CONSTANTIN
MEDIEN AG

Annual Report 2017

Simplified Corporate Structure

As of December 31, 2017

CONSTANTIN MEDIEN AG

Major subsidiaries of Constantin Medien AG

100%

sport1 | sport1 MEDIA | PLAZA MEDIA GROUP

32.7%

Highlight

Key Figures

in EUR million

	12/31/2017	12/31/2016
Non-current assets	**120.3**	212.0
Film assets	**0.0**	118.7
Other intangible assets	**1.9**	32.3
Balance sheet total	**175.1**	469.5
Subscribed capital	**93.6**	93.6
Equity	**62.9**	98.1
Equity ratio (in percent)	**35.9%**	20.9%
Net debt	**-43.0**	-7.4

	1/1 to 12/31/2017	1/1 to 12/31/2016
Sales	**263.8**	565.7
Sports	**139.1**	160.7
Film	**100.3**	351.0
Sports- and Event-Marketing	**24.4**	53.8
Other Business Activities	**0.0**	0.2
Profit from operations (EBIT)	**36.7**	39.5
Net profit	**28.8**	14.4
Net profit/loss attributable to shareholders	**27.8**	8.3
Cash flow from operating activities	**19.6**	127.2
Cash flow for investing activities	**-120.4**	-109.2
Cash flow from/for financing activities	**17.5**	-36.2

	12/31/2017	12/31/2016
Shares outstanding in million	**93.6**	93.6
Share price in Euro	**2.30**	2.07
Market capitalization (based on shares outstanding)	**215.3**	193.8

	1/1 to 12/31/2017	1/1 to 12/31/2016
Average number of shares outstanding (basic) in million	**93.6**	91.4
Earnings per share (basic) in EUR	**0.30**	0.09
Earnings per share (diluted) in EUR	**0.30**	0.09
Employees (at closing)	**569**	1,391

Operational Highlights 2017

January 2017

The year kicks off with the final of the World Darts Championship bringing SPORT1 a new record of 1.48 million viewers on average.

With the second half of the Bundesliga season, new Friday evening talk format “Warm-up – Die Fußballvorschau” premieres.

SPORT1 launches its new HbbTV service and SPORT1 MEDIA offers advertisers innovative and personalized digital advertising formats for smart TVs, with addressable TV.

PLAZAMEDIA takes on production of 51 games of the Men’s World Handball Championship for Deutsche Kreditbank AG.

February 2017

Constantin Medien sets up the new Consulting unit in its Segment Sports, with LEITMOTIF Consultants providing media consulting and communication services for companies.

SPORT1 acquires exclusive rights to the Champions Hockey League (CHL) through 2022/23.

The final of the Intel® Extreme Masters (IEM) in Katowice/Poland airs live on SPORT1 free-TV.

March 2017

As the new digital terrestrial TV standard DVB-T2 HD launches, SPORT1 HD also becomes available on freenet TV.

Major League Baseball (MLB) continues live on pay-TV through 2019 on SPORT1 US and makes its debut on free-TV.

In Q1, Constantin Film subsidiary MOOVIE begins shooting and preproduction for the series “Die Protokollantin” for ZDF and “Die Geschichte eines Parfums” for ZDFneo.

April 2017

The start of April sees the Constantin Film group extend its framework agreement with ProSiebenSat.1 Media, covering all theatrical productions that begin shooting in 2017 and 2018.

With the FIA World Endurance Championship (WEC), SPORT1 presents another top racing series as part of its “Home of Motorsport”.

May 2017

SPORT1 shows the Ice Hockey World Championships in Cologne and Paris live on its platforms, with production services from PLAZAMEDIA.

Following the Virtual Bundesliga, SPORT1 also presents the season finale of the FIFA 17 Ultimate Team Championship Series live.

June 2017

SPORT1 shows selected games and highlights from the FIFA Confederations Cup 2017 and the UEFA European Under-21 Championship.

Launch of the new SPORT1 format “Die PS PROFIS – Im Einsatz”.

In the first half of the year, Constantin Film begins shooting “Fack Ju Göhte 3”, which premieres at the end of October 2017.

In the first half of the year, TEAM secures the first rights-marketing deals for the UEFA Champions League and UEFA Europa League for 2018/19 through 2020/21.

July 2017

SPORT1 acquires rights to the European Volleyball and Beach Volleyball Championships through 2021 as well as the Volleyball Bundesliga for the 2017/18 season.

New contract with four German Regionalliga bodies through 2020/21: The soccer Regionalliga moves to the new Monday evening slot on SPORT1.

From the World Games 2017 in Wroclaw/Poland, SPORT1 shows roundly 90 live hours in total.

As the 2017/18 soccer season kicks off, PLAZAMEDIA becomes production service provider for Amazon’s new sports radio and takes on highlight production for the Bundesliga and 2nd Bundesliga for DAZN.

PLAZAMEDIA develops and implements augmented reality graphics for the ESL One Cologne for eSports promoter ESL.

August 2017

In eSports, SPORT1 acquires new broadcast rights to the FIFA Interactive World Cup 2017, the ESL One Hamburg 2017, and the final events of the ESL Summer and Winter Championships 2017.

PLAZAMEDIA integrates augmented reality and virtual reality elements into the ZDF mobile studio for Bundesliga and international matches.

September 2017

Cooperation between ADAC and SPORT1 (ADAC GT Masters, ADAC Formula 4, and ADAC TCR Germany) is renewed through 2020.

The six-part feature “Inside eSports Spezial” on eSports professionals of VfL Wolfsburg begins on SPORT1.

SPORT1 HD is now also broadcast via the IP platform waipu.tv.

October 2017

Exclusive three-year deal with Team Sauerland: SPORT1 will show at least 20 boxing events a year through 2020, including world title bouts and fights featuring German stars.

In its cooperation with KINEXON Sports, SPORT1 uses live match data for the first time during a soccer broadcast in the Munich derby between 1860 and FC Bayern II, via chips embedded in the ball and in players’ jerseys.

November 2017

SPORT1 steps up its 360° content offensive and finalizes the integration of its TV and Digital departments with a new setup.

SPORT1 MEDIA signs a deal with Media Impact which sees the latter take on the digital marketing of SPORT1 from 2018.

December 2017

“Der CHECK24 Doppelpass” achieves an average of 1.01 million viewers over the first half of the 2017/18 Bundesliga season – a new record since the format began in 1995. Other ratings highlights in 2017 include the UEFA Europa League, Ice Hockey World Championships, FIFA Confederations Cup, UEFA U-21 Euros, and the World Darts Championship.

SPORT1 shows the Women’s Handball World Championship in Germany live.

Pay-TV channel SPORT1 US now also available via waipu.tv. Distribution agreements had already been signed with Zattoo in May, Magine TV in September, and M7 in October.

Throughout the year, PLAZAMEDIA provides comprehensive serial production services for various clients and extensive capacities for DAZN in the broadcasts of the UEFA Champions League, UEFA Europa League, Bundesliga, and 2nd Bundesliga.


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Content

The Company

Combined Group Management and Management Report

Forward-looking statements
This document contains forward-looking statements that are based on estimates and expectations of the Management Board. Words such as anticipate, intend, expect, can/could, plan, intend, further improvement, target is and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not historical facts. They are subject to risks, uncertainties and factors, of which most are difficult to assess and which in general are beyond the control of the Management Board. Should one or more of these risks or uncertainties materialize, or underlying expectations or assumptions should not occur or prove to be incorrect, the actual results, performance or achievements of the Constantin Medien Group may differ significantly from those described explicitly or implicitly in the forward-looking statements.

The Constantin Medien AG does not intend to continuously update the forward-looking statements contained in this document.

Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations are reasonable, no liability or warranty as to the completeness, correctness, adequacy and/or accuracy of any forward-looking statements in this document is assumed.

Rounding differences of +/- one unit may occur in the tables for computational reasons and the percentages shown may not precisely reflect the absolute figures that they represent.

Important notice
This document is a free translation into English of the original German text. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the German version, which is the authentic text.

Consolidated Financial Statements

Finance Calendar

Foreword by the Chief Executive Officer

Dear shareholders, dear employees, and dear friends of the Company,

2017 was a drastic year for our company which thankfully ended on a conciliatory note.

In August 2017, Constantin Medien AG had reached a critical point. Instead of focusing on the core business, the Company had become involved in a number of legal disputes and was heavily in debt. Moreover, our Company no longer had a clear direction. A structured, competitive bidding process regarding a possible sale of Sport1 GmbH and Sport1 Media GmbH was initiated as a measure, even though the Segment Sports had still been presented as a strategic growth area on the Annual General Meeting in November 2016.

I have worked in the sports media industry for 25 years, have experience in many different roles, and I was convinced of the potential of our brand SPORT1 at all times. Accordingly, I found it difficult to assist the sales process. For me, the Group's uncertain financial situation was the only reason in favor of the sale.

When I was appointed as the new Chief Executive Officer in the late summer, there was reasonable hope that the situation would relax. That was precisely what happened, and this gave me and my fellow Management Board Member Dr Matthias Kirschenhofer the opportunity to press "Reset" and to end the bid process – and hence a possible sale of the two sports companies. By pulling together, the Group was able to focus on its operative business again. Our business is gripping sports entertainment on all platforms and across all channels. After the memorable Annual General Meeting in August, we are back to looking ahead: Business first! In the subsequent months, we were able to remove many obstacles within only a short time, and to consistently pursue our strategy of a Group focused on sports.

The bidding process, which had become public knowledge, had a negative effect on our day-to-day business. In light of the unclear future ownership structure, meetings with customers and partners proved difficult. It is also not possible to compensate short-term for the loss of the production framework contract of PLAZAMEDIA with Sky, which ended on June 30, 2017, after an 18-year term.

In a first important step to secure its financing, Constantin Medien was able to come to an agreement with Stella Finanz AG. A unanimous resolution was agreed for the long-term dispute regarding a loan. Shortly afterwards, the Company was able to settle the mutual legal disputes at Swiss courts with Highlight Communications AG. During the deconsolidation of the Highlight Communications group, the Group was streamlined, which is apparent in the consolidated statement of profit or loss and the consolidated statement of financial position. Nevertheless, we were able to strengthen the operative business of the remaining Group subsidiaries and to generate new business.

Thanks to our committed team, whose creativity and passion for sport apparent at all levels, we were able to hone our profile again in the shortest time. Thus, SPORT1 further consolidated its position as a provider of first-class sport content by acquiring attractive rights. What matters is not just the media presentation of the contents, but also whether they appeal to audiences. Therefore, market share evaluations play a key role for us. In this area, we were able to maintain a comparatively good level in the past financial year. In terms of our program portfolio, in 2017 we concluded a three-year exclusive cooperation with Team Sauerland, which will make boxing a new core sport of SPORT1. In motorsport, we renewed our partnership with ADAC, and in exciting team sports such as ice hockey, volleyball, basketball and hockey, we are right at the forefront. We are well-positioned in soccer, with the Bundesliga being one of our program highlights. Our cooperation with Sky has meant that the 2nd Bundesliga has again been presented more prominently on SPORT1 since January 2018. We commenced our anniversary year – our free-TV channel went live on January 1, 1993 – with a view to great progress as Germany's leading 360° sports platform: On its 25th birthday on New Year's Eve, SPORT1 aired the 2018 World Darts Championship as the primetime market leader in German free-TV.

In the production area, PLAZAMEDIA added Amazon Music Unlimited to its customers during the reporting year. Interesting projects relating to the Soccer Bundesliga and UEFA Champions League were realized with existing customers such as ZDF and DAZN. PLAZAMEDIA was also involved in 51 Handball World Championship matches for DKB Deutsche Kreditbank as well as in the Ice Hockey World Championship. We were able to prove our pioneering role in the booming eSports business on the occasion of the 2017 ESL One Cologne. We presented examples of our agility and competence.

Yet all of these positive signals cannot hide the fact that we still have a lot of work ahead of us. In terms of financial KPIs, the deconsolidation of the Highlight group alone will result in an asymmetric prior year comparison at Group level, including in the first half of 2018, and thus in low revenues being reported. But this should not let us forget that we are successful in our operative business segments.

In the reporting year, our financing costs have fallen, costly legal disputes have ended, we have taken control of our financing, the Group has been streamlined and we have been able to pay off our debts. We view the new shareholder structure with its clear majority as positive – especially as regards our focus on sports. It is helpful to be able to efficiently decide on and implement key measures to fulfill our strategic objectives.

I would hereby like to thank all employees for their loyalty and passion especially in difficult times, and for their faith in our Company's perspectives. I wish to thank our investors, who have stayed with us, as well as the banks, partners and customers who have accompanied us in these turbulent times and whose trust in us has given us extra motivation.

In 2018, SPORT1 is celebrating its 25th anniversary. This is also the year that offers us rare opportunities: to develop and change business models to benefit from market opportunities. There's lots to do – in a positive sense!

With best regards

Olaf G. Schröder
Chief Executive Officer

Boards

Management Board

As of December 31, 2017, the Management Board of Constantin Medien AG was structured as follows*:

Olaf G. Schröder, Chief Executive Officer
Mr Olaf G. Schröder has been CEO of Constantin Medien AG since August 25, 2017. In this function he co-ordinates the Management Board's policy and is responsible for the strategic development of Constantin Medien AG, the M&A activities, Communications and Human Resources as well as for the activities of Constantin Medien subsidiaries in the Segment Sports including Sport1 GmbH, Sport1 Media GmbH and PLAZAMEDIA GmbH. Previously, he had already belonged to the executive committee of Constantin Medien AG as COO Sports since January 1, 2016. In parallel to his Management Board mandate, he continues to be Chairman of the Management of Sport1 GmbH.

Dr Matthias Kirschenhofer, Chief Officer Legal and Finance
Dr Matthias Kirschenhofer was appointed Chief Officer Legal and Finance of Constantin Medien AG as of September 11, 2017. In this function he is responsible for the areas of Legal, Compliance, Finance, Corporate Finance, Accounting, Controlling, Internal Audit, Investor Relations, Administration and IT. In parallel, he will continue to be Managing Director Entertainment of Sport1 Media GmbH.

Changes to the Management Board of Constantin Medien AG
In the 2017 financial year there were two changes to the Management Board of Constantin Medien AG which are described in more detail in the Report of the Supervisory Board (page 7).

Supervisory Board

As of December 31, 2017, the Supervisory Board of Constantin Medien AG was structured as follows*:

Dr Paul Graf, Chairman of the Supervisory Board

Thomas von Petersdorff-Campen, Deputy Chairman of the Supervisory Board

Andreas Benz, Member of the Supervisory Board

Edda Kraft, Member of the Supervisory Board

Markus Prazeller, Member of the Supervisory Board

Dr Gero von Pelchrzim, Member of the Supervisory Board

* For further information regarding the composition and the changes in the composition of the Boards of Constantin Medien AG, reference is made to the Report of the Supervisory Board, to the Declaration of Corporate Governance, to the combined Group management and management report as well as in the notes to the consolidated financial statements, note 13, other information and disclosures.

Report of the Supervisory Board

In the 2017 financial year, the Supervisory Board of Constantin Medien AG met its legal obligations and the Company's Articles of Association, regarding detailed advising of the Management Board of Constantin Medien AG, as well as monitoring its activities.

Based on written and verbal reports, the Management Board informed the Supervisory Board on a regular, timely and comprehensive basis about the business development, the planning and the situation of the Company, including risk status and risk management. On the basis of these reports, the Supervisory Board dealt in detail with the business performance of the Constantin Medien AG and the Constantin Medien Group, as well as all significant business issues.

Personnel changes

The Supervisory Board of Constantin Medien AG consists of six Members in accordance with § 5 Number 1 of the Articles of Association. There were the following changes to the Supervisory Board in the 2017 financial year. On August 23, 2017, the Annual General Meeting of Constantin Medien AG appointed new members to the company's Supervisory Board. The newly appointed members of the Supervisory Board were: Dr Paul Graf, Thomas von Petersdorff-Campen, Andreas Benz, Edda Kraft, Markus Prazeller and Dr Gero von Pelchrzim.

The following former members of the Supervisory Board had previously stated that they would not be available for re-election, or had resigned from office: Dr Dieter Hahn (Chairman of the Supervisory Board until this point) and Jean-Baptiste Felten made said statement at the start of the Annual General Meeting on August 23, 2017. The remaining Supervisory Board Members Andrea Laub, Stefan Collorio, Jörn Arne Rees and Jan P. Weidner resigned from their office for the end of the Annual General Meeting on August 23, 2017.

