and low-value leasing agreements continue to be recognised as expenses under administrative expenses. In addition, the Group has applied the relief provisions of IFRS 16.C3(b) and has not reviewed leases that were not classified as leases under IAS 17 "Leases" in conjunction with IFRIC 4

"Determining whether an arrangement contains a lease" in accordance with the definition of a lease in IFRS 16.

Wild Bunch does not make use of the option under IFRS 16.4 concerning intangible assets.

Wild Bunch applies the marginal borrowing rate at the date of initial application (IFRS 16.C8(b)(i)). The interest rate as of 1 January 2019 was 1.6 percent and 2.7 percent for the two categories identified. The initial direct costs in accordance with IFRS 16.C10(d) were not considered in the measurement of the right of use at the date of initial application. Subsequent findings regarding extension and termination options were taken into account when determining the terms.

The reconciliation of the off-balance sheet lease obligations as of December 31, 2018 to the lease obligations recognised in the balance sheet as of January 1, 2019 is as follows:

in €k	Rent for rooms and buildings	Operating and business equipment and vehicles	Other	Total
Off-balance sheet leasing and rental obligations as of 31.12.2018	5,723	48	150	5,920
Discounting	-309	-6	-0	-316
Short-term leasing relationships			6	6
Leasing relationships with low-value assets			9	9
Sufficiently secure extension and termination options	510	169		679
Non-leasing components	-84			-84
Intangible assets			-67	-67
Leasing liabilities due to the initial application of IFRS 16 as of 01.01.2019	**5,839**	**211**	**97**	**6,147**

The quantitative effects of the first-time application of IFRS 16 on the consolidated balance sheet at 1 January 2019 are as follows (in EUR thousand):

Non-current assets/rights of use	+6,147
Non-current liabilities/lease liabilities	+4,938
Current liabilities/lease liabilities	+1,209
Equity generated	0

The first-time application of IFRS 16 resulted in a reduction of EUR 1,309 thousand in other operating expenses in the reporting year. On the other hand, depreciation and amortisation increased by EUR 1,401 thousand due to the amortisation of rights of use and financial expenses increased by EUR 97 thousand due to the interest on the liabilities from rights of use. In the cash flow statement, the lease instalment repayments of EUR 1,215 thousand are now shown under cash flow from financing activities instead of under cash flow from operating activities.

There were no onerous leases at the time of the first-time application of IFRS 16. It was therefore not necessary to recognise an impairment loss on rights of use.

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.

Standards/interpretations		**Adoption by the European Commission**	**Mandatory application in the EU**
Amendments to the Conceptual Framework in IFRS Standards	Amendments to References to the Conceptual Framework in IFRS Standards	06.12.2019	01.01.2020
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.	22.04.2020	01.01.2020
IAS 1 and 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.	10.12.2019	01.01.2020
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform		16.01.2020	01.01.2020

No further detailed presentation of new or amended standards or interpretations that have not yet been applied is provided because the effects of their first-time application on the presentation of the net assets, financial position and results of operations of the Group are expected to be immaterial.

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)	
	31.12.2019	31.12.2018
US-Dollar	1.1234	1.1450
	Average rate (based on € 1)	
	1.1. until 31.12.2019	**1.1. until 31.12.2018**
US-Dollar	1.1195	1.1810

All foreign subsidiaries of Wild Bunch AG included in the consolidated financial statements in this financial year and the previous year, except for 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 based on 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
- Other. 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, finance 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 levels.

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 exploitation rights are generally sold individually in contracts with customers. There are no financing components that are a material part of the contract. The Group receives both usage and revenue-based license fees for transferred film exploitation rights. These revenues are 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 which 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. A contract asset is a contingent consideration receivable for services already rendered that are to be performed over a specified period. This mainly relates to services within the scope of contract productions.

The individual sales transactions are explained below. The normal payment period is 30 days, as in the previous year. In the case of contract productions, payments are generally due shortly after contractually agreed milestones have been reached; the number of agreed instalments varies from contract to contract. There are no significant financing components within the meaning of IFRS 15.

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 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 based on a contractually agreed percentage of the proceeds from the sale of cinema tickets.

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

Proceeds from the Group's video/DVD rights are accounted for based on monthly sales figures, while taking into account of quantity discounts and rights of return. Quantity discounts and rights of return contractually granted to the customer are classed as variable remunerations. 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 remunerations recognised are 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.

Revenue from VOD and pay-per-view sales are recognised upon receipt of the invoices from the platform operators monthly.

4. 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 based on the terms accompanying the licence agreement.

5. Film and television productions

Revenues from film and television productions include in-house productions, co-productions and contracted productions.

Profits from contracted productions are generally recognised over a specific period of time using the cost-to-cost method. If the result of the production contract cannot yet be reliably estimated, income is only recognised in the amount of the costs already incurred (zero profit method). If it is probable that the total contract costs will exceed the contract revenue, the expected loss is recognised immediately as an expense. Current contracted productions are recognised as contract assets in the amount of the difference between realised sales and the contractually agreed dates of invoicing.

Government grants

Project Funding

Film project funding

Project film funding in accordance with the guidelines of the Federal Government for Culture and Media ("BKM") is granted in the form of conditionally repayable interest-free loans in accordance with the provisions of the German Film Funding Act or the respective state funding (e.g. funding guidelines of the Medienboard Berlin-Brandenburg). These loans are repayable as soon as and to the extent that the producer's income from the exploitation of the film exceeds a certain amount. These are government grants for assets. They are deducted from the carrying amount of the film assets in the balance sheet in the amount that is reasonably certain not to be repaid. The grants are recognised in income by means of a reduced amortization amount of the capitalized production costs over the exploitation cycle of a film. The amount of the non-repayable amount with a reasonable degree of certainty can generally be determined at the time of the theatrical release. Conditionally repayable loans existed in the amount of EUR 1,250 thousand (previous year: EUR 2,170 thousand) as of 31 December 2019. Should it be determined at a later date that a further portion of a loan is to be repaid, the carrying amount of the film assets will be increased by this amount, with a simultaneous recognition of a liability. The additional amortization that would have been recognised if the grant had been repaid by that date is recognised directly in profit or loss.

In contrast, project film subsidies under the guidelines of the BKM (DFFF), which are granted to reimburse the production costs of a cinema film after clearly defined conditions have been met, are non-repayable grants. They are government grants for assets. The project film subsidies granted are deducted from the carrying amount of the film in the balance sheet at the latest at the time of the theatrical release. In the reporting year, EUR 49 thousand (previous year: EUR 44 thousand) in project grants were deducted from production costs. Prior to the theatrical release these are capitalized as other receivables. These grants are recognised in the income statement by means of a reduced amortization amount of the capitalized production costs over the exploitation cycle of a film.

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. 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.

Distribution funding

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 203 thousand in the financial year (previous year: EUR 480 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 theatrical 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.

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 based on 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.

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 costs. 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 other) 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 consider the terms of the distribution steps. The estimated cash flows can change significantly due to several 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.

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.

An intangible asset shall be derecognised on disposal or when no further economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the income statement when the asset is derecognised. This is reported under other income or other expenses.

For information on rights of use, see above under first-time adoption of IFRS 16 Leases.

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 for leasehold improvements are generally depreciated over the term of the respective lease (up to 10 years). Technical equipment and office furniture and equipment are measured at cost less scheduled depreciation or impairment losses. Scheduled depreciation is calculated using the straight-line method over the standard useful life of 3 to 10 years. Repair and maintenance expenses are recorded as expenses at the time they are incurred. Leasehold improvements are capitalized and depreciated over the expected useful life. On disposal, the acquisition costs and the associated accumulated depreciation are derecognised. The resulting gains or losses are recognised in the income statement for the financial year. If the costs of certain components of an item of property, plant and equipment is material, these components are accounted for 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 cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognised as an impairment loss in profit or loss and is included in cost of sales or administrative expenses.

If the impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. This does not apply to goodwill. The increase in the carrying amount is limited to the value that would have resulted if no impairment loss had been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss on film assets is recognised as other film-related income, a reversal or write-up on other non-financial assets as other operating income.

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

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

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

The calculation of the recoverable amount includes management estimates and assumptions. The estimates and assumptions are based on premises which are based on the currently available knowledge. Due to developments that deviate from these assumptions and are beyond the control of the Company, the actual amounts may differ from the original expectations and lead to adjustments of 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 determined using the weighted average cost of capital (WACC) method.

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 based on sales analyses. In this procedure, the management determines whether goods are retaining their value since 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.

Classification and measurement of financial instruments

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

1. Classification of financial instruments

IFRS 9 limits the classification of financial assets to the following categories,

- 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)

Financial assets and financial liabilities are generally not netted. They are only offset if there is a right to offset the amounts at the present time and the intention is to settle on a net basis.