At the constituent meeting of the newly appointed Supervisory Board on August 23, 2017, Dr Paul Graf was elected Chairman and Thomas von Petersdorff-Campen was elected Deputy Chairman of the Supervisory Board.

Supervisory Board committees

As in previous years, the Supervisory Board formed two permanent committees in the 2017 financial year: The Nomination and Legal Committee, and the Audit Committee. The following additional ad-hoc committees were also formed during the 2017 financial year: A steering committee "Left Turn", a "Special committee to support a special representative appointed at the 2017 Annual General Meeting and to investigate any special violations of obligations by former bodies" (further called the "Special Audit Committee") as well as a "Takeover Committee".

Supervisory Board meetings

The Supervisory Board of Constantin Medien AG met a total of 16 times during the 2017 financial year. Nine meetings were held in the period preceding August 23, 2017, and seven meetings took place in the period after the Annual General Meeting on August 23, 2017.

With the exception of one extraordinary meeting, with an excused absence of one Member, all Members of the Board attended the above-mentioned Supervisory Board meetings. With the exception of two extraordinary meetings and the constituent meeting of the new Supervisory Board on August 23, 2017, all Members of the Management Board attended the Supervisory Board meetings in the 2017 financial year in order to report to the Supervisory Board and to answer its questions.

There was also regular contact between the Management Board and the Members of the Supervisory Board outside meetings, keeping them informed about the business situation of Constantin Medien AG and the Constantin Medien Group at all times. This especially applies to the relevant Chairmen of the Management and Supervisory Boards. In addition, the Supervisory Board also made resolutions outside the meetings on the basis of meaningful information.

During the 2017 financial year, the Supervisory Board focused primarily on the following processes and matters:

Business situation and performance: The Supervisory Board kept itself informed regularly about the business situation of Constantin Medien AG and the Constantin Medien Group. To this end, the current business situation in the Group was discussed thoroughly. The Management Board reported on current business performance, possible planning variations and changes in the strategic environment.

Strategic focus and strategic mid-term planning of the Group: The Supervisory Board also dealt extensively and repeatedly with the strategic focus of the Constantin Medien Group. At first, a sale of core holdings, particularly Sport1 GmbH and Sport1 Media GmbH was pursued in a structured competitive bid process to meet the requirements of Group financing and the corresponding adjustment to the strategic focus. This was agreed in close cooperation between the Management and Supervisory Boards, with the Supervisory Board approving a wider circle of potentially interested parties several times.

After the pressing financing issues in the reporting year could be resolved otherwise in the course of the reporting year, the sale of core investments was not pursued further and the bid process was terminated.

Refinancing and dispute with Stella Finanz AG: The Supervisory Board dealt with refinancing issues throughout the reporting year. In addition to the above-mentioned sale of key investments, other measures were assessed continuously, including the partial sale of share in Highlight Communications AG (Switzerland) and the redesign, restructuring or renewal of the corporate bond 2013/2018 due to expire on April 23, 2018.

On September 20, 2017, the Supervisory Board looked into a possible general settlement of still ongoing, old legal disputes, including an end to the legal proceedings. In this context, the Supervisory particularly focused on concluding a redemption and settlement agreement, which was subsequently concluded on September 20, 2017.

According to this agreement, a loan granted by Stella Finanz AG (Switzerland) in the nominal amount of EUR 12.25 million as well as CHF 26.00 million was repaid, and various disputes still ongoing until then were resolved. The loan and accrued interest were paid by transferring 8 million shares in Highlight Communications AG (Switzerland), which had been pledged to Stella Finanz AG (Switzerland) by way of security. In return, Stella Finanz AG (Switzerland) released the remaining 16.75 million shares in Highlight Communications AG (Switzerland) pledged to it in favor of Constantin Medien AG.

Takeover offer of Highlight Communications AG and Studhalter Investment AG: In the “Takeover Committee” set up to this end, the Supervisory Board assessed the voluntary public takeover offer of Highlight Communications AG and Studhalter Investment AG and made a joint statement together with the Management Board, which recommended that the takeover offer should be accepted.

Changes to the Management Board

On August 25, 2017, the Supervisory Board revoked the appointment of the Chief Executive Officer Fred Kogel as Management Board member with immediate effect and released him from his obligations. Previously, on August 23, 2017, Fred Kogel had resigned from his office as Chief Executive Officer and Management Board Member of Constantin Medien AG with effect on September 22, 2017.

On August 25, 2017, the Supervisory Board appointed the Management Board Member Olaf Gerhard Schröder as the Chief Executive Officer.

On September 11, 2017, the Supervisory Board revoked the appointment of Dr Peter Braunhofer as Management Board Member with immediate effect. Previously, Dr Peter Braunhofer had resigned from his office with effect on October 7, 2017.

On September 11, 2017, the Supervisory Board appointed Dr Matthias Kirschenhofer, previously the CEO of Sport1 Media GmbH, as a further Management Board Member.

No additional Management Board Members were appointed. Instead, the Supervisory Board passed the resolution on August 25, 2017, that the Management Board should consist of two members.

Work in committees

During the 2017 financial year, the Nomination and Legal Committee met a total of three times, twice in its old set-up of Dr Dieter Hahn (Chairman), Jan P. Weidner (Deputy Chairman) and Andrea Laub, and once in its new set-up of Dr Paul Graf (Chairman), Thomas von Petersdorff-Campen (Deputy Chairman) and Markus Prazeller.

The committee's tasks include the preparation and negotiation of employment contracts with Management Board Members. In addition, it develops suggestions for suitable Supervisory Board candidates, which must be elected by the Annual General Meeting. It advises and monitors the Management Board, particularly in terms of compliance with the legal provisions.

During the 2017 financial year, the **Audit Committee** held a total of six meetings. Three of these were in its old set-up of Stefan Collorio (Chairman), Andrea Laub (Deputy Chairman) and Dr Dieter Hahn. After the new Supervisory Board Members were appointed at the Annual General Meeting on August 23, 2017, Thomas von Petersdorff-Campen (Chairman), Andreas Benz (Deputy Chairman) and Dr Paul Graf were appointed as new members of the committee on August 31, 2017. The committee met three times in this set-up.

The **steering committee “Left Turn”** was formed by Supervisory Board resolution on January 13, 2017. The committee met three times and dealt with Group financing matters, taking into consideration a possible sale of core investments of Constantin Medien AG. The committee consisted of the Supervisory Board Members Dr Dieter Hahn (Chairman), Jean-Baptiste Felten and Jan P. Weidner.

In particular, the committee was responsible for assisting with the structured competitive bid process for a possible sale of core Group investments, for supporting the company's Management Board in this regard as well as for reporting to the full Supervisory Board.

The **Special Audit Committee** was formed by Supervisory Board resolution on September 20, 2017. The committee did not meet during the reporting period. The committee consisted of the Supervisory Board Members Dr Gero von Pelchrzim (Chairman), Thomas von Petersdorff-Campen (Deputy Chairman) and Dr Paul Graf.

The **Takeover Committee** was formed by Supervisory Board resolution on December 18, 2017, and dealt with the voluntary takeover offer of Highlight Communications AG and Studhalter Investment AG: The committee was authorized to make a statement under § 27 WpÜG, which was published together with the Management Board on December 22, 2017.

The committee comprised the Supervisory Board Members Thomas von Petersdorff-Campen (Chairman), Edda Kraft (Deputy Chairman) and Dr Gero von Pelchrzim. During the 2017 financial year, the Takeover Committee held two meetings.

Corporate Governance

Also in the financial year, the Supervisory Board dealt with different Corporate Governance questions regarding the guidelines and recommendations of the German Corporate Governance Code. This included the appropriateness of Management Board remuneration.

Statements concerning disclosures contained within the Management Report and the Group Management Report of the Company in accordance with § 289a para. 1 and § 315a para. 1 of the German Commercial Code (HGB)

The Company discloses information in the Combined Group Management Report and Management Report for the 2017 financial year in accordance with § 289a para. 1 and § 315a para. 1 HGB. The disclosures meet the requirements prescribed in the 2004/25 EG guideline issued by the European Parliament and the Council of the European Union as of April 21, 2004 in respect of takeover offers. The obligation to issue this information falls on companies whose voting shares are listed on an organized market in accordance with § 2 para. 7 of the Securities Acquisition and Takeover Act (WpÜG). This is irrespective of whether a takeover offer has been made or is expected to be made. The information serves to enable potential bidders to make a comprehensive assessment of Constantin Medien AG and of potential takeover obstacles. The Supervisory Board has examined the relevant information contained within the Combined Group Management Report and Management Report. For more details regarding these topics, see the Combined Group Management Report and Management Report (chapter 6).

Individual financial statements

The financial statements of Constantin Medien AG, the consolidated financial statements and the Combined Group Management Report and Management Report of Constantin Medien AG as of December 31, 2017 have been audited by the assigned auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Munich (Auditor), and have been issued with an unqualified audit opinion with a reference. The financial statements, consolidated financial statements and the Management Report of Constantin Medien AG and Constantin Medien Group were submitted in a timely manner to all Members of the Supervisory Board along with the audit reports, enabling a detailed examination of the documents.

In the Supervisory Board meeting held on March 26, 2018, the auditor reported on the key findings of his audit to the Supervisory Board. The Supervisory Board examined in detail the financial statements of Constantin Medien AG and the Constantin Medien Group and the consolidated financial statements as well as the Combined Group Management Report and Management Report and duly noted their approval of the findings of the auditors. Following the completion of its examination on March 26, 2018, the Supervisory Board raised no objections to the financial statements and the consolidated financial statements. It approved the financial statements and the individual and consolidated financial statements of Constantin Medien AG in the form presented by the Management Board. The set of the annual financial statement is thereby adopted.

The Management Board suggested carrying forward the accumulated earnings of EUR 15,199,315.02 reported as at December 31, 2017, onto new account. The Supervisory Board approved this suggestion.

The Constantin Medien Group can look back on a decisive year in which it set a new course. June saw the deconsolidation of Highlight Communications AG; at the same time the company was faced with the end of a long-term production framework agreement with a major customer. In the second half of the year, the bulk of costly legal disputes could be resolved, the Group repaid part of its debts and its structures were streamlined. The Supervisory Board is certain that the course set by the Management Board and the focus on operative business will create an equity story that will impress the capital market. It thanks the Management Board and all employees for their commitment, their great work and their passion for our customers, products and services in an environment characterized by many uncertainties.

Ismaning, March 26, 2018
Supervisory Board of Constantin Medien AG

Dr Paul Graf
Chairman

Supervisory Board until August 23, 2017

Dr Dieter Hahn
Chairman

Andrea Laub
Deputy Chairman

Stefan Collorio

Jörn Arne Rees

Jean-Baptiste Felten

Jan P. Weidner

Supervisory Board since August 24, 2017

Dr Paul Graf
Chairman

Thomas von Petersdorff-Campen
Deputy Chairman

Andreas Benz

Edda Kraft

Markus Prazeller

Dr Gero von Pelchrzim

Personnel composition of the Supervisory Board Committees

	Nomination and Legal Committees	Audit Committee	Takeover Committee	Steering Committee Left Turn	Special Audit Committee
Until 8/23/2017					
Dr Dieter Hahn	Chairman	Member		Chairman	
Andrea Laub	Member	Deputy Chairman			
Stefan Collorio		Chairman*			
Jörn Arne Rees					
Jean-Baptiste Felten				Member	
Jan P. Weidner	Deputy Chairman			Member	
Since 8/24/2017					
Dr Paul Graf	Chairman	Member			Member
Thomas von Petersdorff-Campen		Chairman *	Chairman		Deputy Chairman
Andreas Benz		Deputy Chairman			
Edda Kraft			Deputy Chairman		
Markus Prazeller	Member				
Dr Gero von Pelchrzim	Deputy Chairman		Member		Chairman

* at the same time independent and expert member of the Supervisory Board within the meaning of Sections 107 (5), 100 (4) AktG.


501 SCORE 501
2 LEGS 2
0 SETS 1
180
CTV


William HILL
WORLD DARTS CHAMPIONSHIP
501 SCORE
2 LEGS
0 SETS
William HILL
William HILL
180
PDC tv
William HILL

Declaration of Corporate Governance pursuant to § 289f German Commercial Code (HGB)

Declaration of compliance with the German Corporate Governance Code

The Management and Supervisory Boards of Constantin Medien AG in March 2018 submitted the annual the Declaration of Compliance with the German Corporate Governance Code (DCGK) applicable according to § 161 of the German Stock Corporation Act (AktG). In this, the Management and Supervisory Boards of Constantin Medien AG confirm that Constantin Medien AG duly observed the recommendations of the DCGK published by the Federal Ministry of Justice in the official section of the Federal Gazette, and in the version dated February 7, 2017, since making the last Declaration of Compliance in March 2017 with the exceptions stated below and that it will continue to do so:

Section 4.1.3 para. 1 sentence 2 of the DCGK recommends that the Management Board should ensure that appropriate compliance measures are taken which correspond to the Company's risk situation (Compliance Management System) and that the key elements of these measures are disclosed. Employees should be given suitable opportunities to report legal violations in the Company under protection; third parties should also be given this opportunity. The Management Board provides appropriate measures as part of Compliance. The Company has not yet set up a whistleblower system.

Sections 4.2.3 para. 2 sentences 2 and 8 of the DCGK recommend that variable remuneration components should generally involve a multi-year assessment which should largely be focused on the future, and that such multi-year, variable remuneration components should not be paid out early. Generally speaking, the remuneration policy at Constantin Medien AG meets these requirements. However, deviating remuneration rules were agreed in the context of changes to the Members of the Management Board in August and September 2017, which provide for a discretionary management bonus. According to the stance taken by the Supervisory Board, this action benefited the Company in that it secured the stability of Company management by ensuring a suitable appointment to the Management Board short-term.

Sections 4.2.5 para. 3 and 4 of the German Corporate Governance Code ("DCGK") recommend that the remuneration report presents the benefits and payments to each Board Member in the relevant reporting year, among others. The table templates attached to the DCGK as annexes should be used to present this information. This varies from the recommendations in Sections 4.2.5 (3) (first Indent) and (4) of the DCGK. Constantin Medien AG will continue to present the remuneration of its Board Members transparently, but particularly with regard to the different remuneration components of the Company's Board Members,prefers the previous presentation in the remuneration report compared to Section 4.2.5 (3) and (4) of the DCGK. The presentation chosen for the remuneration report extensively discloses all payments to the Board Members as well as the provisions for any variable remuneration relating to several years.

Section 5.1.2 para. 2 sentence 3 of the DCGK recommends that there be an age limit for Management Board Members. This recommendation was and is not met because in light of the age of Management Board Members of Constantin Medien AG, an age limit does not seem necessary. In addition, a fixed age limit is a very rigid tool which unnecessarily limits the flexibility of the Supervisory Board when selecting and appointing or re-appointing Management Board Members.

Sections 5.4.1 para. 2 sentences 1 and 2 of the DCGK recommend that the Supervisory Board should set a time limit for membership of the Supervisory Board. A time limit for Supervisory Board membership was and is waived. The Supervisory Board believes that longer membership of the Supervisory Board can be in the interests of the company in individual cases, which a generic time limit would not take into account.

Section 7.1.2 sentence 3 of the DCGK recommends that the consolidated financial statements be published within 90 days of the end of the financial year, and that mandatory financial information be published within 45 days of the end of the reporting period. This recommendation was and is not met. The decentralized corporate structure of the Constantin Medien Group does not currently permit these deadlines to be observed. Once it can be ensured that the deadlines can be observed with the required sustainability and reliability, the recommendation of the DCGK will also be met. Regarding the publication of the financial information, Constantin Medien AG generally observes the statutory publication deadlines and the deadlines stipulated by the Stock Exchange Regulations of Frankfurt Stock Exchange. During the last financial year, two exceptions occurred as individual cases due to a special company situation.

The most recent version of the Declaration of Conformity with the German Corporate Governance Code according to § 161 AktG, as well as previous versions, can be found on our website www.constantin-medien.de.