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

Financial assets: debt instruments and equity instruments

Financial assets which are held within a business model that envisages holding the asset for the purpose of generating contractual cash flows are recognised at amortised cost. 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.

Except for the investments not included in the consolidated financial statements, the Wild Bunch Group does not hold any debt instruments measured at fair value as of 1 January 2019 or 31 December 2019.

Derecognition of financial assets

Financial assets are only derecognised if the contractual right to cash flows from the asset expires or is transferred to 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 neither on 1 January 2019 nor on 31 December 2019.

All other financial liabilities are measured at amortised cost. Liabilities from outstanding invoices are reported under trade payables and other liabilities. Non-current liabilities are 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.

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

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

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

The expected credit loss approach is based on a three-step procedure for allocating 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
- A breach 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

In deviation from these requirements, a simplified approach is used for trade receivables that do not contain significant financing components in a way that the expected credit losses over the respective total term are always recognised as impairment. 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 cost 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.

3. Hedge accounting

As of 31 December 2019 and 31 December 2018, there were no hedging relationships in the Wild Bunch Group.

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.

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

2.1 REVENUE

Revenue	2019		2018	
	€k	%	€k	%
International sales	15,502	19.94	14,516	17.86
Theatrical rights	13,246	17.04	13,804	16.98
TV rights	17,424	22.42	21,535	26.49
Home entertainment rights	23,235	29.89	26,164	32.19
Film production	4,731	6.09	1,607	1.97
Other	3,594	4.62	3,656	4.51
Total	**77,733**	**100.00**	**81,282**	**100.00**

The revenues from film productions reported under Other in the previous year are shown separately in the reporting year. Other revenues consist primarily of service revenues of EUR 609 thousand (previous year: EUR 552 thousand) and film festival revenues of EUR 526 thousand (previous year: EUR 429 thousand). The geographical distribution of sales revenues is presented in section 5.1 Segment Reporting.

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

Contract balances	01.01.2018	31.12.2018	31.12.2019
	€k	€k	€k
Trade receivables and related accounts	36,020	34,764	36,932
Contract assets	0	0	238
Contract liabilities	13,951	10,418	11,302

The contractual liabilities are based on contracts with customers whose fulfilment is expected within one year.

2.2 OTHER FILM-RELATED INCOME

Other film-related income consists of the following:

Other film-related income in €k	2019	2018
Government grants	3,096	2,170
Other	1,339	800
Total	**4,436**	**2,970**

2.3 COST OF SALES

Cost of sales in €k	2019	2018
Cost of distribution	19,255	17,275
Amortization of film rights [1]	23,699	34,132
Royalties	15,010	14,410
Production costs	4,571	1,064
Other costs	5,955	4,426
Total	**68,489**	**71,307**

[1] Prior year amount adjusted due to a wrong allocation of accounts (IAS 8)

The production costs included in other costs in the previous year are shown separately in the reporting year. The amortization of film rights includes EUR 5,884 thousand (previous year: EUR 3,090 thousand) in impairment losses. The other costs mainly include costs for global distribution amounting to EUR 2,546 thousand (previous year: EUR 2,824 thousand) as well as allowances for doubtful receivables of EUR 1,623 thousand (previous year: EUR 0 thousand).

2.4 OTHER OPERATING INCOME

Other operating income consists of the following:

Other operating income in €k	2019	2018
Income from reversal of provisions	970	546
Reversal of bad debt allowances	1,110	1,497
Income from the reversal of provisions for receivables	132	153
Foreign currency exchange gains	257	150
Other income	797	901
Total	**3,266**	**3,248**

Other income includes income from costs charged on of EUR 94 thousand (previous year: EUR 698 thousand).

2.5 ADMINISTRATIVE EXPENSES

The administrative expenses are broken down as follows:

Administrative expenses in €k	2019	2018
Wages and salaries	9,723	10,320
Social contributions	3,425	3,294
Expenses for pensions	-80	79
Depreciation and amortization	1,588	239
Other administrative expenses	7,598	8,495
Total	**22,254**	**22,428**

Other administrative expenses mainly include legal and consulting costs of EUR 4,918 thousand (previous year: EUR 4,003 thousand) and office and travel expenses of EUR 1,234 thousand (previous year: EUR 1,731 thousand). In the previous year, before the first-time application of IFRS 16, rental expenses of €1,376 thousand were included in other administrative expenses.

2.6 OTHER OPERATING EXPENSES

Other operating expenses include the following items:

Other operating expenses in €k	2019	2018
Currency losses from operating activities	79	259
Loss/Profit on disposal of current assets	3	-14
Other	406	24
Total	**489**	**269**

2.7 FINANCIAL RESULT

The financial result is made up as follows:

Financial result in €k	2019	2018
Income from the redemption of financial liabilities by equity instruments	9,338	0
Write-ups on financial investments	116	0
Interest income	74	65
Foreign currency gains from non-operating activities	21	973
Other interest income	504	0
Financial income	**10,053**	**1,038**
Expenses from the redemption of financial liabilities by equity instruments	7,685	0
Interest expenses from financial liabilities	7,496	6,598
Foreign currency losses from non-operating activities	395	873
Other interest expenses	46	182
Financial expenses	**15,622**	**7,652**
Share in the result of associates	48	33
Result of associates	**48**	**33**
Financial result	**-5,522**	**-6,581**

Regarding the income and expense from the extinguishment of financial liabilities with equity instruments, see section 3.10.

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 €k	2019	2018
Current taxes	-532	-403
Deferred taxes	-130	220
Total	**-662**	**-182**

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 €k	2019	2018
Earnings before income taxes	-11,319	-13,085
Tax at an effective tax rate of 30 % (previous year: 30 %)	3,396	3,925
Taxes relating to other periods	-389	7
Tax additions and deductions	-153	-706
Effects from loss valuation (mainly non-recognition of deferred tax assets)	-3,010	-3,303
Tax effect from deviating tax rates	-220	344
Other	-286	-449
Tax income for the reporting year according to the financial statements	**-662**	**-182**

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 €k	2019		2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Film rights		-2,527		-2,095
Other assets	717	-1,090	2,259	-3,627
License fee payments	1,401		1,272	
Other liabilities		-3,729		-2,464
Other		-89		-949
Temporary differences	2,118	-7,435	3,531	-9,135
Loss carryforwards	4,429		4,692	
Total	**6,547**	**-7,435**	**8,223**	**-9,135**
Offsetting	-5,077	5,077	-6,442	6,442
Reported	**1,470**	**-2,358**	**1,781**	**-2,693**

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 4,429 thousand (previous year: 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 and Versatile SAS have tax loss carryforwards that have not yet been used of approximately EUR 150 million (previous year: EUR 166 million) and approximately EUR 70 million (previous year: EUR 54 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 13 million) for which no deferred tax assets have been recognised. In addition, the Management Board assumes that due to a detrimental acquisition at the beginning of 2019, these companies will no longer have loss carryforwards from the years before 2019.

2.9 EARNINGS PER SHARE

The earnings per share calculated since IAS 33 are based on dividing current earnings by the weighted average number of shares in circulation during the period. The increase in the average number of shares outstanding in the reporting year results from the issue of new shares in connection with two debt equity swaps (see also section 3.10). There are no potential ordinary shares, so that no diluted earnings per share must be reported.

Earnings per share	2019	2018
Profit/(loss) attributable to shareholders in €k	-11,932	-13,005
Total weighted average number of shares (no.)	18,169,148	2,044,075
Total diluted weighted average number of shares (no.)	18,169,148	2,044,075
Basic earnings per share (€ per share)	-0.66	-6.36
Diluted earnings per share (€ per share)	-0.66	-6.36

3. NOTES ON THE ITEMS IN THE BALANCE SHEET

3.1 GOODWILL

Goodwill in €k	**2019**	**2018**
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 cash-generating unit (CGU) International sales and distribution and film production for the purpose of impairment testing

Goodwill and assumptions for the impairment test as of 31 December 2019	**Segment International sales and distribution and film production**	**Segment Other**
Goodwill in €k	124,454	
Period planning horizon	5 years	n/a
Average organic gross profit growth	33.7%	n/a
Average gross profit margin	21.5%	n/a
Long-term growth rate	1.00%	n/a
Discount factor before taxes	8.54%	n/a

Goodwill and assumptions for the impairment test as of 31 December 2018	**Segment International sales and distribution and film production**	**Segment Other**
Goodwill in €k	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

CGU – International sales and distribution and film production

The recoverable amount of the CGU as of 31 December 2019 was EUR 198 million (previous year: EUR 173 million) and was calculated based on 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 8.54 % (previous year: 9.00 %) was applied and a sustainable growth rate of 1.0 % assumed. The surplus between the value in use and the carrying amount of this CGU was EUR 11 million (previous year: EUR 8 million).

In the medium-term planning, gross profit is expected to grow by 33.7 % per annum in the years 2020 to 2024. Growth is expected to come mainly from the increase in investments, i.e. the number of films exploited and, in particular, in film and TV productions. The growth rate for investments is around 23 % p.a. in the years 2020 to 2024. Beyond 2024, a long-term growth rate of 1 % p.a. is assumed for sustainable free cash flows in perpetuity.

The impairment test is sensitive to changes in the underlying assumptions, in particular the annual growth rates of free cash flows 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 0.2 % (previous year: 0.3 %). Likewise, the surplus would be reduced to zero if the annual growth rates of free cash flows were reduced by 0.4 % (previous year: 0.5 %). 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 0.15 % (previous year: 0.2 %) with a simultaneous reduction of the sustainable free cash flows in perpetuity through a decrease in the long-term growth rate by 0.15 % (previous year: 0.3 %).

3.2 INTANGIBLE ASSETS

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

Intangible assets in €k	Film distri-bution rights	Other rights	Prepay-ments 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 [1]	33,362	72	734	34,169
of which unscheduled	*3,090*			*3,090*
Reclassifications	361	80	-441	0
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**

[1] Prior year amount adjusted due to a wrong allocation of accounts (IAS 8)

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 6,190 thousand (previous year: EUR 3,090 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 flows, 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 3.52 % and 6.13 % (previous year: 3.21 % and 5.85 %). 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 €k	2019	2018
Acquisition costs		
1 January	2,968	3,185
Additions	56	180
Reclassifications	0	0
Disposals	-2	-396
31 December	3,023	2,968
Accumulated depreciation and amortization expenses		
1 January	1,825	2,029
Additions	162	192
Reclassifications	0	0
Disposals	-2	-396
31 December	1,986	1,825
Net book value	**1,037**	**1,143**

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

3.4 LEASE

The Wild Bunch Group has applied the new standard IFRS 16 Leases since 1 January 2019. For information on the effects of the first-time application of IFRS 16 on the Group's net assets, financial position and results of operations at the date of first-time application, please refer to the section entitled "Changes in accounting standards".

Rights of use in €k	Rent for rooms and buildings	Operating and business equipment and vehicles	Other	Total
Acquisition costs				
31 December 2018	-	-	-	-
Initial application of IFRS 16	5,928	211	9	6,148
1 January 2019	5,928	211	9	6,148
Change in the scope of consolidation				
Additions	80			80
Reclassifications				
Disposals				
31 December 2019	6,008	211	9	6,227
Accumulated depreciation and amortization expenses				
31 December 2018	-	-	-	-
Initial application of IFRS 16	-	-	-	-
1 January 2019	-	-	-	-
Change in the scope of consolidation				
Additions	1,287	112	3	1,401
Reclassifications				
Disposals				
31 December 2019	1,287	112	3	1,401
Net book value 31 December 2019	**4,721**	**100**	**6**	**4,826**

Lease obligations have changed as follows in the reporting year:

Reconciliation of obligations from leasing liabilities in €k	**2019**
1 January	-
Initial application of IFRS 16	6,147
1 January	6,147
Additions	80
Interest expense	97
Payments	-1,311
Currency translation	0
Other	0
31 December	**5,013**
thereof long-term leasing liabilities	3,799
thereof short-term leasing liabilities	1,214

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

Analysis of the maturity of leasing liabilities in €k	**book value as of 31.12.2019**	**up to 1 year**	**1 to 2 years**	**2 to 3 years**	**over 3 years**
Short-term leasing liabilities	1,214	1,214	0	0	0
Long-term leasing liabilities	3,799	0	1,201	881	1,718
Total	**5,013**	**1,214**	**1,201**	**881**	**1,718**

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

Leasing contributions in the income statement in €k	**2019**
Income from the disposal of rights of use	0
Expenses from short-term leasing relationships	-6
Expenses from low-value leasing agreements	-3
Amortization of rights of use from leasing relationships	-1,392
Interest expenses from leasing relationships	-97
Total	**-1,498**

Repayments and interests from leases included in the cash flow from financing activities in the reporting year amount to EUR 1,215 thousand.

As of 31 December 2019, there were no contractually agreed but not yet commenced leases. As of 31 December 2019 there were no extension options classified as uncertain.

3.5 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates or joint ventures in €k	2019	2018
1 January	1,550	1,516
Additions	6	0
Disposals	0	0
Partial result	48	33
Total 31 December	**1,603**	**1,550**

In March 2019, the shares in the joint venture Bavaria Pictures GmbH were sold retroactively as of January 1, 2019 (see Changes in the scope of consolidation). In connection with the sale, accumulated unrealized losses of EUR 614 thousand were eliminated.

Summarized financial information of the significant associated companies corresponding to the financial statements prepared in accordance with IFRS and the reconciliation of this financial information to the carrying amount of the share in these joint ventures in the consolidated financial statements are presented below:

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

Circuito Cinema S.r.l. in €k	31/12/2019	31/12/2018
Current assets including cash and cash equivalents of EUR 134 thousand (previous year: EUR 183 thousand) and prepayments made of EUR 72 thousand (previous year: EUR 179 thousand)	3,858	4,926
Non-current assets	6,861	5,964
Current liabilities including tax liabilities of EUR 58 thousand (previous year: EUR 269 thousand)	4,655	5,816
Non-current liabilities including deferred tax liabilities of EUR 0 thousand (previous year: EUR 0 thousand) and a non-current loan of EUR 2,676 thousand (previous year: EUR 1,717 thousand)	2,676	2,071
Equity	3,203	3,003
Group shareholding	24.90 %	24.90 %
Measured using the equity method	1,603	1,550
	2019	2018
Revenue	10,115	10,545
Cost of materials	-6,202	-6,742
Other operating income	0	0
Personnel expenses	-2,364	-2,602
Depreciation and amortisation	-848	-844
Other operating expenses	-373	-60
Financial result	-115	-162
Earnings before taxes	212	135
Income taxes	0	0
Loss/income from continuing operations	212	135
Group share in loss/income	53	34
Thereof reported through profit or loss	53	34

The cumulative total amount of unrecognised pro rata negative equity from associates is EUR 88 thousand (previous year: EUR 614 thousand).

3.6 FINANCIAL ASSETS

Other financial assets mainly include deposits (EUR 550 thousand; previous year: EUR 536 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).

3.7 INVENTORIES

Wild Bunch inventories of EUR 1,105 thousand (previous year: EUR 1,710 thousand) consist primarily of stocks of audio-visual media (merchandise).

In the 2019 financial year, write-downs had to be recognised in full on inventories in the amount of EUR 550 thousand (previous year: EUR 228 thousand).

No inventories were pledged as collateral for liabilities either in the year under review or in the previous year.

3.8 TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables are broken down as follows:

Trade receivables and Contract assets in €k	**31.12.2019**	**31.12.2018**
Trade receivables	38,637	35,064
Less bad debt allowances	-1,859	-585
Net receivables	36,778	34,478
Prepayments made	154	286
Total Trade receivables	**36,932**	**34,764**
Contract assets	238	0
Summe	**37,170**	**34,764**

Trade receivables include requested payments of EUR 620 thousand (previous year: EUR 245 thousand) for which the film material has already been delivered but the license period for the exploitation of the film has not yet begun and the customer has not yet made the contractually agreed down payment. Revenues are recognised at the beginning of the license period. Since Wild Bunch no longer must provide any further services, no separate disclosure as a contractual asset is made. All payments requested as of December 31, 2018 were received in the reporting year. Due to the commencement of the licence period, EUR 139 thousand was recognised as revenue in the reporting year, while EUR 106 thousand was recognised in advance payments received upon receipt. There were no write-downs of requested payments or contract assets in either the reporting year or the previous year.

Default risks arise from the risk that a debtor of a receivable is no longer able to settle it. Receivables management is carried out decentral in the Group companies. Indicators of risk are obtained from this both after a customer-related assessment and based on current empirical values. Default risks are considered in the Group by creating allowances for bad debts based on expected future defaults. The cumulative valuation allowances for customers for whom the Group has concluded that their creditworthiness is impaired amount to EUR 1,813 thousand (previous year: EUR 553 thousand), the further credit losses expected over the term of the loan as of 31 December 2019 amount to EUR 46 thousand (previous year: EUR 32 thousand).

The following table shows the development of the valuation allowances recognised for trade receivables:

Bad debt allowances in €k	2019	2018
31 December previous year	-	757
Retrospective change in accounting method due to IFRS 9	-	198
1 January	**585**	**955**
Change in scope of consolidation	0	0
Exchange differences	0	0
Additions	1,624	348
Utilization	-218	-565
Release	-132	-153
Total 31 December	**1,859**	**585**

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

Maturity overview in €k	31.12.2019	31.12.2018
Trade receivables	38,637	35,064
thereof neither impaired nor past due as of the balance sheet date	7,439	18,094
Overdue in days		
less than 90	10,005	7,492
between 91 and 180	4,676	2,485
between 181 and 360	6,912	635
more than 361	9,605	6,339

No further impairments were recognised for trade receivables of EUR 31,198 thousand (previous year: EUR 16,951 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.