Information regarding corporate governance practices

Principles

The Management and Supervisory Boards work together in good faith for the benefit of the Constantin Medien AG and are committed to the principle of sustainable growth in company value. It is the aim of Constantin Medien AG to consistently justify the trust of its shareholders, customers and employees and to fulfill their corporate responsibilities. Here the principles of responsible and good corporate governance determine the actions of management and controlling bodies of the Constantin Medien AG. Integrity in dealing with, as well as credibility, reliability and dependability to its employees, business partners and customers, shareholders, investors and the public, form the basic principles of conduct. The Constantin Medien Group is committed to regular, transparent and timely communication. In its Annual, Half-year and Quarterly Reports, Constantin Medien AG regularly issues information concerning the financial situation and development of its business. In addition, information is published by means of press releases and/ insider information under Art. 17 MAR (Market Abuse Regulation). All reports and notices as well as further comprehensive information about Constantin Medien AG are made available on our website www.constantin-medien.de.

Working procedures of the Management Board

As a German public limited company, the Group parent company Constantin Medien AG has a dual management and control system ("Two-Tier System"), i.e. the Management and Supervisory Boards are separate bodies with strictly separate Members. Since August 25, 2017, the Management Board of Constantin Medien AG has consisted of two Members, previously of three Members. The Management Board is responsible for directing Constantin Medien AG and for representing the Company in third party dealings. The principle tasks of the Management Board include the determination of corporate strategy, Group management and the establishment and monitoring of the Risk Management System. The Management Board works closely with the Supervisory Board. It informs the Supervisory Board on a regular, timely and comprehensive basis of all Constantin Medien AG and Group relevant issues associated with planning, business performance, risk status and risk management. The Management Board agrees with the Supervisory Board on the corporate strategy and discusses its strategic implementation on a regular basis. Documents requiring decisions, in particular the Constantin Medien AG separate financial statements, consolidated financial statements and the audit report are forwarded to the Members of the Supervisory Board in advance of the particular meeting. The internal bylaws governing the Management Board incorporate veto rights on the part of the Supervisory Board for business transactions of fundamental and special financial significance.

Members of the Management Board and Management Board contractual terms

The Management Board Members are Mr Olaf G. Schröder (Chief Executive Officer) and Dr Matthias Kirschenhofer (Board Member). The appointment of Mr Olaf G. Schröder as the Chief Executive Officer of Constantin Medien AG became effective on August 25, 2017. Previously, he had been the COO Sports since January 1, 2016. The contract of Mr Olaf G. Schröder was renewed for a further three years on February 16, 2018, until December 31, 2021. Previously, his contract had been renewed on February 16, 2017, until December 31, 2018. Dr Matthias Kirschenhofer was appointed to the Management Board of Constantin Medien AG effective from September 11, 2017. His contract runs until December 31, 2019, and renews automatically for a further two years unless canceled.

On August 25, 2017, the Supervisory Board revoked the appointment of Management Board Member Mr Fred Kogel with immediate effect and released him from his obligations – Mr Kogel had previously resigned from his role effective from September 22, 2017, having performed this role since January 1, 2016. His contract with Constantin Medien AG had a term until December 31, 2018, and was terminated with immediate effect on September 15, 2017.

On September 11, 2017, the Supervisory Board revoked the appointment of Management Board Member Dr Peter Braunhofer with immediate effect – Dr Braunhofer had notified the Supervisory Board on September 7, 2017, that he wished to make use of the special cancellation right previously agreed with the Supervisory Board and would leave the Management Board effective from October 7, 2017. His contract had a term until June 2019, and was terminated with immediate effect on September 22, 2017.

Chapter 5 of the Management Report contains detailed information about executive remuneration.

Working procedures of the Supervisory Board

The Supervisory Board of Constantin Medien AG consists of six Members. The Supervisory Board advises and monitors the Management Board in its management of the Company. In addition, its responsibilities also include the appointment of Management Board Members. The Supervisory Board has formed two permanent committees from its Members in order to increase the efficiency of its work and handle complex circumstances according to its directives. The role of these committees is to prepare resolutions or at times to pass resolutions for the Supervisory Board. The committees are the Nomination and Legal Committee and the Audit Committee. Additional temporary committees were formed on an ad-hoc basis for special topics, some of which were completed very quickly. This includes the steering committee "Left Turn", the "Special committee to support a special representative appointed at the 2017 Annual General Meeting and to investigate any special violations of obligations by former bodies" (below called the "Special Audit Committee") as well as the Takeover Committee.

In particular, the Nomination and Legal Committee is responsible for preparing and negotiating contracts with the Management Board Members and for suggesting suitable Supervisory Board candidates for election by the Annual General Meeting. Moreover, it advises and monitors the Management Board, particularly in terms of compliance with the legal provisions.

The Audit Committee assists the Supervisory Board in its oversight role, in particular in the areas of accounting, internal control system, risk management, the selection and monitoring of the auditors, and compliance. According to the DCGK, the Chairman of the Audit Committee should have special knowledge and experience in applying the accounting principles and internal control procedures, should be independent and should not be a former Management Board Member whose appointment ended less than two years ago. The Chairman of the Audit Committee appointed on August 31, 2017, Lawyer Mr Thomas von Petersdorff-Campen, and the previous Chairman, Mr Stefan Collorio, meets and met these requirements. The Supervisory Board explains the activities of the Supervisory Board and its committees in its report presented each year to the shareholders in the respective Annual Report of Constantin Medien AG.

Pages 7 et seqq of the 2017 Annual Report summarizes further details of changes to the Members of the Supervisory Board and the tasks of the committees.

Composition of the Supervisory Board and terms

On August 23, 2017, the Annual General Meeting of Constantin Medien AG appointed new Members to the Company's Supervisory Board. The newly appointed Members of the Supervisory Board were: Dr Paul Graf (Chairman), Thomas von Petersdorff-Campen (Deputy Chairman), Andreas Benz, Edda Kraft, Markus Prazeller and Dr Gero von Pelchrzim. The term ends with the end of the Annual General Meeting, which passes the resolution for the discharge for the fourth financial year after the term starts. This does not include the financial year in which the term starts. Until August 23, 2017, the Members of the Supervisory Board were: Dr Dieter Hahn (Chairman), Andrea Laub (Deputy Chairman), Jean-Baptiste Felten, Stefan Collorio, Jörn Arne Rees and Jan P. Weidner.

Chapter 5 of the Management Report contains detailed information about Supervisory Board remuneration.

Requirements profile for the composition of the Company's Supervisory Board

The Supervisory Board of Constantin Medien AG aims to take into account the following criteria in its composition:

1. Competence
   First and foremost in the conditions for appointment to the Supervisory Board are technical qualifications and personal competence. The Supervisory Board will always treat these conditions, which are indispensable for meeting its statutory duties, with priority for nominations for the election of Supervisory Board Members. The Supervisory Board must have at least one Member who is independent within the meaning of § 100 para. 5 AktG and who has technical knowledge of accounting or auditing.

2. Diversity
   Overall, the Supervisory Board has the objective to optimally fulfill its monitoring and advisory role with the diversity of competences, personalities and nationalities of its Members. This diversity includes international expertise and different ranges of experience and paths of life, as well as a quota of women. When preparing nominations, it must be considered in each individual case to what extent different, complimentary technical profiles, professional and life experiences and an appropriate representation of both sexes can benefit the work of the Supervisory Board.

3. Industry knowledge
   The Supervisory Board must have at least two Members with detailed knowledge and experience of the business segments that are important for the Company, particularly the media industry.

4. Management experience
   The Supervisory Board must have at least two Members with experience in managing or monitoring a medium-sized to large company (according to § 267 HGB in its most recent version), regardless of their legal form.

5. Internationality
   The Supervisory Board must have at least one Member, who in light of the Company's professional activities has international expertise based on his/her professional experience.

6. Women on the Supervisory Board
   The Supervisory Board will check during nominations for appointment to the Supervisory Board whether suitable female candidates can be appointed to the Committee. The Supervisory Board should have at least one female Supervisory Board Member.

7. No material conflicts of interest
   The Supervisory Board must not include individuals with a more than temporary conflict of interest. Persons who are on the board of, or who are advisors to, a main competitor of the Company or who might suffer a conflict of interest because of their advisory duty for one of the Company's main contractual partners, must therefore not be nominated for appointment to the Supervisory Board. In addition, the Supervisory Board must not have more than two former Members of the Company's Management Board as its Members. The Supervisory Board also complies with the requirements of the German Corporate Governance Code. The Supervisory Board Members in office until August 23, 2017, abstained from voting on the following agenda items when passing Supervisory Board resolutions:

   - Approval to conclude an engagement letter with Raine Securities LLC
   - Approval to conclude an engagement letter with Houlihan Lokey GmbH
   - Approval to conclude a possible agreement to unanimously settle the so-called Formula1 proceedings

   The current Supervisory Board Members cannot determine whether these abstentions were due to conflicts of interest.

8. Age limit
   Generally, only candidates not over the age of 70 years should be nominated for appointment to the Supervisory Board.

9. Number of independent Members
   At least half of the Supervisory Board should be made up of independent Members.

The Supervisory Board already meets the above objectives. In addition, the Supervisory Board checks each of these targets regularly.

Commitment to promote equal opportunities among women and men regarding management positions
Constantin Medien AG is a holding company and in 2017 employed an average of 30 employees. The proportion of women is currently as follows: Supervisory Board approx. 17 percent, Management Board 0 percent, first management level below the Management Board approx. 25 percent, there is no second management level below the Management Board.

When appointing management positions in the Company, the Management Board aims to achieve diversity and a representative percentage of women. The Supervisory Board also takes the view that a higher proportion of women contributes to ensuring that a higher number of suitable candidates will be available for future appointments to management positions at Constantin Medien AG. Benchmarks have been set for Constantin Medien AG according to the “Act on the Equal Participation of Women and Men in Leading Positions in Private Business and Public Services”.

Most recently, it was agreed that the proportion of women on the Supervisory Board, the Management Board and the two management levels below the Management Board should be maintained.

Diversity
Diversity is a key component of the corporate culture at Constantin Medien AG. A formalized company-wide diversity concept has not yet been implemented.

Shareholders and Annual General Meeting
The shareholders of Constantin Medien AG are entitled to exercise their rights at the Annual General Meeting, where they may cast their votes. Each shareholder is entitled to participate in the Annual General Meeting, to pass comments on individual agenda items, to ask questions and to propose motions. Constantin Medien AG simplifies the process by which shareholders may exercise their voting rights through the appointment of a shareholder-committed voting representative.

Accounting and year-end audit
Constantin Medien AG prepares its consolidated financial statements, half-year financial report and quarterly notices in conformity with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The individual financial statements of Constantin Medien AG are prepared according to the German Commercial Code (HGB). The preparation of the consolidated and separate financial statements and the supplementary Combined Group Management and Management Report is the responsibility of the Management Board. The consolidated Combined Group Management and Management Report of Constantin Medien AG is compiled in line with § 315 HGB. It is based on the requirements and recommendations of the German Accountancy Standard 20 (DRS 20) of the German Accounting Standards Committee e.V. Following the preparation of the consolidated and separate financial

statements, they are then audited by the independent auditors appointed by the Annual General Meeting and approved and adopted, respectively, by the Supervisory Board. It was agreed with the auditor that he reports without delay to the Chairman of the Supervisory Board and the Chairman of the Audit Committee about any reasons of exclusion or conflicts of interests as well as any material findings and events discovered during their audit procedures.

Controlling system and control indicators

The Management Board of Constantin Medien AG is responsible for the strategic course and the control of the Group. The operational responsibility of the subsidiaries of the Segment Sports underlies the particular managing director of each subsidiary. Authoritative control indicators comprise of financial performance indicators (especially sales and earnings ratios) and non-financial performance indicators (based on the respective business models of the individual segments). Detailed information about the controlling system and performance indicators can be found in the Combined Group Management and Management Report under section 1.2 Controlling system and performance indicators (pages 31 et seqq.). The internal control system of the Constantin Medien Group encompasses all principles, procedures and measures undertaken to assure the effectiveness, profitability and appropriateness of the internal and external accounting system and contributes to compliance with authoritative legislation.

A detailed description of the elements of the internal control system in place within the Group, which also incorporates the Risk Management System throughout the Group, can be found in the Combined Group Management and Management Report under section 7.2.1 Risk Management System.


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Constantin Medien AG Share

Performance of the capital markets

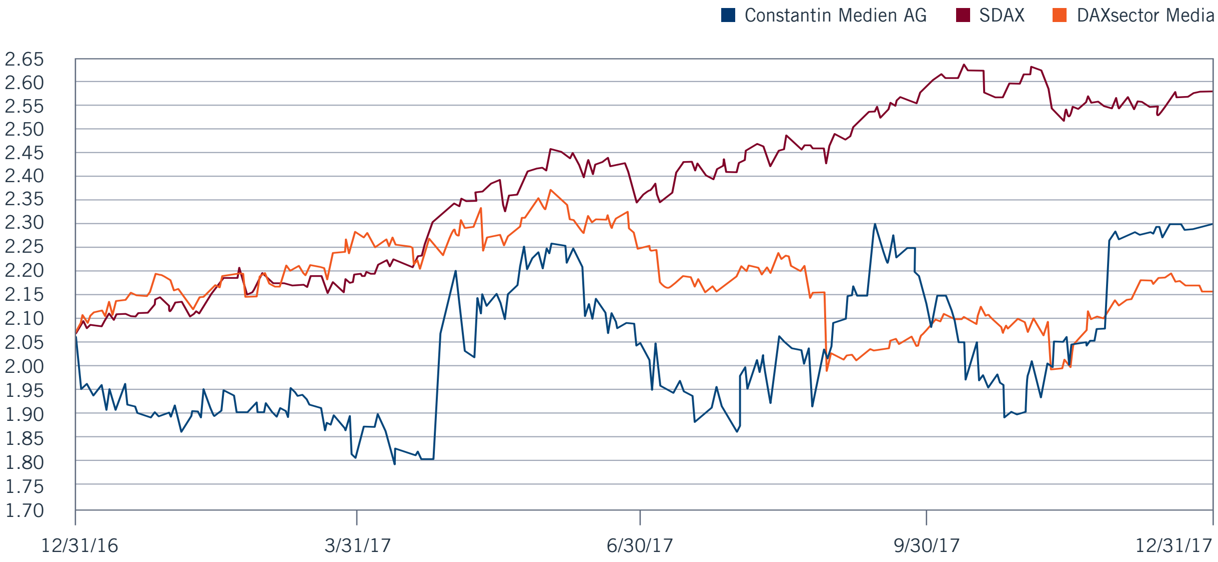
In the stock market year 2017, the German stock market and the most important international capital markets were marked on the whole by a relatively stable upward movement. As in recent years, most capital markets in 2017 were also primarily driven upward by the expansive monetary policy of the European Central Bank (ECB) and the US Federal Reserve (FED), and reached new highs. The continuing low prime rates, the bond buying programs and a large cash amount made available by the central banks supplied the markets with sufficient liquidity in the 2017 stock market year. In addition, the positive global economic momentum continued. Given the positive economic data in the USA – where nearly full employment could be recorded in 2017 – the FED was able to increase its leading interest rate in three steps by 25 points each in March, June and December 2017 to a range of between 1.25 and 1.50 percent. At the same time, in early October 2017, it began its policy of withdrawing money from the market again by no longer fully reinvesting funds received from matured securities. The aim was to shrink the federal bank balance in future. In the same period, the ECB was unable to raise its leading interest rate in 2017 in spite of good economic data, due to low mid-term inflation, continued high unemployment in Europe and the still highly indebted Southern countries of the currency union. At the same time, the ECB renewed its bond buying program from January 2018 until the end of September 2018, however with only half the volume, now EUR 30 billion a month. During the 2017 stock market year, the global capital markets were characterized by euphoria, largely defying all political turbulences and risk factors, including the ongoing Brexit negotiations, continuing conflicts in Syria and the Ukraine, the sovereign debt crisis in Europe and related stability of the currency union, but also the economic policy shift in some leading economic nations and the perpetually hovering 'sword of Damocles' of protectionism. Only individual risk factors, such as the conflict in North Korea and the weak US dollar, were a temporary strain on the capital markets in Germany and Japan in the third quarter of 2017.

The DAX started trading in early 2017 at around 11,400 points. After an increase in the first half of the year to approx. 12,800 points, it lost up to 1,000 points at times until the end of August. With a closing price of 12,918 points, however, it was able to record an increase of around 13.1 percent over the course of the year.