3.9 OTHER ASSETS

Other current assets in €k	**2019**	**2018**
Claims against film grant institutions	9,419	5,558
Third party money	4,220	3,764
Creditors with debit balances	2,617	861
Other	2,138	2,112
Other financial assets	**18,395**	**12,295**
Tax receivables	5,435	5,991
Other	874	3,245
Other non-financial assets	**6,310**	**9,236**
Total	**24,704**	**21,531**

The long-term other assets mainly consist of receivables from deferred non-current advance payments amounting to EUR 273 thousand (previous year: EUR 306 thousand) as well as non-current receivables from related companies of EUR 439 thousand (previous year: EUR 0 thousand).

3.10 SUBSCRIBED CAPITAL

As of December 31, 2019, the share capital amounts to EUR 23,942,755 (previous year: EUR 2,044,075), divided into 23,942,755 bearer shares (previous year: 2,044,075 shares), each with a notional value of EUR 1. The subscribed capital is fully paid up. It is divided into no-par-value shares.

On March 14, 2019, the conversion of the liabilities from the 8 % bearer bond 2016/2019 into new shares of the company was entered in the Commercial Register. A total of EUR 18,000 thousand of liabilities, plus EUR 590 thousand of deferred interest, were converted into 3,600,000 new bearer shares with a proportional amount of the share capital of EUR 1.00 each. The difference of EUR 9,338 thousand between the fair value of the shares issued, EUR 9,252 thousand based on a stock market price of EUR 2.57 per share on the date of the contribution, and the carrying amount of the bearer bond contributed was recognised in the income statement under financial income.

On April 12, 2019, the conversion of a total of EUR 36,597,360 of Wild Bunch AG's liabilities into 18,298,680 new bearer shares with a proportional amount of the share capital of EUR 1.00 each was entered in the Commercial Register of the Berlin-Charlottenburg District Court. This capital increase against contribution in kind was part of the agreement signed between Wild Bunch AG, Tennor Holding B.V. (formerly Sapinda Holding B.V.) and Voltaire Finance B.V. on June 15, 2018 for the financial restructuring of the Wild Bunch Group. Within the scope of this agreement, in several steps in March 2019, existing bank liabilities of Wild Bunch S.A. and liabilities of Wild Bunch S.A. to other creditors in the total amount of EUR 62.7 million were taken over by Voltaire Finance B.V. Of this amount, EUR 26.1 million remained with Wild Bunch S.A. as a shareholder loan. EUR 36.6 million was taken over by Wild Bunch AG as part of a debt assumption and subsequently converted into equity of Wild Bunch AG. The difference of EUR 7,685 thousand between the fair value of the shares issued, EUR 44,283 thousand based on a stock market price of EUR 2.42 per share on the date of the contribution, and the carrying amount of the shareholder loans contributed, was recognised in the income statement under financial expenses.

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

Subscribed capital in number of shares	**2019**	**2018**
Registered capital	23,942,755	2,044,075
Authorized capital (2018/I) up to € 11,971,377		
Contingent capital (2015/I) up to € 19,750,097		
Own shares	-60	-60
Total	**23,942,695**	**2,044,015**

Treasury shares with a value of EUR 60.00 each (previous year: EUR 60.00) are recognised in the balance sheet and have the effect of reducing the equity. Treasury shares are reported at cost. Treasury shares account for approximately 0.0003% of the share capital as of 31 December 2019.

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.

3.11 CAPITAL RESERVES

The capital reserves are EUR 55,349 thousand as of 31 December 2019 (previous year: EUR 26,869 thousand). The increase in the capital reserve results from the difference between the fair value of the shares issued as part of the contribution of the bearer bond and loans and their nominal value (EUR 31,636 thousand) (note to section 3.10), less the proportionately attributable costs of the capital measure (EUR 3,156 thousand), after consideration of deferred taxes (EUR 172 thousand).

3.12 OTHER RESERVES

Other reserves amounting to EUR -90 thousand (previous year: EUR -56 thousand) result from actuarial gains and losses recognised in equity from pension obligations (section 3.15 Pension obligations).

3.13 NON-CONTROLLING INTERESTS

The non-controlling interests relate to the following companies:

Non-controlling interests in €k	31.12.2019	31.12.2018
Bunch of Talents SAS, Paris, France	20	20
Elle Driver SAS, Paris, France	114	100
Filmoline SAS, Paris, France	388	363
Insiders LLC, Los Angeles, USA	-	5
Versatile SAS, Paris, France	-123	-97
Vértigo Films S.L., Madrid, Spain	-1,259	-1,180
Wild Bunch Germany GmbH, Munich	545	520
BIM Produzione s.r.l., Rom, Italy	-3	-
Total	**-317**	**-268**

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

Filmoline SAS, Paris, France in €k	**2019**	**2018**
Revenue	6,908	4,899
Net income	249	-134
Current assets	4,558	4,159
Non-current assets	462	464
Current liabilities	2,498	2,538
Non-current liabilities	26	21
Total cash flow	169	138

Vértigo Films S.L., Madrid, Spain in €k	**2019**	**2018**
Revenue	4,438	3,538
Net income	-395	-1,036
Current assets	2,586	3,945
Non-current assets	8,372	10,533
Current liabilities	3,888	3,521
Non-current liabilities	9	961
Total cash flow	-223	483

Wild Bunch Germany GmbH, Munich, Germany in €k	**2019**	**2018**
Revenue	15,042	16,790
Net income	203	-122
Current assets	13,907	11,429
Non-current assets	11,315	10,044
Current liabilities	7,199	16,234
Non-current liabilities	1,483	668
Total cash flow	-505	5,023

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

3.14 CAPITAL MANAGEMENT

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

Financial management also includes currency management to limit the effects of interest and currency fluctuations on net income and cash flow. As in the previous year, Wild Bunch AG did not hold any currency options or swaps for currency hedging as of the balance sheet date 31 December 2019.

Furthermore, Wild Bunch AG strives to maintain a balanced maturity profile. The key financial management indicators for Wild Bunch AG are revenue, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest and taxes (EBIT), total investments and net debt.

In order to secure its liquidity position, the Wild Bunch Group entered into a credit facility agreement with the London-based commercial bank Bank Leumi Plc (UK) ("Bank Leumi") on April 5, 2017 for a revolving credit line of up to EUR 30 million with a term until April 5, 2020. The financial covenants agreed in the credit agreement continued to exist in the 2019 financial year, but due to an adjustment provision from September 2018 in a form more favourable to the Company and taking the restructuring into account, and were not applied until their replacement in April 2020.

In April 2020, the loan from Bank Leumi was repaid with the help of a credit line from Commerzbank AG. The credit line of Commerzbank AG amounts to up to EUR 35.0 million and matures in October 2022. The agreement with Commerzbank provides for the bank to provide financing against pledging of receivables of the Company. Receivables qualify as receivables if they are secured by credit default insurance for the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany, Munich, BIM Distribuzione s.r.l., Rome and Vértigo Films S.L., Madrid. Wild Bunch AG is obliged to pass on loan amounts granted to these subsidiaries in accordance with the collateral provided by the subsidiaries. Financial covenants have not been agreed upon, but the loan agreement stipulates that by June 30, 2020 and June 30, 2021, cash in the amount of the Wild Bunch Group's expected operating losses during this period must be deposited as collateral.

With the implementation of all major points of the restructuring agreement between, among others, Wild Bunch AG, its French subsidiary Wild Bunch S.A., the French banks and the participating investor (Voltaire Finance B.V. (formerly SWB Finance B.V.), hereinafter referred to as "Investor") and the exchange of all 8 % bearer bonds 2016/2019 for new shares of Wild Bunch AG in April and March 2019 respectively, the company succeeded in reducing bank liabilities and other liabilities by a total of EUR 54.6 million in the 2019 financial year.

Voltaire Finance B.V. (formerly SWB Finance B.V., hereinafter referred to as "Investor") has provided interim financing in connection with the reorganisation of the Wild Bunch Group during the implementation of the restructuring measures, from which Wild Bunch S.A. and Wild Bunch AG have drawn funds totalling EUR 27.0 million (31 December 2018: EUR 21.6 million). This bridge loan was fully refinanced in May 2019 by a shareholder loan of EUR 40.0 million. With the signing of this loan agreement a further EUR 13.0 million was disbursed. The loan agreement has a term until 13.06.2023. The loan is repayable at maturity. The interest rate is 9.5 %. (Note to the comments on the going concern assumption under section 1.4.)