The small-cap index SDAX closed the end of December 2017 at 11,887 points, thus increasing in value by 24.9 percent over the course of the year. In the same period, the German media stocks index (DAXsector Media) fell in value by 4.4 percent and closed at 396 points.

XETRA closing prices of the Constantin Medien share compared to SDAX and DAXsector Media

Comparative indices indexed to Constantin Medien's closing price as of December 31, 2017



Constantin Medien share performance

In the 2017 financial year, the Constantin Medien share performance was marked on the whole by volatile movement both upwards and downwards. In the first months of the year, a downward movement commenced until the share price was able to stabilize at a low of around EUR 1.80 for the year on April 12, 2017 (based on closing rates). In the following months, the share price was highly volatile, fluctuating between EUR 1.85 and EUR 2.30, until Highlight Communications AG made a takeover offer to the shareholders of Constantin Medien AG together with Studhalter Investment AG on November 27, 2017. This offer enabled the shareholders of Constantin Medien to offer their shares to Highlight Communications AG and Studhalter Investment AG at a rate of EUR 2.30 per share. As a result, the share price rose from EUR 2.08 to EUR 2.27 on November 28, 2017. In the further course of the year, the price of Constantin Medien shares stabilized at between EUR 2.27 and EUR 2.30, closing at EUR 2.30 at the end of the year. The Constantin Medien AG share price saw a rate increase of 11.2 percent over the year, thus outperforming the comparative German media index DAXsector Media (+4.4 percent) and below the SDAX (+24.9 percent). As of December 31, 2017, the 52-week high stood at EUR 2.34 (September 14, 2017), with the 52-week low coming in at EUR 1.71 (April 12, 2017). At the start of 2018, after the second acceptance deadline on February 5, 2018, Constantin Medien shares again fell below the chart resistance threshold of EUR 2.10. The share price closed at EUR 2.18 on February 28, 2018.

In the 2017 year, 42.0 million Constantin Medien shares (2016: 22.9 million units) were traded on the German stock exchanges. The average turnover per trading day slightly increased to 166,755 shares after around 89,997 shares in the previous year. The position of the Constantin Medien share in the German stock exchange rankings of all MDAX and SDAX listings stood at ranking number 119 as of December 31, 2017 (2016: 118) in respect of trading volume over the last twelve months, or at ranking number 125 (2016: 126) for the so-called free float market capitalization.

The Constantin Medien share is being actively monitored by notable research institutions. In 2017, the following institutions published studies on Constantin Medien AG with target prices: DZ Bank, Matelan Research.

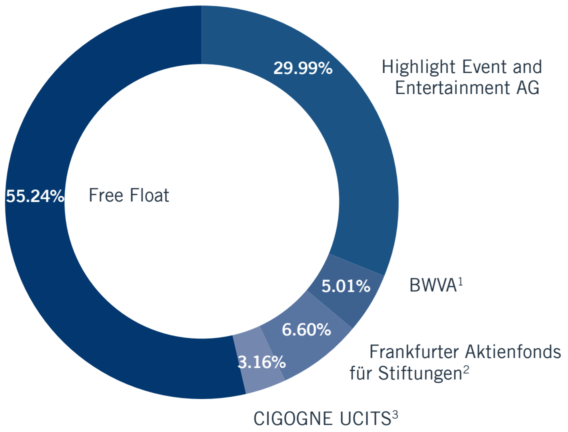
According to the studies, the average target price stood at EUR 2.30 as of December 31, 2017 (December 31, 2016: EUR 2.50).

Share capital and shareholder structure

Shareholder structure as of December 31, 2017 2017 (before execution of the takeover offer from Highlight Communications AG/Studhalter Investment AG)

Shareholder structure as of December 31, 2017

Share capital: 93.6 million shares

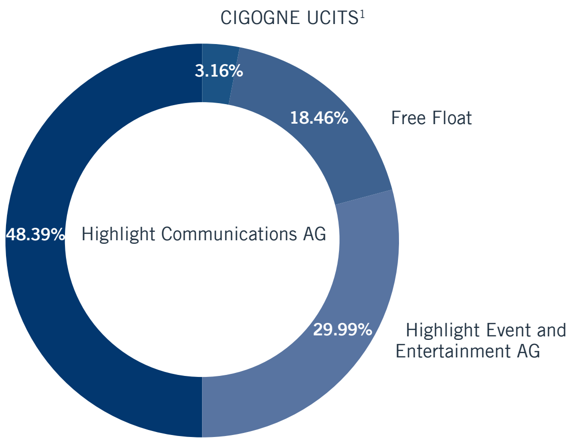


[1] Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte
[2] The management company Axxion S.A. is entitled to these voting rights pursuant to sections 33, 34 WpHG
[3] The management company Cigogne Management S.A. is entitled to these voting rights pursuant to sections 33, 34 WpHG

Shareholder structure as of February 28, 2018 (after execution of the takeover offer from Highlight Communications AG/Studhalter Investment AG)

Shareholder structure as of February 28, 2018

Share capital: 93.6 million shares



[1] The management company Cigogne Management S.A. is entitled to these voting rights pursuant to sections 33, 34 WpHG

Constantin Medien AG´s share capital did not change during the 2017 financial year and amounted to EUR 93.6 million as of December 31, 2017. Constantin Medien AG held 162 non-voting treasury shares at the balance sheet date.

Major voting rights notifications

The Board of Directors of Highlight Event and Entertainment AG resolved an ordinary capital increase at Highlight Event and Entertainment AG on March 31, 2017. In this context, the 2,473,521 newly issued Highlight Event and Entertainment shares should be liberated by a contribution in kind of 15,076,308 Constantin Medien shares (instruments). As a result of this resolution, the following voting rights notifications were received by Constantin Medien AG and the associated cancellation of the existing voting agreement:

On April 11, 2017, Mr Bernhard Burgener has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that his voting rights share and that of Highlight Event and Entertainment AG in Constantin Medien AG amounted to 29.76 percent (corresponding to 27,854,308 voting rights) on March 31, 2017. On this day, Mr Bernhard Burgener held directly pursuant to § 21 WpHG 6,150,000 voting rights (corresponding to 6.57 percent of the share capital) and indirectly pursuant to § 22 WpHG 21,704,308 voting rights (corresponding to 23.19 percent of the share capital) via the Highlight Event and Entertainment AG. The reported 29.76 percent of voting rights share of Highlight Event and Entertainment AG according to § 22 WpHG included instruments amounting to 16.11 percent. There is no aggregation from voting rights and instruments in the reported data in this notification, because Mr Bernhard Burgener assigned voting rights according § 22 WpHG, on which he owned an instrument according to § 25 WpHG.

Also on April 11, 2017, Mr Bernhard Burgener informed the Constantin Medien AG of the acceptance and execution of the offerings from the shareholder subject to the voting right notification dated March 31, 2017, on the sale of their shares and the cancellation of the voting right agreement. Pursuant to §§ 21 and 22 WpHG, Mr Bernhard Burgener has informed Constantin Medien AG, that instruments were exercised on April 3, 2017, and on that day that his voting rights share and that of Highlight Event and Entertainment AG in Constantin Medien AG amounted 29.76 percent (corresponding to 27,854,308 voting rights). On this day, Mr Bernhard Burgener held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 27,854,308 voting rights (corresponding to 29.76 percent of the share capital) via the Highlight Event and Entertainment AG. The reported 29.76 percent of voting rights share of Highlight Event and Entertainment AG according § 22 WpHG includes instruments amounting 6.57 percent. There is no aggregation from voting rights and instruments in the reported data in this notification, because Mr Bernhard Burgener assigned voting rights according to § 22 WpHG, on which he owned an instrument according to § 25 WpHG. Mr Bernhard Burgener also announced a contingent re-transfer claim for 6,150,000 Constantin Medien shares (corresponding to 6.57 percent of the share capital) as part of instruments.

On April 11, 2017, Ms Dorothea Kunz has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG because of the cancellation of the voting right agreement on April 3, 2017, that on this day her voting rights share in Constantin Medien AG had fallen below the thresholds of 25 percent, 20 percent, 15 percent, 10 percent, 5 percent and 3 percent of voting rights and amounted to 0.00 percent (corresponding to 0 voting rights). On this day, Ms Dorothea Kunz held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital). Ms Dorothea Kunz also announced a contingent re-transfer claim for 2,800,000 Constantin Medien shares (corresponding to 2.99 percent of the share capital) as part of instruments.

On April 11, 2017, Mr Marcel Paul Signer has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG because of the cancellation of the voting right agreement on April 3, 2017, that on this day his voting rights share in Constantin Medien AG had fallen below the thresholds of 25 percent, 20 percent, 15 percent, 10 percent, 5 percent and 3 percent of voting rights and amounted to 0.00 percent (corresponding to 0 voting rights). On this day, Mr Marcel Paul Signer held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital). Mr Marcel Paul Signer also announced a contingent re-transfer claim for 2,806,308 Constantin Medien shares (corresponding to 2.998 percent of the share capital) as part of instruments.

On April 11, 2017, Mr Martin Hellstern has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG because of the cancellation of the voting right agreement on April 3, 2017, that on this day his voting rights share in Constantin Medien AG had fallen below the thresholds of 25 percent, 20 percent, 15 percent, 10 percent, 5 percent and 3 percent of voting rights and amounted to 0.00 percent (corresponding to 0 voting rights). On this day, Mr Martin Hellstern held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital).

On April 11, 2017, Dr Paul Graf has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG because of the cancellation of the voting right agreement on April 3, 2017, that on this day his voting rights share in Constantin Medien AG had fallen below the thresholds of 25 percent, 20 percent, 15 percent, 10 percent, 5 percent and 3 percent of voting rights and amounted to 0.00 percent (corresponding to 0 voting rights). On this day, Dr Paul Graf held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital). Dr Paul Graf also announced a contingent re-transfer claim for 520,000 Constantin Medien shares (corresponding to 0.56 percent of the share capital) as part of instruments.

On April 11, 2017, Mr René Camenzind has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG because of the cancellation of the voting right agreement on April 3, 2017, that on this day his voting rights share in Constantin Medien AG had fallen below the thresholds of 25 percent, 20 percent, 15 percent, 10 percent, 5 percent and 3 percent of voting rights and amounted to 0.00 percent (corresponding to 0 voting rights). On this day, Mr René Camenzind held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital). Mr René Camenzind also announced a contingent re-transfer claim for 2,800,000 Constantin Medien shares (corresponding to 2.99 percent of the share capital) as part of instruments.

On April 11, 2017, Dr René Eichenberger has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG because of the cancellation of the voting right agreement on April 3, 2017, that on this day his voting rights share in Constantin Medien AG had fallen below the thresholds of 25 percent, 20 percent, 15 percent, 10 percent, 5 percent and 3 percent of voting rights and amounted to 0.00 percent (corresponding to 0 voting rights). On this day, Dr René Eichenberger held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital).

On July 24, 2017, the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte (BWVA) has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that their voting rights share in Constantin Medien AG exceeded the threshold of 5 percent of voting rights on July 20, 2017, and on this day amounted to 5.01 percent (corresponding to 4,693,953 voting rights). On this day, Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte (BWVA) held directly pursuant to § 21 WpHG 4,693,953 voting rights (corresponding to 5.01 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital).

On August 7, 2017, Mr Bernhard Burgener has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that his instruments have expired on July 31, 2017, and on this day his voting rights share together with Highlight Event and Entertainment AG in Constantin Medien AG amounted to 29.76 percent (corresponding to 27,854,308 voting rights). On this day, Mr Bernhard Burgener held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 27,854,308 voting rights (corresponding to 29.76 percent of the share capital) via the Highlight Event and Entertainment AG.

On September 8, 2017, Dr Dieter Hahn has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that his voting rights share in Constantin Medien AG had fallen below the threshold of 25 percent of voting rights on August 31, 2017, and on this day amounted to 22.24 percent (corresponding to 20,819,009 voting rights). On this day, Dr Dieter Hahn held directly pursuant to § 21 WpHG 1,011,600 voting rights (corresponding to 1.08 percent of the share capital) and indirectly pursuant to § 22 WpHG 19,807,409 voting rights (corresponding to 21.16 percent of the share capital) via the KF 15 GmbH (18.08 percent) and the DHV GmbH (3.08 percent).

On September 8, 2017, BNY Mellon Service Kapitalanlage Gesellschaft mbH has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that their voting rights share in Constantin Medien AG exceeded the threshold of 3 percent of voting rights on September 1, 2017, and on this day amounted to 3.30 percent (corresponding to 3,085,644 voting rights). On this day, BNY Mellon Service Kapitalanlage Gesellschaft mbH held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 3,085,644 voting rights (corresponding to 3.30 percent of the share capital).

On September 8, 2017, Dr Dieter Hahn has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG (voluntary Group notification with threshold contact only at level subsidiary) that his voting rights share in Constantin Medien AG amounted to 20.11 percent (corresponding to 18,819,009 voting rights) on August 31, 2017. On this day, Dr Dieter Hahn held directly pursuant to § 21 WpHG 11,600 voting rights (corresponding to 0.01 percent of the share capital) and indirectly pursuant to § 22 WpHG 18,807,409 voting rights (corresponding to 20.09 percent of the share capital) via the KF 15 GmbH (18.08 percent) and the DHV GmbH (<3 percent).

On October 6, 2017, Axxion S.A. has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that their voting rights share in Constantin Medien AG exceeded the threshold of 3 percent of voting rights on October 1, 2017, and on this day amounted to 3.58 percent (corresponding to 3,347,142 voting rights). On this day, Axxion S.A. held directly pursuant to § 21 WpHG 165,787 voting rights (corresponding to 0.18 percent of the share capital) and indirectly pursuant to § 22 WpHG 3,181,355 voting rights (corresponding to 3.40 percent of the share capital). Axxion S.A. will take over the management from the Frankfurter Aktienfonds für Stiftungen on October 1, 2017. The voting rights from the above mentioned shares will be transferred from the previous Management Company to Axxion S.A.

On October 10, 2017, BNY Mellon Service Kapitalanlage Gesellschaft mbH has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that their voting rights share in Constantin Medien AG had fallen below the threshold of 3 percent of voting rights on October 1, 2017, and on this day amounted to 0.05 percent (corresponding to 45,000 voting rights). On this day, BNY Mellon Service Kapitalanlage Gesellschaft mbH held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 45,000 voting rights (corresponding to 0.05 percent of the share capital). With effect from October 1, 2017, BNY Mellon Service Kapitalanlage Gesellschaft mbH is no longer the Management Company of the Frankfurter Aktienfonds für Stiftungen.

On October 12, 2017, Mr Bernhard Burgener has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that the registration of capital increase at Highlight Event and Entertainment AG in the trade register on October 4, 2017, has resulted in a dilution of the investment from Mr Bernhard Burgener at Highlight Event and Entertainment AG. Since that day, the Highlight Event and Entertainment AG is no longer controlled by Mr Bernhard Burger, but the company is still invested in Constantin Medien AG with 29.76 percent. In this context Mr Bernhard Burgener informed the Constantin Medien AG pursuant to §§ 21 and 22 WpHG, that his voting rights share in Constantin Medien AG had fallen below the threshold of 25, 20, 15, 10, 5 and 3 percent of voting rights on October 4, 2017, and on this day amounted to 0.00 percent (corresponding to 0 voting rights). On this day, Mr Bernhard Burgener held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital).

On October 12, 2017, Dr Dieter Hahn has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that his voting rights share in Constantin Medien AG had fallen below the threshold of 20 percent of voting rights on October 6, 2017, and on this day amounted to 19.68 percent (corresponding to 18,419,009 voting rights). On this day, Dr Dieter Hahn held directly pursuant to § 21 WpHG 11,600 voting rights (corresponding to 0.01 percent of the share capital) and indirectly pursuant to § 22 WpHG 18,407,409 voting rights (corresponding to 19.67 percent of the share capital) via the KF 15 GmbH (17.65 percent) and the DHV GmbH (<3 percent).

On October 17, 2017, Axxion S.A. has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that their voting rights share in Constantin Medien AG exceeded the threshold of 5 percent of voting rights on October 13, 2017, and on this day amounted to 6.72 percent (corresponding to 6,286,208 voting rights). On this day, Axxion S.A. held directly pursuant to § 21 WpHG 104,853 voting rights (corresponding to 0.11 percent of the share capital) and indirectly pursuant to § 22 WpHG 6,181,355 voting rights (corresponding to 6.60 percent of the share capital).