A sufficiently high equity ratio is required to be able to make use of equity and debt financing options that are available on the market. The economic equity in relation to total assets is monitored. The equity ratio is the ratio between the economic equity on a consolidated basis and the balance sheet total. The economic equity is composed of the balance sheet equity and the investment grants.

Equity and the equity ratio developed as follows:

Equity and equity ratio	31.12.2019	31.12.2018
Equity disclosed in the statement of financial position in €k	105,781	67,677
Total assets in €k	283,059	271,677
Equity ratio %	**37.4%**	**24.9%**

3.15 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 634 thousand as of 31 December 2019 (previous year: EUR 762 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 2019 by external experts 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:

	France		Italy	
Assumptions	2019	2018	2019	2018
Discount rate(s)	0.7%	1.7%	1.2%	1.9%
Expected rate(s) of salary increase	2.0%	2.0%	1.4%	1.4%
Mortality table	TPGF(H)05	TPGF(H)05	ISTAT 2018	ISTAT 2017
Average age of current employees on retirement (in years)	62	62	n.a.	n.a.
Number of eligible beneficiaries	76	81	12	12

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 €k	2019	2018
Service costs	59	59
Net interest expense	14	11
Total	**73**	**70**

The following overview shows the development of the pension obligation:

Development of pension obligations in €k	2019	2018
Present value of the defined benefit obligation as of 1 January	762	645
Service costs	59	59
Net interest expense	14	11
Actuarial gains and losses from changes in financial assumptions	-15	47
Actuarial gains and losses from changes in demographic assumptions	-22	0
Actuarial gains and losses from experience based adjustments	-9	0
Adjustment of past service cost	-155	0
Present value of the defined benefit obligation as of 31 December	**634**	**762**

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 recognised in equity and deferred taxes in €k	2019	2018
Actuarial gains and losses and deferred taxes recognised in equity as of 1 January	-57	-23
Actuarial gains and losses	-48	-47
Deferred taxes on actuarial gains and losses	13	13
Actuarial gains and losses and deferred taxes recognised in equity as of 31 December	**-92**	**-57**

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 2019 financial year, EUR 164 thousand (previous year: EUR 157 thousand) was paid by the employer for employees of the domestic companies into the statutory pension scheme and recorded as expenses (employer contributions).

3.16 OTHER PROVISIONS

Other provisions in €k	as of 1.1.2019	Utilization	Reversal	Additions	as of 31.12.2019
Impending losses	0	0	0	364	364
Legal provisions	14	14	0	0	0
Other provisions	11	11	0	0	0
Non-current provisions	**25**	**25**	**0**	**364**	**364**
Personnel provisions	842	423	63	544	899
Impending losses	1,053	258	795	0	0
Returns	112	112	0	70	70
Legal provisions	638	39	500	20	119
Other provisions	0	0	0	135	135
Current provisions	**2,645**	**832**	**1,358**	**769**	**1,224**
Net book value 31 December 2019	**2,670**	**857**	**1,358**	**1,133**	**1,588**

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 because 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 364 thousand (previous year: EUR 25 thousand) to be used within one year.

3.17 FINANCIAL LIABILITIES

Financial liabilities in €k	2019	2018
Bonds	0	18,285
Liabilities to banks	26,863	76,567
Other financial liabilities (excl. leasing liabilities)	71,592	21,910
Total	**98,455**	**116,763**

Analysis of the maturity of financial liabilities:

Analysis of the maturity of financial liabilities in €k	book value as of 31.12.2019	up to 1 year	1 to 2 years	2 to 3 years	over 3 years
Bonds	0	0	0	0	0
Liabilities to banks	26,863	26,863	0	0	0
Other financial liabilities (excl. leasing liabilities)	71,592	5,145	0	0	66,447
Total	**98,455**	**32,008**	**0**	**0**	**66,447**

Analysis of the maturity of financial liabilities in €k	book value as of 31.12.2018	up to 1 year	1 to 2 years	2 to 3 years	over 3 years
Bonds	18,285	18,285	0	0	0
Liabilities to banks	76,568	52,150	24,305	113	0
Other financial liabilities	21,910	21,910	0	0	0
Total	**116,763**	**92,345**	**24,305**	**113**	**0**

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 26.7 million (previous year: EUR 71.1 million). EUR 4.7 million of this relates to film rights and EUR 7.9 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. There were no unused credit facilities (previous year: EUR 2.1 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.

3.18 TRADE PAYABLES

Trade payables amounted to EUR 30,085 thousand (previous year: EUR 42,735 thousand) as of the balance sheet date, of which EUR 10,719 thousand (previous year: EUR 13,421 thousand) was attributable to liabilities from fixed assets.

The liabilities as of 31 December 2019 were partially past due (EUR 15,144 thousand; previous year: EUR 8,511 thousand).

Maturity overview in €k	**2019**	**2018**
Trade payables	30,085	42,735
Overdue in days		
less than 90	6,569	2,931
between 91 and 180	552	2,035
between 181 and 360	924	476
more than 361	7,099	3,068

3.19 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 €k	2019	2018
1 January	10,418	-
Initial application of IFRS 15	-	13,951
Additions	7,974	8,313
Utilization due to service delivery	-7,090	-11,846
Total 31 December	**11,302**	**10,418**

3.20 OTHER CURRENT LIABILITIES

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

Other current liabilities in €k	2019	2018
Payments to licensors	16,544	17,580
Liabilities to film funding institutions	1,928	1,090
Other	1,998	1,068
Other financial liabilities	**20,470**	**19,738**
Deferred income		445
Other tax liabilities	3,959	4,744
Liabilities from social insurance contributions	1,818	1,585
Other non-financial liabilities	**5,777**	**6,773**
Total	**26,247**	**26,512**

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.

In the previous year, the deferred income item mainly included revenues already received from TV and home entertainment contracts which could not yet be realized as revenues due to the availability of the respective rights. They are shown under contract liabilities.

4. NOTES ON THE ITMES IN 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 21,335 thousand (previous year: EUR 16,907 thousand) comprise cash in hand and bank balances with a remaining term of less than three months in the amount of EUR 24,027 thousand (previous year: EUR 18,583 thousand) and bank liabilities, insofar as they are current accounts, in the amount of EUR 2,692 thousand (previous year: EUR 1,676 thousand).

Liquid funds of EUR 14.1 million (previous year: EUR 10.9 million) served as collateral for the loan from Bank Leumi, which was repaid in April 2020.

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 €k	**2019**	**2018**
Income tax paid	334	651
Income tax received	3	50
Interest paid	2,266	2,532
Interest received	34	21

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 in the reporting year is mainly characterized by cash inflows from loans from Voltaire Finance B.V., Schiphol, Netherlands.

In the reporting year, the cash flow from financing activities also includes payments for leases. Leases are recognised in the balance sheet for the first time upon first-time application of IFRS 16 (see also 1.5 Fundamental accounting methods).

5. FURTHER INFORMATION

5.1 SEGMENT REPORTING

The Group is split into the following two reportable business segments for the purpose of corporate management:

a) The "International sales and distribution and film production" business segment includes the production and distribution of films.
b) The "Other" business segment encompasses the operation of a VOD platform and other activities.

The "International sales and distribution and 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 €k	International sales and distribution and film production		Other		Group	
	2019	2018	2019	2018	2019	2018
Revenue	70,799	76,370	6,934	4,913	77,733	81,282
Other film related income [1]	2,931	1,970	1,505	1,000	4,436	2,970
Cost of sales [1]	-62,482	-66,384	-6,007	-4,923	-68,489	-71,307
Segment profit/loss	**11,248**	**11,956**	**2,432**	**989**	**13,680**	**12,945**
Unassigned result elements:						
Other operating income					3,266	3,248
Administrative expenses					-22,254	-22,428
Other operating expenses					-489	-269
Operating result					**-5,797**	**-6,503**
Financial income					10,053	1,038
Financial expenses					-15,622	-7,652
Equity-result					48	33
Earnings before taxes					**-11,319**	**-13,085**

[1] Prior year amounts in segment International sales and distribution and film production adjusted due to a wrong allocation of accounts (IAS 8)

Impairment losses recognised in the fiscal year of EUR 5,884 thousand (previous year: EUR 3,090 thousand) are attributable exclusively to the "International sales and distribution and 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 €k	2019	2018
International sales and distribution and film production	220,361	244,627
Other	62,698	27,051
Assets	**283,059**	**271,677**

Segment information liabilities in €k	2019	2018
International sales and distribution and film production	147,120	173,163
Other	30,158	30,837
Liabilities	**177,278**	**204,000**

Segment information investments in intangible assets in €k	2019	2018
International sales and distribution and film production	36,684	18,873
Other	0	5
Investments in intangible assets	**36,684**	**18,879**

Segment information

The segment data were calculated based on 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 (2019: EUR 15,502 thousand; previous year: EUR 14,516 thousand) is reported under Other 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 €k	**2019**	**2018**
France	28,649	32,210
Germany	21,774	25,283
Italy	7,345	5,612
Spain	4,438	3,538
Other	15,527	14,640
Revenue	**77,733**	**81,282**

Segment information non-current assets in €k	**2019**	**2018**
France	34,836	31,431
Germany	12,616	11,088
Italy	10,587	11,057
Spain	7,702	7,904
Other	3,611	4,039
non-current assets [1]	**69,353**	**65,520**

[1] intangible assets, Rights of use (since 2019), property, plant and equipment and other non-current assets

Segment information investments in €k	**2019**	**2018**
France	17,415	5,143
Germany	10,393	6,565
Italy	7,459	1,962
Spain	1,417	4,378
Other	0	831
Investments in intangible assets	**36,684**	**18,879**

5.2 FINANCIAL INSTRUMENTS/MANAGEMENT OF FINANCIAL RISKS

The carrying amounts and fair values 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 2019 and 2018 essentially correspond to the fair values.