On October 23, 2017, Dr Dieter Hahn has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that his voting rights share in Constantin Medien AG had fallen below the threshold of 15 percent of voting rights on October 13, 2017, and on this day amounted to 14.15 percent (corresponding to 13,244,009 voting rights). On this day, Dr Dieter Hahn held directly pursuant to § 21 WpHG 11,600 voting rights (corresponding to 0.01 percent of the share capital) and indirectly pursuant to § 22 WpHG 13,232,409 voting rights (corresponding to 14.14 percent of the share capital) via the KF 15 GmbH (12.12 percent) and the DHV GmbH (<3 percent).

On October 23, 2017, Dr Dieter Hahn has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that his voting rights share in Constantin Medien AG had fallen below the threshold of 10 percent of voting rights on October 16, 2017, and on this day amounted to 9.88 percent (corresponding to 9,244,009 voting rights). On this day, Dr Dieter Hahn held directly pursuant to § 21 WpHG 11,600 voting rights (corresponding to 0.01 percent of the share capital) and indirectly pursuant to § 22 WpHG 9,232,409 voting rights (corresponding to 9.86 percent of the share capital) via the KF 15 GmbH (7.85 percent) and the DHV GmbH (<3 percent).

On November 6, 2017, Dr Dieter Hahn has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG (voluntary Group notification with threshold contact only at level subsidiary) that his voting rights share in Constantin Medien AG amounted 6.21 percent (corresponding to 5,809,009 voting rights) on October 30, 2017. On this day, Dr Dieter Hahn held directly pursuant to § 21 WpHG 11,600 voting rights (corresponding to 0.01 percent of the share capital) and indirectly pursuant to § 22 WpHG 5,797,409 voting rights (corresponding to 6.19 percent of the share capital) via the KF 15 GmbH (4.43 percent) and the DHV GmbH (<3 percent).

On November 6, 2017, Dr Dieter Hahn has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that his voting rights share in Constantin Medien AG had fallen below the threshold of 5 percent of voting rights on November 1, 2017, and on this day amounted to 4.23 percent (corresponding to 3,959,009 voting rights). On this day, Dr Dieter Hahn held directly pursuant to § 21 WpHG 11,600 voting rights (corresponding to 0.01 percent of the share capital) and indirectly pursuant to § 22 WpHG 3,947,409 voting rights (corresponding to 4.22 percent of the share capital) via the KF 15 GmbH (4.17 percent) and the DHV GmbH (<3 percent).

On November 8, 2017, Dr Dieter Hahn has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that his voting rights share in Constantin Medien AG amounted to 2.20 percent (corresponding to 2,061,600 voting rights) on November 7, 2017. On this day, Dr Dieter Hahn held directly pursuant to § 21 WpHG 11,600 voting rights (corresponding to 0.01 percent of the share capital) and indirectly pursuant to § 22 WpHG 2,050,000 voting rights (corresponding to 2.19 percent of the share capital) via the KF 15 GmbH (<3 percent) and the DHV GmbH (<3 percent).

On December 12, 2017, Cigogne Management S.A. has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that their voting rights share in Constantin Medien AG exceeded the threshold of 3 percent of voting rights on December 6, 2017, and on this day amounted to 3.16 percent (corresponding to 2,960,000 voting rights). On this day, Cigogne Management S.A. held directly pursuant to § 21 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 22 WpHG 2,960,000 voting rights (corresponding to 3.16 percent of the share capital).

On December 12, 2017, Cigogne UCITS has informed Constantin Medien AG pursuant to §§ 21 and 22 WpHG that their voting rights share in Constantin Medien AG exceeded the threshold of 3 percent of voting rights on December 6, 2017, and on this day amounted to 3.16 percent (corresponding to 2,960,000 voting rights). On this day, Cigogne UCITS held directly pursuant to § 21 WpHG 2,960,000 voting rights (corresponding to 3.16 percent of the share capital) and indirectly pursuant to § 22 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital).

On December 18, 2017, Highlight Communications AG and Studhalter Investment AG offered to all Constantin Medien AG shareholders to buy their shares for a cash consideration of EUR 2.30 per Constantin Medien share as part of a voluntary public takeover bid. Following the end of the second acceptance period on February 5, 2018, the following voting rights notifications were received by Constantin Medien AG:

On February 19, 2018, Highlight Event and Entertainment AG has informed Constantin Medien AG pursuant to §§ 33 and 34 WpHG that their voting rights share in Constantin Medien AG exceeded the thresholds of 30, 50 and 75 percent of voting rights on February 13, 2018, and on this day amounted to 78.38 percent (corresponding to 73,365,840 voting rights). On this day, Highlight Event and Entertainment AG held directly pursuant to § 33 WpHG 28,074,308 voting rights (corresponding to 29.99 percent of the share capital) and indirectly pursuant to § 34 WpHG 45,291,532 voting rights over Highlight Communications AG (corresponding to 48.39 percent of the share capital).

On February 19, 2018, Mr Bernhard Burgener has informed Constantin Medien AG pursuant to §§ 33 and 34 WpHG that his voting rights share in Constantin Medien AG exceeded the thresholds of 3, 5, 10, 15, 20, 25, 30, 50 and 75 percent of voting rights on February 13, 2018, and on this day amounted to 78.38 percent (corresponding to 73,365,840 voting rights). On this day, Mr Bernhard Burgener held directly pursuant to § 33 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 34 WpHG 73,365,840 voting rights over Highlight Event and Entertainment AG (29.99 percent) and Highlight Communications AG (48.39 percent).

On February 19, 2018, Ms Rosmarie Burgener has informed Constantin Medien AG pursuant to §§ 33 and 34 WpHG that her voting rights share in Constantin Medien AG exceeded the thresholds of 3, 5, 10, 15, 20, 25, 30, 50 and 75 percent of voting rights on February 13, 2018, and on this day amounted to 78.38 percent (corresponding to 73,365,840 voting rights). On this day, Ms Rosmarie Burgener held directly pursuant to § 33 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 34 WpHG 73,365,840 voting rights over Highlight Event and Entertainment AG (29.99 percent) and Highlight Communications AG (48.39 percent).

On February 19, 2018, the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte has informed Constantin Medien AG pursuant to §§ 33 and 34 WpHG that their voting rights share in Constantin Medien AG had fallen below the threshold of 5 percent of voting rights on February 13, 2018, and on this day amounted to 2.43 percent (corresponding to 2,277,010 voting rights). On this day, the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte held directly pursuant to § 33 WpHG 2,277,010 voting rights (corresponding to 2.43 percent of the share capital) and indirectly pursuant to § 34 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital).

On February 19, 2018, Axxion S.A. has informed Constantin Medien AG pursuant to §§ 33 and 34 WpHG that his voting rights share in Constantin Medien AG had fallen below the thresholds of 3 and 5 percent of voting rights on February 13, 2018, and on this day amounted to 0.00 percent (corresponding to 0 voting rights). On this day, Axxion S.A. held directly pursuant to § 33 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital) and indirectly pursuant to § 34 WpHG 0 voting rights (corresponding to 0.00 percent of the share capital).

Investor Relations activities

One focus of our Investor Relations activities lies in a timely and comprehensive information of all interested parties and capital market participants about all important events and developments of the Company. This is based on our annual and interim financial reports as well as quarterly statements, which provide an accurate insight into the current development of our Company. Furthermore, we inform the capital market participants about all material events in the Constantin Medien Group in the form of press and/or insider information pursuant to Art. 17 MAR. In addition, the Management Board and Investor Relations were available for discussions with analysts, investors and representatives of banks in numerous individual, group and phone meetings in 2017 – including, amongst others, the Münchner Kapitalmarkt Konferenz (Munich Capital Market Conference) in Munich, on December 13, 2017.

In addition to direct communication, our website www.constantin-medien.de is the central information tool for all interested parties. It provides in a clear form all relevant facts about the history and current development of the Constantin Medien Group.

Additional capital market securities of Constantin Medien AG

In the 2017 financial year, the share of Highlight Communications AG showed a markdown of 10.5 percent, above the development of the German media index DAXsector Media (+4.4 percent) and the small-cap index SDAX (+24.9 percent). The share price closed at EUR 5.10 on December 31, 2017. As of February 28, 2018, the shares traded at EUR 5.20.

The corporate bond 2013/2018, with issuance and value date April 23. 2013, a nominal value of EUR 65 million, an interest rate of 7.0 percent p.a. and a term of five years closed on December 31, 2017 at 100.50 percent, thus below the prior year´s value (December 31, 2016: 101.50 percent). As of February 28, 2018, the corporate bond traded at 100.00 percent.

Information on Constantin Medien securities as of December 31, 2017

ISIN/WKN/LEI	
– Ordinary share (Prime Standard Segment)	DE0009147207/914720
	529900TIPSAT1XXD6I58
– Highlight Communications AG share (Prime Standard Segment)	CH0006539198/920299
	39120070M14NLE1CDR38
– Corporate bond 2013/2018 (Open Market – Regulated Unofficial Market – of Frankfurt Stock Exchange in Basic Board for Bonds)	DE000A1R07C3/A1R07C
Indices	DAXsector Media
Closing rate 12/31/2017/52-week high/52-week low	
– Constantin Medien AG (Xetra)	EUR 2.30/2.34/1.71
– Highlight Communications AG (Xetra)	EUR 5.10/5.67/4.95
– Corporate bond 2013/2018 (Frankfurt)	100.50/103.95/93.00 percent
Share capital	93.6 million shares
Shares outstanding	93.6 million shares
Corporate bond 2013/2018 outstanding	64,000 bonds
Market capitalization (related to shares outstanding as of 12/31/2017)	
– Constantin Medien AG	EUR 215.3 million
– Highlight Communications AG	EUR 321.3 million
– Corporate bond 2013/2018	EUR 64.3 million

Directors' Dealings/Shareholdings of Board Members as of December 31, 2017

In the 2017 financial year, there are no reportable purchase and sales transactions from Members of the Management Board and the Supervisory Board.

Shareholdings of Board Members as of December 31, 2017

Board	Name	Number of Shares
Management Board	Olaf G. Schröder	0
	Dr Matthias Kirschenhofer	0
Supervisory Board	Dr Paul Graf	10
	Thomas von Petersdorff-Campen	0
	Andreas Benz	2.000
	Edda Kraft	0
	Markus Prazeller	0
	Dr Gero von Pelchrzim	0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COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT

Combined Group Management and Management Report

1. Basis of the Group

1.1 Group structure and business activities

Constantin Medien AG is an internationally operating media company based in Ismaning near Munich. The business operations include the Segment Sports. Until June 12, 2017, its portfolio also encompassed the Segments Film and Sports- and Event-Marketing, through the majority holding in Highlight Communications AG, Pratteln/Switzerland. The following information in the Group Management and Management Report regarding the business development of these two Segments refer to the first half of 2017 until the deconsolidation of Highlight Communications AG as of June 12, 2017.

Since the deconsolidation of Highlight Communications AG, June 12, 2017, the business operations of Constantin Medien AG include the activities of the companies in the Segment Sports with Sport1 GmbH, Sport1 Media GmbH, and PLAZAMEDIA GmbH with its subsidiary LEITMOTIF Creators GmbH.

As parent company, Constantin Medien AG is the controlling holding company. With the areas Finance, Accounting, Controlling, Internal Audit, Communications, Investor Relations, Human Resources, Legal and IT, Constantin Medien AG provides intercompany services and is responsible for the strategic control of the Group. Through its 100-percent subsidiary Constantin Sport Holding GmbH, Constantin Medien AG holds a 100-percent share in each of the companies in the Segment Sports.

The **Segment Sports** covers in the Sport1 GmbH the activities in the TV area with the free-TV channel SPORT1 as well as the pay-TV channels SPORT1+ and SPORT1 US. Furthermore, the online plattform SPORT1.de, the mobile SPORT1 applications as well as the digital sports radio SPORT1.fm belong to the portfolio of the SPORT1 umbrella brand. The diverse offers of SPORT1 are marketed by the multi-platform marketer Sport1 Media GmbH. A further major group company is PLAZAMEDIA GmbH, which, as an established content solution provider, offers comprehensive services in the field of moving-image production and in the future will have connectivity and data center services as well as cloud-based OTT/OVP solutions in its product portfolio. Its subsidiary LEITMOTIF Creators GmbH offers media consulting and communication services for companies.

In the Segment Sports, the main sources of finance in the free-TV and digital areas are the advertising and/or sponsoring revenues and in the pay-TV area particularly the contractually agreed guarantee payments and subscriber-based feed-in contracts. In the production area, these include long-term production framework contracts and in the new digital business fields corresponding sales agreements.

The main expense items in the Segment Sports comprise the costs of licensing rights, the costs of production and manufacturing, distribution costs and personnel expenses. In the production sector, these particularly include the costs of production services, investments in technical innovations and extensions, maintenance and service as well as the costs of signal routing and personnel.

The **Segment Film** contained the activities of Constantin Film AG and its subsidiaries at home and abroad as well as of the Highlight Communications subsidiary Rainbow Home Entertainment until the deconsolidation as of June 12, 2017. The Constantin Film group is the most important German producer and exploiter of productions across the entire fiction and non-fiction audiovisual area. Its operations encompass the development, production and exploitation of in-house productions and acquired film rights. In-house film productions in the theatrical area are distributed both in Germany and globally, while third-party productions are basically exploited in German-speaking countries. In this, all steps along the exploitation chain are utilized (theatrical distribution, Home Entertainment releases, TV broadcast). Apart from theatrical films, the Constantin Film group realizes fictional and non-fictional productions for German and foreign TV stations. For purpose of exploiting the video rights for in-house and licensed films, Highlight Communications AG has its own distribution organization. In Switzerland and Austria, distribution of these rights is performed by the Rainbow Home Entertainment companies. Distribution on the German market is conducted by Highlight Communications (Deutschland) GmbH in co-operation with Paramount Home Entertainment/Universal Home Entertainment.

In the Segment Film the main sources of finance result from the exploitation of in-house and acquired film rights across all steps along the exploitation chain. Additional revenues are generated by production orders for TV channels and by national and international film promotion grants. The main expense items comprise acquisition and exploitation rights from scripts and literary materials, production costs as well as marketing and release expenses for the individual films.

The **Segment Sports- and Event-Marketing** included the activities of Team Holding AG (TEAM) and its subsidiaries until the deconsolidation as of June 12, 2017. The TEAM group specializes in the global marketing of international major sports events. Being one of the world's leading agencies in this area, it exclusively markets the UEFA Champions League as well as the UEFA Europa League and the UEFA Super Cup on behalf of the European Football Association (UEFA).

In the Segment Sports- and Event-Marketing, the main sources of finance are agency commissions relating to the marketing of TV and sponsoring rights, while personnel expenses make up the largest proportion of expenses.

Others include the activities of the holding company Constantin Medien AG.

1.2 Control system and performance indicators

1.2.1 Group management

The Management Board of Constantin Medien AG is responsible for the strategy and control of the Group.

With respect to the Group companies of the Segment Sports, the operational responsibility falls to the particular management of the particular subsidiary. The control of the companies within this segment is conducted through shareholder meetings as well as strategic management meetings. Short- and medium-term planning as well as regular reports are the basis for managing the activities of the sports companies.

As shareholder, Constantin Medien AG exercised control in the Highlight Communications group by means of its majority shareholding until the deconsolidation of Highlight Communications AG as of June 12, 2017.

1.2.2 Financial performance indicators

In the 2017 financial year, sales and earnings attributable to shareholders were the key performance indicators within the Constantin Medien Group. In addition, the non-relevant key indicators, earnings before interest and taxes (EBIT) and net debt (cash and cash equivalents less financial liabilities) are regularly determined for controlling and managing the segments. The Constantin Medien AG is managed with regard to the net result.

1.2.3 Non-financial performance indicators and success factors

Beyond the financial key performance indicators, non-financial performance indicators and success factors arising from the specific requirements of the particular business model are also of key significance for the Company's performance.