Financial Assets as of 31.12.2019 in €k	Valuation according to IFRS 9				
	Book value	Amortized costs	Fair value, not affecting net income	Valuation according to IFRS 16	Fair value
Trade receivables	36,932	36,932			36,932
Other financial assets					
Financial investments (Equity instruments)	480		480		480
Other financial assets	1,024	1,024			1,024
Other receivables	18,395	18,395			18,395
Cash and cash equivalents	21,362	21,362			21,362
Financial assets	**78,192**	**77,712**	**480**		**78,192**

Financial liabilities as of 31.12.2019 in €k	Valuation according to IFRS 9				
	Book value	Amortized costs	Fair value, not affecting net income	Valuation according to IFRS 16	Fair value
Financial liabilities					
Liabilities to banks	26,863	26,863			26,863
Leasing liabilities	5,013			5,013	5,013
Other financial liabilities	71,592	71,592			71,592
Trade payables	30,085	30,085			30,085
Other financial liabilities	20,470	20,470			20,470
Financial liabilities	**154,023**	**149,010**		**5,013**	**154,023**

Financial Assets as of 31.12.2018 in €k	Valuation according to IFRS 9				
	Book value	Amortized costs	Fair value, not affecting net income	Valuation according to IAS 17	Fair value
Trade receivables	34,764	34,764			34,764
Other financial assets					
Financial investments (Equity instruments)	480		480		480
Other financial assets	923	923			923
Other receivables	12,295	12,295			12,295
Cash and cash equivalents	18,583	18,583			18,583
Financial assets	**67,045**	**66,565**	**480**		**67,045**

Financial liabilities as of 31.12.2018 in €k	Valuation according to IFRS 9				
	Book value	Amortized costs	Fair value, not affecting net income	Valuation according to IAS 17	Fair value
Financial liabilities					
Liabilities to banks	76,567	76,567			76,567
Leasing liabilities	0			0	0
Other financial liabilities	40,195	40,195			40,195
Trade payables	42,735	42,735			42,735
Other financial liabilities	19,738	19,738			19,738
Financial liabilities	**179,236**	**179,236**		**0**	**179,236**

With the exception of financial assets (equity instruments), financial instruments are categorised either as financial assets measured at amortised cost and are recognised at amortised cost or as financial liabilities measured at amortised cost 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.

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

Net results by measurement category in accordance with IFRS 9 in €k	**2019**
Assets measured at amortised cost	-1,120
thereof net interest income	116
Equity instruments measured at fair value with no effect on income	0
thereof net interest income	-
Liabilities measured at amortised cost	543
thereof net interest income	0
Total	**-577**

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 line agreed with Bank Leumi plc (UK) ("Bank Leumi") of up to EUR 30 million with a term until April 5, 2020 was repaid in April 2020 with the help of a credit line from Commerzbank AG. The credit line of Commerzbank AG amounts to up to EUR 35.0 million and matures in October 2022. The agreement with Commerzbank provides for the bank to provide funds against pledging of claims of the Company. Qualifying as receivables are receivables secured by credit default insurance of the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany, Munich, BIM Distribuzione s.r.l., Rome and Vértigo Films S.L., Madrid. Wild Bunch AG is obliged to pass on to these subsidiaries any loans received in accordance with the collateral provided by the subsidiaries. See also section 1.4. under the assumption of a going concern and in the management report under 3.4. Overall statement of the Management Board on the development of the Group and 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. Translation differences of EUR -196 thousand (prior year: EUR -9 thousand) were recognised in the income statement in the reporting year.

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 406 thousand lower or EUR 296 thousand higher (previous year: EUR 553 thousand lower or EUR 687 thousand higher).

(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 (EURIBOR). 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:

Avearage number of employees	2019	2018
France	70	90
Germany	31	33
Italy	12	12
Spain	9	11
Ireland	2	2
Austria	1	1
Total	**125**	**149**

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 Voltaire Finance B.V. ("Voltaire"), Schiphol, Netherlands and Tennor Holding B.V. ("Tennor"), Schiphol, Netherlands, to be related parties. Voltaire held a total of 96.2 % of the voting rights of the company as of December 31, 2019. Regarding the Company's transaction with Voltaire, please refer to sections 3.10 and 3.11 as well as 3.14. In addition, the Company considers Mr. Lars Windhorst to be a related party, as he is the economic beneficiary within the chain of companies controlled by Tennor Group, with which the latter in turn controls Tennor Group, with Consortia Partnership Ltd. at the head. Voltaire Finance B.V. has granted loans to Wild Bunch AG and Wild Bunch S.A. For the scope and conditions of these loans, see the information in the table Financial liabilities at the end of these Notes. See also the information under 5.12 Events after the balance sheet date.

For information on the total remuneration of the Management Board and Supervisory Board of Wild Bunch AG, see section 5.10 Total remuneration of the Supervisory Board and Management Board. As of December 31, 2019, there were receivables from a former member of the Management Board in the amount of EUR 13 thousand (previous year: EUR 2 thousand) in respect of remuneration and travel expense claims. Current liabilities to members of the Supervisory Board amount to EUR 0 thousand (previous year: EUR 66 thousand).

In addition, the Company had business relationships with the following related parties:

With the associated company Circuito Cinema s.r.l., Rome, Italy, the Group company BIM Distribuzione s.r.l., Rome, Italy, had loans and receivables of EUR 291 thousand (previous year: EUR 284 thousand) on the balance sheet date. In addition, there were trade payables to Circuito Cinema amounting to EUR 29 thousand (previous year: EUR 39 thousand). Circuito Cinema invoiced theatrical revenues of EUR 131 thousand (previous year: EUR 215 thousand) to the shareholder BIM Distribuzione s.r.l. in the financial year. Circuito Cinema provided services in connection with the marketing of films for the shareholder BIM Distribuzione s.r.l. in the financial year in the amount of EUR 221 thousand (previous year: EUR 160 thousand).

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

Wild Bunch S.A. has receivables from cost allocations in previous years of EUR 439 thousand from Insiders LLC, Los Angeles, USA, which was fully consolidated up to and including 30 June 2019 and has been consolidated at equity since then.

As of 31 December 2019, Wild Bunch S.A. has receivables of EUR 251 thousand from Wild Bunch International S.A., Paris, France. The receivables result from administrative services provided by Wild Bunch S.A. under a shared service agreement. Wild Bunch S.A. also has liabilities of EUR 667 thousand to Wild Bunch International S.A. The liabilities result from fees in accordance with the distribution agreement between the parties.

In the reporting year, a financial advisory agreement was concluded with the investment bank Lazard Frères ("Lazard"), Paris, France, under which Lazard provides consulting services regarding the search for strategic investors. Supervisory Board member Pierre Tattevin is a partner in Lazard's Paris office. Lazard was commissioned at arm's length based on a purely performance-related fee. No payment was made.

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 regarding 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 2019:

Other financial obligations and contingent liabilities in €k	31.12.2019				31.12.2018			
	Total	Remaining time up to 1 year	Remaining time between 1 to 5 years	Remaining time more than 5 years	Total	Remaining time up to 1 year	Remaining time between 1 to 5 years	Remaining time more than 5 years
Minimum guarantees	18,842	2,727	16,115	0	17,857	16,343	1,514	0
Other / Rent and leases [1)]	391	276	115	0	5,920	1,259	3,781	880
Total	**19,233**	**3,003**	**16,230**	**0**	**23,777**	**17,602**	**5,295**	**880**

1) Due to the application of IFRS 16 since January 1, 2019, obligations from operating lease agreements are carried as liabilities (see also section 1.5 Fundamental accounting methods)

The financial obligations arising from minimum guarantees as of December 31, 2019 are mostly shown with a remaining term of up to one year, but the completion dates for the individual films are often subject to uncertainty and may be delayed, in some cases considerably.

The Group has contingent liabilities arising from subsidy loans repayable based on profit (EUR 12,156 thousand; previous year: EUR 11,951 thousand). However, these subsidy loans are only attributable to pro rata future revenues that exceed costs. At present, the Company does not expect that these loans will have to be repaid.

5.6 GUARANTEES

In 2017, BIM Distribuzione s.r.l. has provided a guarantee of EUR 600 thousand for a bank loan which Circuito Cinema s.r.l. received from Banca Nazionale del Lavoro. Due to the business development of Circuito Cinema s.r.l. there are currently no identifiable risks of utilisation.

For the collateralisation of liabilities to banks, please refer to the information in section 3.17 Financial liabilities.

5.7 FEES AND SERVICES RENDERED BY THE AUDITOR

The total fees charged by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft are broken down as follows:

Auditor's fees and services in €k	2019	2018
Audit services	351	444
Tax auditory services	0	0
Other services	110	0
Total	**461**	**444**

The amount for 2019 includes fees of EUR 16 thousand for the previous year. Other services mainly relate to the issuance of a comfort letter

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 (until 31 October 2019)

Supervisory Board:

- Tarek Malak, Portfolio Manager at Tennor Holding 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)
- 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 Gestion SAS, Paris, France
- Dr Georg Kofler, (since 27 September 2018), chairman of the Supervisory Board and principal shareholder of Social Chain Group AG, Berlin
- Arjun Metre, (since 29 August 2019), Head of Sports, Media & Entertainment related investments at Tennor Holding B.V., Schiphol, the Netherlands

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 583 thousand in the 2019 financial year (previous year: EUR 1,306 thousand). The Management Board was guaranteed remuneration of EUR 585 thousand for the 2019 financial year (previous year: EUR 969 thousand).

Wild Bunch AG's Supervisory Board is 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, except for 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 received EUR 22,000 and the Deputy Chairman EUR 20,000.

The Supervisory Board received total remuneration of EUR 87 thousand in the 2019 financial year (previous year: EUR 203 thousand). The Supervisory Board members were guaranteed total remuneration of EUR 238 thousand for the 2019 financial year (previous year: EUR 197 thousand).

Total remuneration of the members of the Supervisory Board in €	2019		
	Remuneration	Cost reim-bursements	Total
Tarek Malak	87,432	0	87,432
Pierre Tattevin	45,000	0	45,000
Kai Dieckmann (from 27 September 2018)	52,500	0	52,500
Dr. Georg Kofler (from 27 September 2018)	37,500	0	37,500
Arjun Metre (from 29 August 2019)	10,274	0	10,274
Benjamin Waisbren (until 19 February 2019)	5,137	0	5,137
Total	**237,843**		**237,843**

5.11 SHARES OF THE MEMBERS OF THE EXECUTIVE BODIES

On the reporting date of 31 December 2019, the members of executive bodies named below held the following shares in Wild Bunch AG:

Shares held by board members	2019	
	shares	%
Vincent Grimond	175,588	0.73
Pierre Tattevin	1	0.00

5.12 EVENTS AFTER THE BALANCE SHEET DATE (SUPPLEMENTARY REPORT)

Corona Covid-19 Pandemic and its effects

The Corona Covid 19 pandemic ("Corona Pandemic") and the contact restrictions imposed to prevent further spread of the virus have largely brought public life and economic activity in Wild Bunch's core markets to a standstill.

In mid-March 2020, all cinemas in France, Italy, Germany and Spain were closed. Under strict conditions such as compulsory masks, minimum distance and hygiene regulations, individual countries are aiming to reopen the cinemas. By postponing film releases accordingly, many new films will push into the cinemas after reopening and trigger a high level of competition for cinemagoers. Wild Bunch is working on refining its theatrical release strategy or finding alternatives such as direct sales to electronic distribution platforms.

On the procurement side, the Wild Bunch Group is affected by the cancellation of several events and festivals such as the Festival and the Marché du Film de Cannes. These events are key events for the sale and acquisition of films. Even though the organizers are organizing digital markets, the success of such approaches is not yet foreseeable.

It is currently difficult to predict whether the planned revenues can still be realized across the entire film distribution chain, including international distribution. In the short term during the pandemic, but also in the long term, the industry is still experiencing a significant shift in content consumption, with a high demand for streaming services, but also for traditional pay and free TV. The Wild Bunch Group has been particularly active in these segments since mid-March, and revenues from these activities are expected to remain at a high level. As a result, FilmoTV also saw a significant increase in VOD sales and subscriber numbers due to the curfew imposed in France.

The Wild Bunch Group was also affected by the interruption of various film and series productions, which slowed down investments and planned growth in the production area. As a result, productions planned for 2020 were postponed to 2021, although it is not yet possible to determine with certainty when these productions can start again in the respective countries. This also depends on the further management of the Corona Pandemic in Wild Bunch's core markets.

Taking into account the currently known easing of contact restrictions, the Management Board therefore believes that the Corona Covid-19 pandemic will have an overall negative impact on the Wild Bunch Group's investments and global activities in the 2020 financial year.

Repayment credit Bank Leumi

The loan from Bank Leumi was repaid in April 2020 with the help of a credit line from Commerzbank AG. The first draw down of the credit line at Commerzbank AG amounted to EUR 16.3 million. The credit line of Commerzbank AG amounts to up to EUR 35.0 million and has a term until October 2022. The agreement with Commerzbank provides for the bank to provide funds against the assignment of claims of Wild Bunch AG. Qualifying as receivables are receivables secured by credit default insurance of the subsidiaries Wild Bunch S.A., Paris, Wild Bunch Germany, Munich, BIM Distribuzione s.r.l., Rome and Vértigo Films S.L., Madrid. Wild Bunch AG is obliged to pass on loan amounts received to these subsidiaries in accordance with the collateral provided by the subsidiaries.

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 2019.

Shareholding of Wild Bunch AG, Berlin	2019		
	Share %	Equity in €k	Annual result in €k
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	-27	-3
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	-437	16,599
Wild Bunch Austria GmbH, Vienna, Austria[2]	100.00	53	42
Central Film Verleih GmbH, Berlin[6]	100.00	488	123
Senator Reykjavik GmbH, Berlin[4]	100.00	-487	-95
Wild Bunch S.A., Paris, France	100.00	4,393	-17,177
Wild Bunch Germany GmbH, Munich[5]	88.00	1,521	504
BIM Distribuzione s.r.l., Rome, Italy[5]	100.00	607	186
Bunch of Talents SAS, Paris, France[5]	80.00	102	1
Capricci World, Nantes, France[8]	33.00	-	-
Cinéma de Panthéon, Paris, France[8]	19.00	-	-
Circuito Cinema s.r.l., Rome, Italy[7]	24.90	3,203	212
Continental Films SAS, Paris, France[5]	100.00	-46,040	-1,889
Elle Driver SAS, Paris, France[5]	95.02	2,156	104
EWB2 SAS, Paris, France[5]	100.00	3,500	18
EWB3 SAS, Paris, France[5]	100.00	5,175	55
Filmin, Barcelona, Spain[8]	10.00	-	-
Filmoline SAS, Paris, France[5]	90.09	2,074	251
Insiders LLC, Los Angeles, USA[5]	45.00	-701	0
Versatile SAS, Paris, France[5]	95.02	-2,520	-430
Vértigo Films S.L., Madrid, Spain[5]	80.00	-2,192	-109
Virtual Films Ltd., Dublin, Ireland[5]	100.00	-24,457	191
Wild Bunch International SAS, Paris, France[5]	20.00	-439	-449
BIM Produzione s.r.l., Rome, Italy[7]	90.00	-29	-69