Coverage and market shares – Market and TV viewer research is the basis for Sport1 GmbH for monitoring the programming line-up of its free-TV and pay-TV channels to examine its viewer appeal, to acquire interesting license rights, to develop innovative formats and to ensure programming that accurately reflects viewer preferences. In the free-TV area, these indicators include the daily coverage and market shares that are surveyed by the Television Research Working Group (Arbeitsgemeinschaft Fernsehforschung, AGF) and the Society for Consumer Research (GfK). In terms of SPORT1, this is in particular the market share in its core target group of males aged 14 to 49 years (M14-49), which has been expanded to males aged 14 to 59 years (M14-59) since January 2018. In the pay-TV area, key non-financial indicator is the number of subscribers.

For the online area, the uniform online coverage currency “unique users” shown monthly by the online research group Arbeitsgemeinschaft Online Forschung e.V. (AGOF), and for the online and mobile area, the page impressions (PIs) and visits recorded monthly by the German Audit Bureau of Circulation (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V., IVW) form the basis. In the video area, video views of the SPORT1 platforms without YouTube (video views including livestream) are reported using DoubleClick. Video views of the SPORT1 YouTube channels are reported by the YouTube Content Management System and the streaming sessions for the digital radio SPORT1.fm via Triton Digital.

In the Home Entertainment area of the Segment Film as well, the market share resulting from rental and sales of DVDs and Blu-rays is a performance indicator for the success. The same applies to license trading/TV exploitation and TV service production sectors, where coverage and market shares are important ratios for determining the audience success of a broadcast format and often form the basis for decisions regarding future commissions by the TV channels.

Distribution – Regarding the free-TV channel SPORT1's appeal as a platform for advertisers, the technical coverage is of great importance. In the pay-TV area, a distribution as comprehensive as possible of the two channels SPORT1+ and SPORT1 US via the relevant cable network and infrastructure providers is vital. The number of subscribers that have booked both pay-tv channels in the respective packages therefore is a key non-financial performance indicator.

Number of visitors – In the theatrical distribution area of Constantin Film group, the number of viewers generated by a film is one of the key factors as theatrical success usually also impacts subsequent exploitation stages – particularly in the home entertainment area.

Moreover, non-financial performance indicators and success factors, which are not evaluated quantitatively and used for internal monitoring, are also of key importance to the Company's performance, and essential for the Company's business model.

Access to rights/network of contacts – For the platforms under the umbrella brand SPORT1 the access to and the availability of attractive sports rights are of great importance. The access is also dependent on factors such as convincing programming concepts, a solid financing base and a close-knit network of contacts with rights holders and decision-makers in this area. In free-TV, attractive sports rights are essential to be able to maintain or expand the market share, especially in the core target group (M14-49 until 2017, M14-59 since January 2018). In view of the pay-TV sports channels SPORT1+ and SPORT1 US it is a matter of guaranteeing and successively increasing their pay value.

In the Segment Film Constantin Film group faces strong competition regarding the acquisition of literary material and scripts, as well as to conclusions of contracts with successful directors, actors and film studios. Therefore, Constantin Film AG has been working for decades very closely with renowned and experienced screenwriters, directors and producers in Germany and abroad, having a high level of expertise in the production of theatrical films and TV formats and attempts to secure them with appropriate contracts.

In the Segments Sports- and Event-Marketing trusting business relationships with the rights holders and existing and potential sponsors are essential in marketing major international sports events just as sustained high ratings of the TV broadcasts.

Innovative capability – The success of PLAZAMEDIA largely depends on its ability to offer its clients high-quality and innovative services in the areas of content creation, production technical staging and implementation, broadcasting operations, technological production innovations, interactive, digital and mobile add-on offers, multimedia content management as well as digital storage and distribution of content. Since technical innovations rank among the strategic success factors in the production services business, PLAZAMEDIA also puts a special focus on the further development of its technological capability.

Professional expertise – Not only in light of the growing digital and convergent media usage behavior of cross-platform offers, both technology and content competence are essential. Correspondingly, recruiting, advancement and retaining well-trained, qualified, dedicated and creative employees are of high priority.

1.3 Material legal factors

Constantin Medien AG has to comply with a large number of stock exchange and legal requirements. As a stock corporation listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange according to German law, the Company is in particular subject to the German Stock Exchange and Capital Market legislation and has to comply with the recommendations of the German Corporate Governance Code. Highlight Communications AG is a stock corporation according to Swiss law which has been listed on the Frankfurt Stock Exchange. The operating activities of the companies in the individual segments are in accordance with a variety of media, data protection and copyright laws as well as with regulatory requirements.

Segment Sports

Material legal factors affecting the free-TV channel SPORT1, the pay-TV channels SPORT1+ and SPORT1 US, the online TV offer SPORT1 Livestream as well as the digital sports radio SPORT1.fm are the German Interstate Broadcasting Treaty and the state media laws which compliance is to be monitored by the individual media institutions from each German Federal State. SPORT1 as well as SPORT1+, SPORT1 US and SPORT1 Livestream fall under the competence of the Bavarian Regulatory Authority for New Media (Bayerische Landeszentrale für neue Medien, BLM). SPORT1.fm falls under the competence of the Regulatory Authority for Commercial Broadcasting in Hesse (Hessische Landesanstalt für privaten Rundfunk und neue Medien, LPR Hessen).

Following the amendment to the Bavarian Media Act (BayMG), as of September 1, 2016, there is no longer an eight-year limit for all broadcast licenses granted by BLM, which also covers licenses granted previously that are still valid. This results in the free-TV channel SPORT1, the pay-TV channels SPORT1+ and SPORT1 US and the internet TV SPORT1 live stream service now having broadcasting licenses for an unlimited duration. The broadcasting license for sports radio SPORT1.fm is valid until the year 2023.

As a private broadcaster, Constantin Medien Group is governed by the provisions of the State Treaty for the Protection of Youth in the Media. Under this, it is a requirement to ensure that children and young people cannot use offers, which might affect their development into a responsible and socially competent person. In addition, the Interstate Broadcasting Treaty includes various provisions in the context of advertisement placements. This includes the sweepstake shows legislation, adopted by the State Media Authorities in February 2009, which amongst others provides stricter rules for call-in formats. The emphasis here is on protecting minors, and especially on stricter transparency requirements for sweepstakes. Furthermore, the State Gambling Treaty is relevant, which became effective on July 1, 2012. It contains the option to grant a limited number of concessions/licenses (also) to private sports betting providers, which however have not yet been placed, and also provides for a ban, which reserves the right of permission regarding the advertising of sports betting offers on TV and online.

Segment Film

In the Segment Film, the Constantin Medien group is also governed by a number of legal provisions of particular importance. These include the provisions regarding copyright law.

The Act of Protection of Young People is also significant, which specifies that an age classification by Freiwillige Selbstkontrolle Fernsehen e.V. – a German organization for the voluntary self-regulation of television – must be provided for theatrical and video films.

The Film Funding Act (FFG) was revised, with the goal of strengthening the financial position of the German film industry. One of the biggest changes in the new law is the targeted strengthening of script funding. The FFG was finally passed by the Bundesrat on December 16, 2016 and became effective on January 1, 2017.

Source: Blickpunkt:Film, December 25, 2016

German film producers – and this also includes the Constantin Film group – are dependent on funding. In Germany, approx. EUR 220 million at federal and state level are spent every year, primarily on funding feature films. At the 2017 German Producer Day in Berlin on February 9, 2017, the Federal Government Commissioner for Culture and the Media Prof Monika Grütters explained that the German Federal Film Fund (DFFF) will be increased by EUR 25 million to EUR 75 million already in 2017. This makes the DFFF the most important funding institution. As similar instruments in other countries, it promotes production activities on the respective local markets.

Source: Press review, Producer alliance, November 13, 2015; press release, February 9, 2017

1.4 Research and development

The evaluation and analysis of market data in the areas viewer, user and customer research, is important for the development and further advancement of the business areas, in which the Group operates, in order to prematurely respond to or anticipate trends in the relevant industry segments and changes in consumer behavior. In addition, these data and findings help the companies of the Constantin Medien Group to provide customers, business partners and the advertising industry with qualified and substantial information for assessing their investment decisions. In this context, SPORT1 cooperates with numerous specialized companies which collect and report the relevant data and access figures in the market and TV viewer research area, the online, mobile and video areas and for the digital radio (see chapter 1.2.3 Non-financial performance indicators and success factors).

In-house productions in the Segment Film are partly subjected to an audience test as part of screenings. Awareness figures are also collected for the current theatrical releases, e.g. in order to assess and if applicable to optimize the effect of the marketing activities for the relevant film.

In addition to these purely quantitative performance data, qualitative data such as for advertising impact research are also an important basis for assessing, classifying and focusing the production and exploitation and/or marketing activities within the different segments. Broad-based studies and research activities regarding the development of the media industry as well as surveys, screenings and audience tests for own products, are also used. Lavish literary material is examined for market acceptance before production.

2. Economic Report

2.1 Overall economic conditions in the 2017 financial year

After several years of disappointing global economic development and below-average growth in 2016, 2017 – according to the IMF (International Monetary Fund) – saw the start of a cyclical upturn, with growth picking up in the roundly 120 economies that make up three quarters of the world's GDP (gross domestic product). This is the strongest synchronized global growth since 2010.

The greater economic momentum was backed by increasing investment, notably in the developed economies, and accelerated production in Asia. In particular the positive economic development in advanced economies such as Germany, Japan, Korea and the US contributed to this positive trend in the second half of the year. In key emerging and developing countries, among them Brazil, China and South Africa, third-quarter growth was also stronger than originally forecast.

Against this background, the IMF estimates global economic growth for 2017 at 3.7 percent, around half a percentage point up on the previous year (2016: 3.2 percent). In the US, robust economic activity continued with a gain of 2.3 percent, while Russia continued its dynamic recovery with a 1.8 percent increase. China recorded a slight acceleration in growth to 6.8 percent, while the eurozone's growth rate of 2.4 percent was well above that of the previous year. This reflects both the stronger dynamism of domestic demand and higher demand from abroad.

In Germany, the economic situation in 2017 was marked by the country's strongest economic growth since 2011. According to initial calculations by the Federal Statistics Office (Destatis), GDP rose by 2.2 percent in real terms compared with 2016. The main growth engine behind this was the growing domestic demand, although German exports also saw further gains on average for 2017.

Sources: International Monetary Fund (IMF), World Economic Outlook, October 2017 and January 2018; Federal Statistics Office (Destatis), press release, January 11, 2018

2.2 Market environment for media and entertainment in Germany

The media and entertainment industry continues to be shaped by digital transformation. Digitization offers many and varied possibilities, which show up in new offerings like video streaming or mobile information collection and provision. In general, the development of the media and entertainment industry in Germany is closely linked to the development of the economy as a whole. However, companies normally react with their advertising expenditure more quickly and directly to cyclical changes than consumers. By and large, the media and entertainment market in Germany is characterized by moderate but constant and long-term growth.

For 2017, auditors PricewaterhouseCoopers (PwC) expect sales for the whole of the media and entertainment industry in Germany to grow by 2.8 percent to EUR 78.4 billion, compared with EUR 76.2 billion in 2016. In terms of the individual market segments in the industry, PwC forecasts that, despite the growth in digital media offerings, TV and home cinema will again rank behind Internet access in 2017 as the second-strongest submarket, with total sales of EUR 11.6 billion – up 0.5 percent on the previous year. The radio market also grew slightly by 0.6 percent. The growth in the overall market was driven in particular by digital areas such as video games (+13.7 percent year-on-year), Internet video (+12.7 percent), online advertising (+6.8 percent year-on-year) and Internet access (+3.8 percent). The newspaper and magazine markets recorded a slowdown in sales of -0.2 percent and -1.4 percent respectively. Sales in the sports market, on the other hand, grew 5.4 percent in 2017.

Source: PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, German Entertainment and Media Outlook: 2017 – 2021

2.3 Sector-specific general conditions, operating performance and analysis of non-financial performance indicators of the segments

The following information regarding the business development in the Segment Sports encompass the whole financial year 2017. The information about the business development in the Segments Film as well as Sports- and Event-Marketing refer only to the period from January 1 until June 12, 2017, due to the deconsolidation of Highlight Communications AG as of June 12, 2017.

2.3.1 Sector-specific general conditions in the Segment Sports

According to the information and media company Nielsen Media Research, the German gross advertising market reached a total of EUR 31,9 billion in the 2017 financial year – an increase of 1.9 percent compared to 2016.

Advertising on mobile devices again generated the strongest growth with a plus of 39.3 percent (total volume in 2017: EUR 0.7 billion). The media segment internet records a total volume of EUR 3.0 billion in 2017, a plus of 2.3 percent compared to 2016. TV reaches roundly EUR 15,3 billion and thus a growth of 1.4 percent compared to 2016. Out-of-home grew by 7.0 percent to EUR 2.1 billion, radio by 4.7 percent to EUR 1.9 billion.

Source: Nielsen Media Research GmbH, Nielsen press section “Advertising market 2017 records stable plus of 1.9 percent compared to prior year”, January 25, 2018

With its high-reach formats, especially in live TV, the Segment Sports continued to promote innovative production technologies in 2017. Live sports coverage, for instance, is considered a driver of high-resolution technologies like 4K. While in the US, for example, a relatively high volume of sports content is already shown in 4K, and in Japan they are already testing 8K, the leap from UHD to linear TV has yet to materialize in Germany. Reasons for this include high investment costs, complex implementation of new workflows, a lack of standards in some areas and, still, the slow uptake of 4K-compatible devices.

Sources: globalsportsjobs.com, “Five Trends for 2017 in sports media & broadcasting, December 22, 2016, worldsoccertalk.com, “NBC Sports brings 4K Premier League games to US television with DIRECTV”, January 19, 2017; stern.de, “Ultra-HD boomt, aber im Fernsehen herrscht Flaute – wieso eigentlich?”, February 15, 2017

Among the topics dominating the IBC in Amsterdam in September 2017 – one of the world’s largest trade shows for media and entertainment technologies – were, as in previous years, 4K or UHD and HDR, virtual and augmented reality, live streaming, and IP- and cloud-based production and distribution solutions. Newer trends, such as voice and AI, as well as the announcement of a switch to the telecoms standard 5G – which also promises considerable potential for the realm of production but is not expected before 2020 – also got plenty of exposure.

Sources: www.blog.kaltura.com, “IBC 2017 – Trends & Highlights, September 19, 2017; www.paywizard.com, “5 key trends from IBC 2017”, September 21, 2017

2.3.2 Operating performance in the Segment Sports

In 2017, the focus of Germany’s leading 360° sports platform SPORT1 remained upon the further strengthening of the rights portfolio, the optimization of existing and creation of new digital offers and marketing areas respectively, as well as cross-platform content exploitation, integration and capitalization.

Acquisition of further top rights – In 2017, Sport1 GmbH again acquired attractive rights for their free- and pay-TV, online, mobile and digital radio offers:

In soccer, SPORT1 showed selected games and highlights packages from the FIFA Confederations Cup 2017 and the UEFA European Under-21 Championship. Other notable activities included rights acquisition to the UEFA Women's Champions League, and renewing the contract with four of the five German Regionalliga associations through the 2020/21 season. Another addition to the SPORT1 programming since 2017 is "Warm-up – Die Fußballvorschau", a new Friday evening talk format.

For its "Home of Motorsport" portfolio, SPORT1 renewed its collaboration with ADAC through 2020, comprising the ADAC GT Masters, ADAC Formula 4 and ADAC TCR Germany, and acquired rights to the FIA World Endurance Championship (WEC), the Monster Energy NASCAR Cup Series, and added the auto formats "Motorvision.TV – #spotted" and "Die PS PROFIS – Im Einsatz" to its program lineup.

Boxing is set to become a new core sport on SPORT1, thanks to an exclusive three-year deal with Team Sauerland through 2021: From 2018 onward the channel will show at least 20 boxing events per year live on Saturday nights, with some 100 fights in total – including world title bouts and fights featuring German stars.

Also in the reporting year, SPORT1 acquired live rights to the European Volleyball and Beach Volleyball Championships through 2021 as well as the men's and women's Volleyball Bundesliga, the Champions Hockey League in ice hockey, Major League Baseball (MLB) and the World Games 2017, the world's biggest multi-sport event of the year.

SPORT1 confirmed its position as a leading eSports destination in 2017 with further events, among them the Intel® Extreme Masters Katowice/Poland, ESL One Hamburg, the final events of the ESL Summer and Winter Championships in EA SPORTS FIFA 17 and League of Legends, and the FIFA Interactive World Cup. It also ran a feature series on eSports pros of VfL Wolfsburg with UPS as exclusive presenter.

Distribution extended – Since the launch of the new digital terrestrial TV standard DVB-T2 HD on March 29, 2017, SPORT1 HD has also been available on freenet TV, thanks to an agreement with MEDIA BROADCAST. SPORT1 HD has also been broadcast via waipu.tv since September 2017. As well as its existing distribution platforms, pay-TV channel SPORT1 US has been distributed via Zattoo since May 2017, Magine TV since September 2017, M7 since October 2017 and waipu.tv since December 2017.

New marketing partnerships – In January 2017 SPORT1 began offering advertisers addressable TV for their campaigns. Delivery of the interactive, personalized advertising formats to the TV program on HbbTV-capable smart TVs is handled by smartclip.

In November 2017, SPORT1 signed a marketing deal with Media Impact in the digital realm, which gave the latter, whose shareholders are Axel Springer SE with 74.9 percent and Funke Mediengruppe with 25.1 percent, the marketing mandate for SPORT1's digital product portfolio from January 1, 2018.

Building new customer relations – PLAZAMEDIA has added a global operator to its client base with Amazon Music Unlimited. With the launch of Amazon's new sports radio service, starting with the 2017/2018 soccer season, PLAZAMEDIA began providing the personnel and technical infrastructure and handling the production of live audio commentary for individual and conference-mode games of the Bundesliga, 2nd Bundesliga and DFB Cup. PLAZAMEDIA also produces the highlights for on-demand viewing.

For Deutsche Kreditbank AG (DKB), PLAZAMEDIA provided the central production services for a total of 51 games of the Handball World Championship 2017. Services included satellite downlink of the world feed, sound recording, graphics services, as well as signal encoding, ingest and delivery.

In the growing eSports market, PLAZAMEDIA provided services for the major eSports event ESL One Cologne 2017, such as developing, realizing and implementing AR graphics along with the corresponding control systems for Turtle Entertainment GmbH, who run the ESL.

Expanding existing customer relations – With the start of the 2017/18 soccer season, PLAZAMEDIA extended its services for DAZN, the live sports streaming service of the Perform Group, to incorporate highlights production for the Bundesliga and 2nd Bundesliga, including signal delivery, recording, and provision of technical infrastructure.

At the beginning of the year, PLAZAMEDIA provided production services for the ZDF Mediathek, such as live sound-recording, graphics creation, and highlights from various races of the FIS Ski Cross World Cup and the Freestyle Ski World Cup. And in soccer, ZDF now also uses its mobile virtual studio, developed in 2016, not just for the UEFA Champions League but also for Germany's home internationals as well as Bundesliga matches, where PLAZAMEDIA added specially developed AR graphics templates for the pitch-side interviews.

Following a successful first season, the production agreement for host-broadcasting the home games of the German clubs of the Basketball Champions League on behalf of FIBA Media, a joint venture between FIBA (Fédération Internationale de Basketball) and the Perform Group, was extended by a further season.

Realizing an end-to-end online video platform with Comcast Technology Solutions for SPORT1 – Together with sales partner Comcast Technology Solutions, PLAZAMEDIA developed and implemented an end-to-end multi-screen platform for SPORT1 in 2017. This was the first major project since their partnership was announced at the end of 2016 and a benchmark for subsequent collaborations.

New Consulting unit established – In February 2017, PLAZAMEDIA subsidiary LEITMOTIF Creators GmbH began offering media consulting and communication services for companies under the brand LEITMOTIF Consultants. The first regular client was FALKEN Tyre Europe GmbH, whom LEITMOTIF advised, among other things, on expanding their multimedia sports communication in seven European countries and took over the coordination. Other clients include medi GmbH & Co. KG with their sports brand CEP, Wanzl Metallwarenfabrik GmbH, Generali Deutschland AG, Siemens with their Siemens Healthineers business, Hankook and PDC Europe.

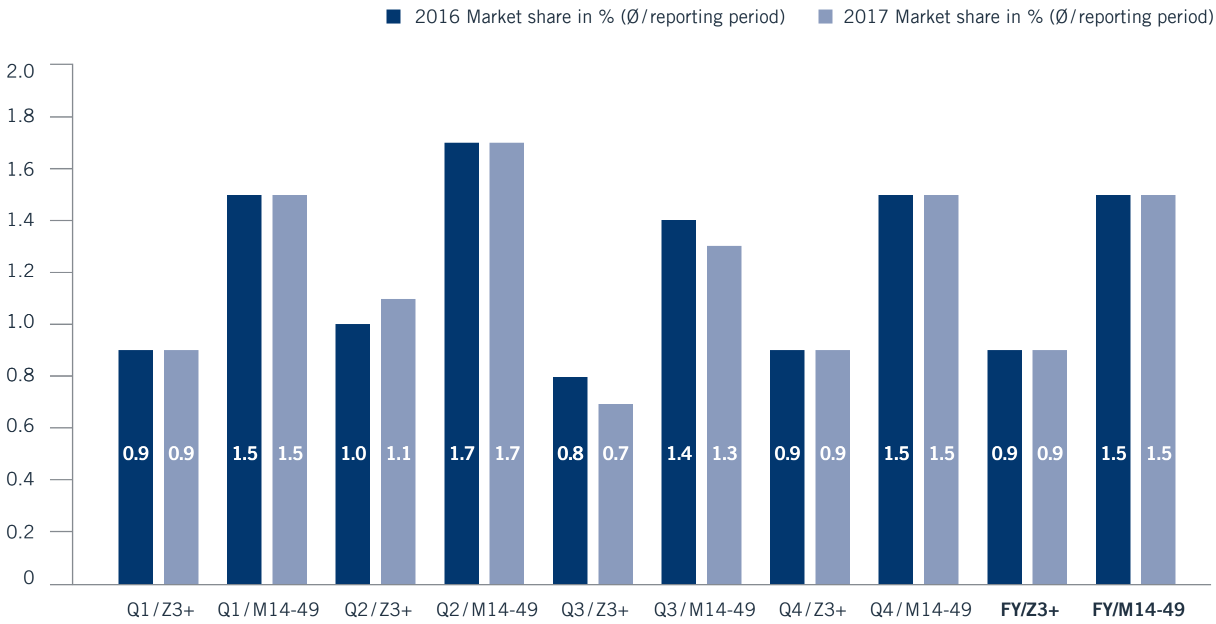
In November 2017 it was decided to superordinately pool the business operations of the LEITMOTIF agency, founded mid-2015, in the consulting unit from 2018, which has since been expanded further and taken on more staff. Although LEITMOTIF no longer has its own creative department since 2018, the company still accesses the creative services and moving-image expertise of the core creative team as needed for individual solutions and handles the corresponding project control and management.

2.3.3 Analysis of non-financial performance indicators in the Segment Sports

Free-TV coverage constantly high – The free-TV channel SPORT1 was available in 32.6 million households in Germany in 2017 (2016: 32.79 million), and therefore almost available area-wide, at 85.0 percent of households (2016: 85.9 percent).

Source: AGF/GfK Television Research; TV Scope, January 1 to December 31, 2017; SPORT1 Media Research

SPORT1 I Market shares Free TV in %



Source: AGF/GfK Television Research; TV Scope, January 1 to December 31, 2016/2017; SPORT1 Media Research

Ratings success in free-TV – In 2017, SPORT1 broadcasts received average audience ratings of over a million on a total of 38 occasions and peak ratings of over a million on 88 occasions (Z3+). In this category, SPORT1 is the clear number one among the smaller free-TV channels.

“Der CHECK24 Doppelpass” achieved record ratings for the first half of the 2017/18 Bundesliga season: An average of

1.01 million viewers (Z3+) watched Germany's most popular soccer talk show – a new record for that period since the format started in 1995. The market shares for the first half of the season were 7.7 percent (Z3+) and 10.9 percent (M14-49). Other ratings winners in 2017 included most notably the UEFA Europa League, especially the all-German last-sixteen clash between Schalke 04 and Borussia Mönchengladbach, the Ice Hockey World Championship, FIFA Confederations Cup, UEFA U-21 EURO, and the World Darts Championship.

Market shares stable – Thanks to its attractive program portfolio SPORT1 reached free-TV market shares of 0.9 percent in the aged 3+ range (Z3+) and 1.5 percent in the men aged 14-49 range (M14-49). Thus, the channel finished at the previous year's levels in both target audiences.

Source: AGF/GfK Television Research; TV Scope, January 1 to December 31, 2017; SPORT1 Media Research

Pay-TV distribution remains at a high level – The pay-TV channel SPORT1+ recorded a total of 2.19 million subscribers as at December 31, 2017, compared to around 2.13 million at the end of 2016 – both excluding the subscribers who receive the channels via Sky. The subscription figures for SPORT1 US as at December 31, 2017 stood at 1.51 million and thus at the level at the end of December 2016.

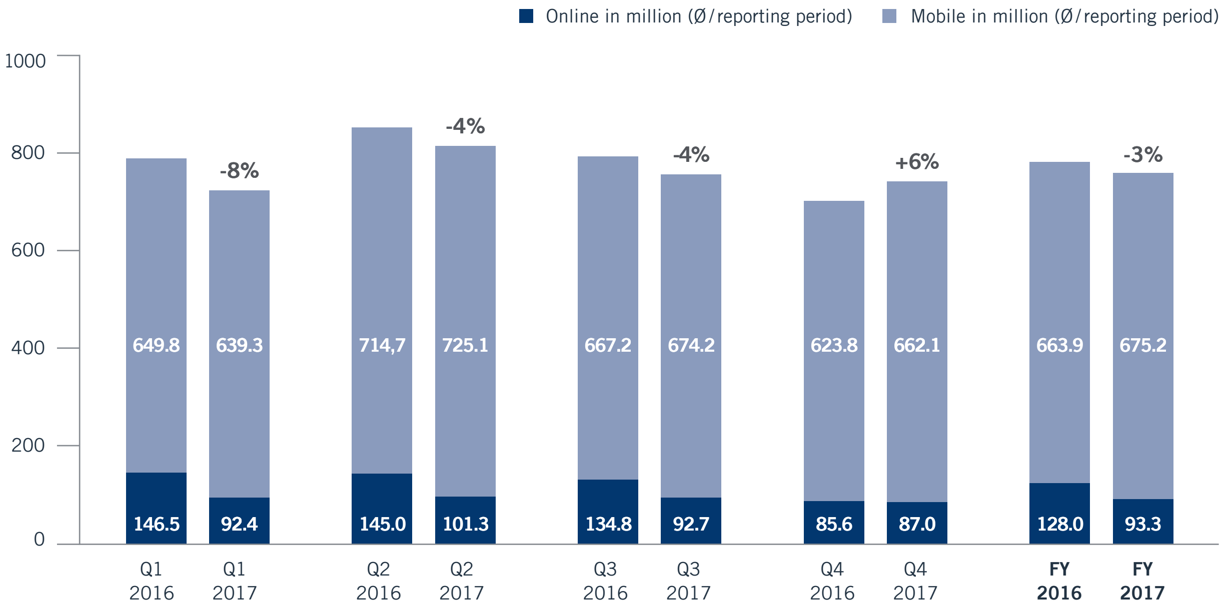
Sources: Values based on reports from cable network and platform operators (excluding Sky)

Slight decrease in online and continuing increase in mobile ratings – With an average of 768.5 million page impressions (PIs) and 82.6 million visits per month, SPORT1's cumulative online and mobile ratings in the 2017 overall year have remained stable compared to the previous year (PIs: -3 percent; visits: +/-0 percent compared to 2016).

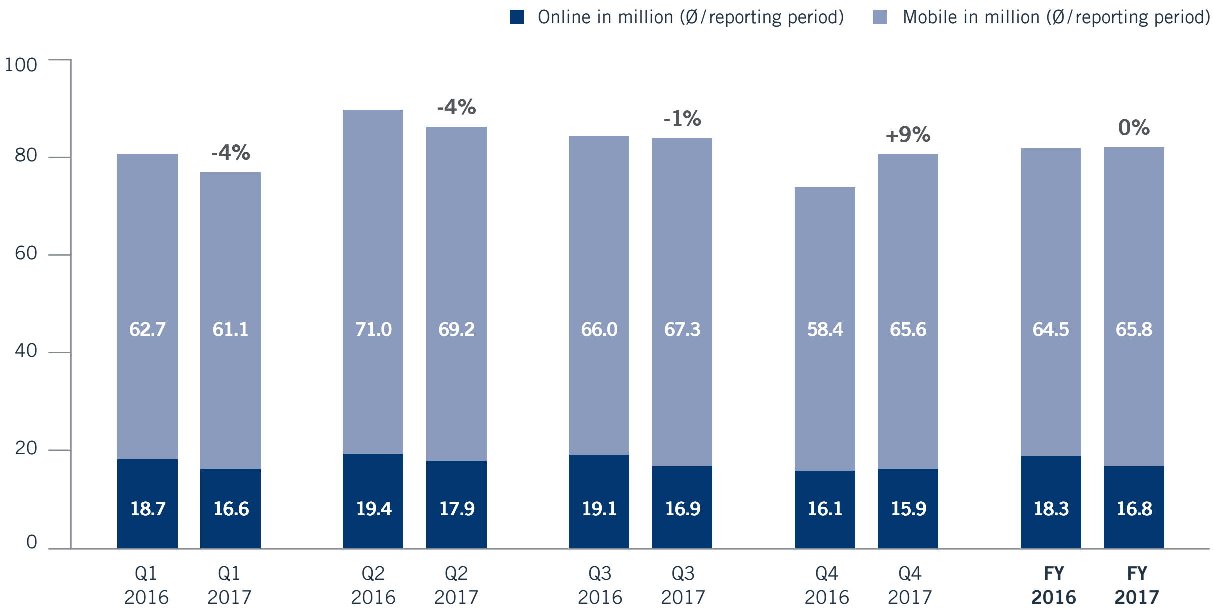
The cumulative online and mobile ratings were 3 percent below for PIs but at prior year's level for visits. Despite the missing big events in 2017 compared to the prior year (UEFA EURO 2016™ and Summer Olympics), traffic only decreased in the online area (PIs: -27 percent; visits: -8 percent compared to 2016) whereas it slightly increased in the mobile area (PIs: +2 percent; visits: +2 percent compared to 2016). With regards to the absolute figures, the online PIs decline was almost offset by mobile. This development is due to the fact that mobile traffic in recent years has gained greater and greater significance, while the use of static offers has declined. Ad-blocker solutions also contributed to this development.

Continuous growth in the mobile sector – With a monthly average of 675.2 million PIs (+2 percent over 2016) and 65.8 million visits (+2 percent over 2016) gains continued to be recorded in the mobile segment in 2017. The positive development in the mobile area is also due to the optimization of SPORT1's apps and mobile site.

SPORT1 I Page Impressions in million

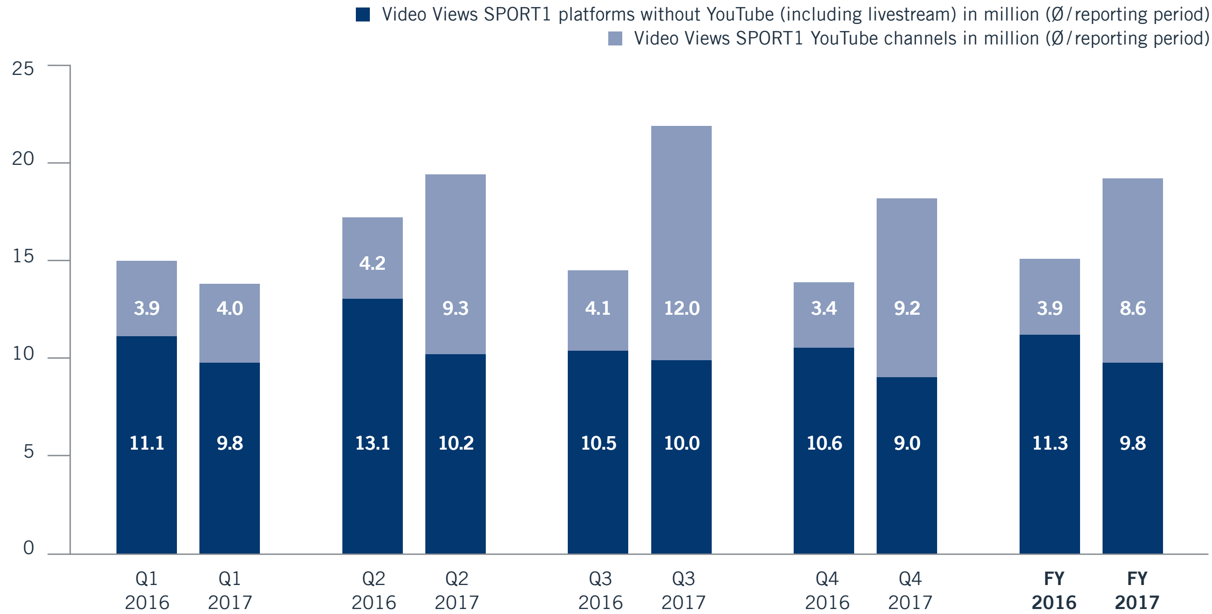


SPORT1 I Visits in million



Sources: IVW (German Information Association for the Ascertainment of Distribution of Advertising Media) January to December 2016/2017; online: sport1.de; tv.sport1.de; video.sport1.de, bundesligamanager.sport1.de (until May 2016; from August 2016) and sport1.fm; mobile: MEW, SPORT1 News App (iOS, Android and Windows (until December/2016)), Manager App until May 2016 (Android and iOS), video app (Android and iOS), darts app (Android an iOS since August 2016) and SPORT1.fm app (Android, iOS and Windows) ; iM Football App (Android, iOS) (since August 2017)
SPORT1.de and SPORT1.fm have been managed under one label at IVW since January 2016 and are shown combined on a monthly basis.