[1] Profit transfer agreement with Wild Bunch AG

[2] indirectly via Senator Film Verleih GmbH, Berlin

[3] indirectly via Senator Film München GmbH, Munich

[4] indirectly via Senator Film Produktion GmbH, Berlin

[5] indirectly via Wild Bunch S.A., Paris

[6] 50 % indirectly via Wild Bunch S.A., Paris

[7] indirectly via BIM Distribuzione s.r.l., Rome

[8] financial information not available

Berlin, as of 30 June 2020

Wild Bunch AG

Vincent Grimond
Chairman of the Management Board

ATTACHEMENT 1 - FINANCIER'S OVERVIEW

in EUR thousand

	Company	Bank	Nominal Credit Facility	Valuta [b]	Date of valuta
Overdraft					
1	Several borrower [a]	Leumi	26,770	25,793	31.12.2019
2	Several borrower	Current account liabilities with serveral banks in France	n.a.	27	31.12.2019
3	Several borrower	Current account liabilities with serveral banks in Germany	n.a.	29	31.12.2019
Subtotal			**26,770**	**25,849**	
Loans					
4	Senator Film Produktion GmbH	Commerzbank AG	1,330	946	31.12.2019
Subtotal			**1,330**	**946**	
Other loans					
5	Vértigo Films S.L.	Bank BBVA	n.a.	68	31.12.2019
Subtotal			**0**	**68**	
Loan from Investor					
6	Wild Bunch AG		5,000	5,000	31.12.2019
7	Wild Bunch AG - Accrued Interest		-	768	31.12.2019
8	Wild Bunch S.A.		35,000	35,000	31.12.2019
9	Wild Bunch S.A.		26,456	26,456	31.12.2019
10	Wild Bunch S.A. - Accrued Interest		-	4,367	31.12.2019
Subtotal			**66,456**	**71,592**	
Leasing Obligations					
11	Wild Bunch Group [c]		5,013	5,013	30.06.2019
Subtotal			**5,013**	**5,013**	
Total			**99,569**	**103,468**	

a) Wild Bunch AG/Wild Bunch Germany GmbH/Senator Film Verleih GmbH/Senator Home Entertainment GmbH/ BIM Distribuzione s.r.l./ Vértigo Films S.L.

b) Book values incl. accrued interests

c) First-time adoption of IFRS 16

Disposable Facility 31.12.2019	Interest rate	Variable interest component	Interest /Provi sion p.a.	Commit-ment Fee	Term	Collateral
0	3.50%	EURIBOR	monthly	0.5%-1.0%	05.04.2020	Trade receivables, film rights, shares, liquid funds
0	variable	EURIBOR	monthly	n.a.	n.a.	none
0	variable	EURIBOR	monthly	n.a.	n.a.	none
0						
0	variable	EURIBOR	per draw down	n.a.	30.09.2020	Trade receivables
0						
0	5.39%	fix	monthly	n.a.	09.07.2021	none
0						
0	9.50%	fix	at term	0.50%	13.05.2023	none
0		fix	at term	n.a.	12.05.2020	none
0	9.50%	fix	at term	0.50%	13.05.2023	none
0		fix	at term	0.50%	13.05.2023	none
0	9.50%	fix	at term	n.a.	12.05.2020	none
0						
n.a.	1.6% - 2.7%	n.a.	n.a.	n.a.	n.a.	none

RESPONSIBILITY STATEMENT AS OF 31 DECEMBER 2019

I assure to the best of my 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, as of 30 June 2020

Wild Bunch AG

Vincent Grimond
Chairman of the Management Board

FORWARD-LOOKING STATEMENTS AND REFERENCES

This document contains statements related to our future business and financial performance and future events or developments involving Wild Bunch that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," and "project" or words of similar meaning. Such statements are based on the current expectations and certain assumptions of Wild Bunch' management, of which many are beyond Wild Bunch' control. These are subject to several risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, should decisions, assessments or requirements of regulatory authorities deviate from our expectations, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Wild Bunch may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Wild Bunch neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

For technical reasons, there may be differences between the accounting records appearing in this document and those published pursuant to legal requirements.

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), comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined group management and management report of Wild Bunch AG for the business year from January 1, 2019 to December 31, 2019. In accordance with German legal requirements, we have not audited the contents of the corporate governance statement referred to in the combined Group management and management report. Furthermore, we have not examined the contents of the information in the combined Group Management Report and Management Report that is unaudited and not covered by the Management Report. Disclosures outside the Management Report are disclosures that are not required by the statutory provisions of the German Commercial Code.

In our opinion, based on the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS 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 2019, and of its financial performance for the financial year from 1 January 2019 to 31 December 2019, 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 and not the information marked as unaudited.

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 the combined group management and management report in accordance with § 317 HGB and the EU Auditor Regulation (No. 537/2014; hereinafter "EU-APrVO"), taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these rules and principles is described in more detail in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the combined Group management and management report" of our audit opinion. We are independent of the Group companies in accordance with European law and German commercial and professional regulations and have fulfilled our other German professional duties in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) (f) EU-APrVO that we have not performed any prohibited non-audit services pursuant to Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and on the combined management report of the Group and the Group.

MATERIAL UNCERTAINTY IN CONNECTION WITH THE COMPANY CONTINUING AS A GOING CONCERN

We refer to the disclosures in section 1.4 "Descretion decisions and estimation uncertainties - going concern assumption" in the notes to the consolidated financial statements and in section 4.3.2 "Financial risks" of the combined group management and management report, in which the legal representatives state, among other things, that if the course of business falls significantly short of planned expectations, this would impair the further development of the company and the group and could jeopardize their continued existence, unless the resulting financial gaps can be closed by other capital measures.

This points to the existence of a material uncertainty that could cast significant doubt on the Group's ability to continue as a going concern and constitute a risk threatening the existence of the Company as a going concern within the meaning of section 322 (2) sentence 3 of the German Commercial Code.

Our audit opinion has not been modified regarding this matter.

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 2019. 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 GOING CONCERN PREMISE BY THE MANAGEMENT BOARD OF WILD BUNCH AG

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 estimation uncertainties – going concern assumption” 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.

FACTS AND RISKS FOR THE AUDIT

In preparing the consolidated financial statements, the Management Board of Wild Bunch AG has assumed the continuation of business operations (going concern assumption). This assessment is based on the liquidity planning for the Wild Bunch Group up to 31 December 2020 and the business planning for the period 2020 to 2024.

The short-term liquidity planning of the Wild Bunch Group considers the current findings with regard to the Corona Pandemic. The medium-term business planning is based on the assumption that the Group companies can be provided with sufficient financial resources in the future, following the completion of the financial restructuring measures, to make the planned investments in additional film distribution rights and new marketing strategies and to meet their financial obligations. It is also subject to the assumption that, despite shifts in planned income, there will be no significant negative effects from the Corona Pandemic on the business development of the Group. The liquidity and business planning are characterized by a high degree of uncertainty, as they are based on subjective assumptions made by the Management Board. In particular, there is a risk that the assumptions on which the business plan is based may not be achieved. This would impair the further development of the Group and could endanger its continued existence.

AUDIT APPROACH AND FINDINGS

Within the scope of our audit, we have verified the contents of the liquidity and business plans prepared by the Group and checked the plausibility of the underlying assumptions. In doing so, we also considered the forecast impact of the current coronavirus pandemic.

After intensive discussion of the liquidity and business plans and the assumptions on which they are based with the Management Board, we concluded that the assumptions and planning targets are plausible from today's perspective. According to this, the liquidity planning for the Wild Bunch Group until the end of the 2020 financial year does not show any shortfall in liquidity, considering the current financial status. Taking into account the funds available after completion of the financial restructuring measures, we conclude that the liquidity and business plans are risky but plausible overall. We consider the Management Board's assessment of the risks that could impair development or jeopardize the company's continued existence, which could result from a significant negative deviation from the liquidity or business planning, e.g. due to the further course of the Corona Pandemic or other impairment of the planned business expansion, to be comprehensible and plausible. In this context, we refer to our comments in the section "Material uncertainty in connection with the company continuing as a going concern".

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 estimation uncertainties”, in section 1.5 “Fundamental accounting methods – 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 44 % of the balance sheet total and which exceeded equity by € 18,673 thousand. Goodwill is tested annually for impairment 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 estimation uncertainties", in section 1.5 "Fundamental accounting methods – 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 € 47,400 thousand which is approximately 17 % 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 was 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.

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,
- information unrelated to the management report and marked as unaudited contained in the combined group management 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" of the Annual Report 2019,
- the Corporate Governance Report pursuant to No. 3.10 of the German Corporate Governance Code in the "Corporate Governance Report" section of the Annual Report 2019
- the remaining parts of the annual report, except for 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 Annual Report 2019.

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 IFRS 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.

Adequate assurance is a high degree of certainty, but does not guarantee that an audit conducted in accordance with § 317 HGB and the EU-APrVO and in compliance with the generally accepted German auditing standards established by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can result from violations or inaccuracies and are considered material if they could reasonably be expected to influence, individually or in total, the economic decisions of the addressees made on the basis of these consolidated financial statements and the combined group management and management report.

We exercise professional judgment and maintain professional scepticism 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. 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 the 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-APRVO

We were elected as group auditor by the annual general meeting on 28 August 2019. We were engaged by the Supervisory Board on 3 November 2019. 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 Supervisory Board pursuant to Article 11 EU-APrVO (long-form audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Frank Pannewitz.

Berlin, 30 June 2020

Mazars GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft

Udo Heckeler	Frank Pannewitz
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

IMPRINT

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Vincent Grimond

Court of Registry

Amtsgericht Berlin Charlottenburg

Registered number

HRB 68059

2020

Credit of Photography

Film original title

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