SPORT1 I Video Views in million



Sources: Video views SPORT1 platforms excluding YouTube (including livestream): DoubleClick; Livestream: Akamai, DoubleClick; YouTube Content Management System

Excellent development in YouTube video views – The video views on the SPORT1 platforms including YouTube (including live stream) reached 18.4 million views on average in 2017. By focusing content distribution on the SPORT1 platforms, video views on the SPORT1 YouTube channels increased considerably (+120 percent over 2016).

Decline in streaming sessions on SPORT1.fm – With 1.2 million streaming sessions per month on average, SPORT1.fm streaming session numbers in the whole year 2017 were below the monthly averages of the previous year (2.4 million streaming sessions). The decline results from the missing livestream rights, in particular to the soccer Bundesliga, since the beginning of the 2017/18 season.

Source: Triton Digital, January to Dezember 2016/2017

2.3.4 Sector-specific general conditions in the Segment Film

Theatrical distribution – In the H1 2017, revenues on the German movie market amounted to around EUR 483.6 million – an increase of 12.1 percent compared with the first six months of 2016 (around EUR 431.4 million). Attendance figures rose by 10.4 percent to around 56.1 million (same period of 2016: around 50.8 million). The main reason for the significant increase in both of these areas was an extremely strong second quarter that included a number of high-profile new theatrical releases.

The most-attended movie in the H1 2017 was the sequel “Fifty Shades Darker” with around 3.4 million viewers, followed by the remake of the classic fairytale “Beauty and the Beast” (around 3.3 million viewers), the action franchise “Fast & Furious 8” (around 3.2 million viewers), “Guardians of the Galaxy 2” (around 2.5 million viewers) and “Pirates of the Caribbean: Salazar’s Revenge” (around 2.4 million viewers).

Source: Highlight Communications AG, Interim Financial Report as of June 30, 2017, August 31, 2017

Home Entertainment – The declining trend on the German home entertainment market continued. Sales of EUR 593 million were generated in the period from January to June 2017, down 8.6 percent on the same period of 2016 (EUR 649 million). However, these figures do not include SVoD (subscription video-on-demand), an area that is experiencing substantial growth.

As previously, the downturn was attributable to falling proceeds from the sale and rental of physical media (DVD and Blu-ray), which declined by 13.1 percent to EUR 479 million (same period of 2016: EUR 551 million). By contrast, digital exploitation (electronic sell-through and transactional video-on-demand) continued to perform positively, with sales up 16.3 percent year-on-year to EUR 114 million (same period of 2016: EUR 98 million).

Source: Highlight Communications AG, Interim Financial Report as of June 30, 2017, August 31, 2017

2.3.5 Operating performance in the Segment Film

In early April, the Constantin Film group extended the existing framework license agreement with ProSiebenSat.1 Media SE. The new exploitation rights encompass all national and international Constantin Film theatrical productions with filming commencing in 2017 and 2018, which will be broadcast on the ProSiebenSat.1 group’s TV stations in the coming years.

Theatrical production – The H1 2017 saw the start of filming for the third part of the successful “Fack Ju Göhte” series as well as “Gorillas”, the adaptation of a short story by the best-selling author Ferdinand von Schirach and “Benjamin Blümchen” and “Fünf Freunde: Im Tal der Dinosaurier” – the reboot of the very successful theatrical production with a new, younger cast.

In the same period, the Constantin Film group acquired the exploitation rights for movies including the rapper biopic “All Eyez on Me”, the remake of the classic “Papillon” and the war drama “The 12th Man”.

Theatrical distribution – Six Constantin Film group movies were released in German theaters in the first six months of the current year: the licensed titles “A Dog’s Purpose” and “All Eyez on Me” and the in-house and co-productions “Resident Evil: The Final Chapter”, “Timm Thaler”, “Tiger Girl” and “Axolotl Overkill”. “Tiger Girl” and “Axolotl Overkill” are the results of Constantin Film’s “Alpenrot” initiative, which aims to promote talented young filmmakers and help them to bring their creative projects to the big screen.

Home Entertainment – Notable new releases in the H1 2017 included the licensed titles “The Light Between Oceans”, “Girl on the Train”, “Dirty Office Party” and “Florence Foster Jenkins”, the Constantin Film co-production “Verrückt nach Fixi”, as well as the first season of the international Constantin Film TV series “Shadowhunters”.

License trading/TV exploitation – The second season of“Shadowhunters”, which was broadcast in the USA in the H1 2017, also achieved very good ratings. Due to this success, the US cable broadcaster Freeform has already commissioned a third season. In German TV exploitation, sales in the second quarter were gen-erated in particular by the license starts for the theatrical movies “Step Up All In” (ProSieben) and “Männerhort" (SAT.1) on free-TV. In pay-TV exploitation, notable license starts included "Fack Ju Göhte 2", "Gut zu Vögeln" and "Dirty Grandpa" (all on Teleclub).

TV service production – The daily shows produced by Constantin Entertainment GmbH in Q2 2017 included "Schicksale" and "Schulexperten – Jugendhelfer im Einsatz" (both for SAT.1), "Das Modegesicht" (for RTL) and "Work Out" (for RTL 2). Moovie GmbH began filming the high-profile five-part ZDF detective series "Die Protokollantin", starring Iris Berben and Moritz Bleibtreu in the leading roles. Constantin Television GmbH filmed the thirteenth season of the daily show "Dahoam is Dahoam". This series will continue to run until at least mid-2018.

2.3.6 Analysis of non-financial performance indicators in the Segment Film

Theatrical distribution – Of the Constantin Film titles released in German theaters in the H1 2017, only the franchise "Resident Evil: The Final Chapter" met expectations, attracting an audience of around 320,000 viewers (including previews). In the distributor rankings for the first six months of the current year, the Constantin Film group therefore placed twelfth in terms of both sales and attendance figures (previous year: sixth).

Source: Highlight Communications AG, Interim Financial Report as of Juni 30, 2017, August 31, 2017

Home Entertainment – In the period from January to June 2017, the Highlight Communications group achieved a share of 3 percent on the German video sell-through market without its sales partners Paramount Home Entertainment and Universal Home Entertainment. As expected, the market position in the same period of the previous year (5 percent), which was largely driven by the exceptionally high sales figures for the blockbuster "Fack Ju Göhte 2", was not held.

Source: Highlight Communications AG, Interim Financial Report as of June 30, 2017, August 31, 2017

License trading/TV exploitation –The area of TV exploitation again enjoyed good ratings in the second quarter of 2017 and expec tations were met. In particular, this was due to the first runs of the movies "Fack Ju Göhte 1" on SAT.1 (4.08 million viewers, 12.8 percent share of overall market) and "Männerhort" on SAT.1 (1.84 million viewers, 5.9 percent share of overall market).

Source: Highlight Communications AG, Interim Financial Report as of June 30, 2017, August 31, 2017

TV service production – The daily show "Dahoam is Dahoam" achieved a near-constant market share of 15 percent (overall market) for episodes of the thirteenth season. On average, the daily formats produced by Constantin Entertainment GmbH for SAT.1 also recorded stable double-digit market shares in Q2 2017.

Source: Highlight Communications AG, Interim Financial Report as of June 30, 2017, August 31, 2017

2.3.7 Sector-specific general conditions in the Segment Sports- and Event-Marketing

In the media sector, the market for virtual reality (VR) in the ten biggest markets – including the USA, Japan, China, Germany and Russia – is expected to reach a volume of USD 15 billion by 2021. This corresponds to an annual growth of 77 percent from 2016 onwards. Considerable global sports organizations are increasingly recognizing the value of this technology and are trialing corresponding services. VR was also a central topic at the finals of this year's UEFA Europa League and UEFA Champions League. For example, an initiative by the sports network BT Sport allowed fans in the United Kingdom to watch both matches free of charge in VR and 4K ultra-HD across various channels – including YouTube and the BT Sport channels – and experience the action as if they were sitting in the stadium themselves. In Germany, a cooperation between Sky Deutschland and Sony allowed PlayStation Plus subscribers to enjoy a VR broadcast of the UEFA Champions League final.

On the sponsorship side, European football clubs are increasingly engaging in eSports, purchasing teams whose players take part in official tournaments, wear the club colors and attend fan events. In this way, clubs including VfL Wolfsburg, Manchester City, Paris Saint-Germain, PSV Eindhoven and Sporting Lisbon are enhancing their brand and the football sector beyond the traditional experience by offering innovative content with the aim of actively addressing and involving young fans.

Source: Highlight Communications AG, Interim Financial Report as of June 30, 2017, August 31, 2017

2.3.8 Operating performance in the Segment Sports- and Event-Marketing

In Q2 2017, the TEAM group focused in particular on sales negotiations for the current marketing of rights (TV and sponsorship rights) for the UEFA Champions League and the UEFA Europa League for the 2018/19 to 2020/21 seasons. In the area of TV rights, contracts have already been concluded for key markets including the United Kingdom, Germany, Italy and France.

The TEAM group also supported commercial partners and UEFA in the successful staging of the finals of both competitions, which took place in Stockholm on May 24 (UEFA Europa League) and Cardiff on June 3 (UEFA Champions League). Manchester United defeated Ajax Amsterdam in the UEFA Europa League final, while Real Madrid CF triumphed over Juventus in the UEFA Champions League final. This made Real Madrid CF the first team in the Champions League history to retain the coveted title.

2.3.9 Analysis of non-financial performance indicators in the Segment Sports- and Event-Marketing

The final of the UEFA Champions League was again broadcast in more than 200 countries and seen by around 160 million viewers worldwide, with viewing figures peaking at roughly 350 million. This again underlines its status as the world's most viewed annual sporting event.

In Spain, 13.8 million viewers tuned in to the match, corresponding to a market share of 58.1 percent – a similar level to the 2015 final between FC Barcelona and Juventus Turin.

An average of some 62 million football fans watched the final of the UEFA Europa League, which was broadcast in more than 100 countries. This represents a year-on-year increase of 24 percent (previous year: around 50 million). Similarly, viewing figures peaked at around 180 million compared with approximately 160 million in the previous year.


Accountemps
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TUNE IN
JUNE 26


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2.4 Results of operations, net assets and financial position of the Constantin Medien Group

Constantin Medien AG prepares the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements have been supplemented by explanatory notes and by the Group management report.

The combined Group management report and management report of Constantin Medien AG has been prepared in accordance with § 315 HGB (German Commercial Code). It is based on the provisions and recommendations of German Accounting Standard No. 20 (DRS 20) by the German Accounting Standards Committee e.V.

2.4.1 Overall assessment of the reporting period

As a result of the capital increase at Highlight Communications AG, on June 12, 2017, Constantin Medien AG ceased to have the power to influence the main activities of Highlight Communications AG, i.e. the activities that significantly affect the investees' returns. Due to the discontinuation of control over Highlight Communications AG, the Highlight Communications group was deconsolidated as of June 12, 2017. The consolidated statement of financial position and the balances of the consolidated statement of changes in equity as of December 31, 2017, therefore no longer include any values of the Highlight Communications group. However, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated cash flow statement and segment results comprise the period from January 1, 2017 to June 12, 2017. Therefore, these do include the Highlight Communications group as well as the Segments Film and Sports- and Event-Marketing. Since Highlight Communications AG is no longer fully consolidated, it is now shown under non-current other financial assets. At initial valuation, it was recognized at fair value based on the stock market price of EUR 5.070 per share as at June 12, 2017. Initial valuation as a non-current other financial asset resulted in a non-cash amount of EUR 145.0 million. The deconsolidation resulted in a non-recurring amount of EUR 38.3 million, which is reported under other operating income.

In the reporting year, the Group generated sales of EUR 263.8 million, thereby falling within the range of the forecast, which had been adjusted downward in September 2017, of between EUR 250 million and EUR 280 million (originally: EUR 480 million to EUR 520 million). Compared to the sales of EUR 565.7 million the previous year, this corresponds to a decrease of 53.4 percent. On the one hand, this decrease reflects the deconsolidation of Highlight Communications AG as at June 12, 2017, because from this point onward, the sales figures and earnings attributable to shareholders for the Highlight Communications Group containing the Segments Film and the Sports- and Event-Marketing, are no longer attributable to the Constantin Medien Group. On the other hand, sales in the Segment Sports also decreased. After PLAZAMEDIA's production framework agreement with Sky came to an end in June 2017, the new customer business of PLAZAMEDIA GmbH remained below expectations, and it was not possible to compensate for the loss of Sky, its largest customer, as announced in 2016. The digital sales figures for SPORT1 were also significantly below expectations in the reporting period.

At EUR 36.7 million, profit of operations (EBIT) in the reporting year was down slightly by EUR 2.8 million (2016: EUR 39.5 million) and was characterized by profits from the deconsolidation of Highlight Communications AG (EUR 38.3 million). The lack of results contributions from the Segments Film and the Sports- and Event-Marketing due to the deconsolidation, the low proceeds of the Segment Sports, and the special expenditure for severance pay for former Management Board members, corrections to earlier plans and projects and legal advisory costs also had a negative effect.

The financial result for 2017 was EUR -5.3 million, after EUR -18.9 million the previous year. This was significantly above the prior year value, reasons for which included the dividend paid by Highlight Communications AG of EUR 7.4 million and a foreign exchange currency result which improved by EUR 4.6 million.

Therefore, the Group's net profit and the result attributable to shareholders were above prior year values and also above expectations. The Group's net profit amounted to EUR 28.8 million (2016: EUR 14.4 million). Earnings attributable to shareholders added up to EUR 27.8 million (2016: EUR 8.3 million), was thus significantly above the last adjusted earnings forecast in November 2017 of between EUR 15 million to EUR 18 million. Originally, Constantin Medien AG had planned for a Group's net profit attributable to shareholders of between EUR 0.5 million and EUR 3.5 million, and this forecast was raised twice during the course of the 2017 financial year: First in September 2017 to between EUR 7 million and EUR 10 million, primarily due to the deconsolidation of Highlight Communications AG, and then at the end of November 2017 to between EUR 15 million and EUR 18 million due to the expected dividend from Highlight Communications AG.

2.4.2 Segment performance

Segment performance 2017 in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016	Change
Sales			
Sports	**139,097**	160,711	-21,614
Film	**100,320**	350,947	-250,627
Sports- and Event-Marketing	**24,369**	53,801	-29,432
Other Business Activities	**0**	210	-210
Others	**0**	0	0
Total sales	**263,786**	565,669	-301,883
Segment result			
Sports	**1,940**	15,038	-13,098
Film	**-4,746**	9,014	-13,760
Sports- and Event-Marketing	**9,879**	21,338	-11,459
Other Business Activities	**0**	1,215	-1,215
Others	**29,651**	-7,115	36,766
Total segment result	**36,724**	39,490	-2,766

The **Segment Sports** recorded a significant decline in sales. Sales amounted to EUR 139.1 million, a reduction of 13.4 percent compared to the previous year (2016: EUR 160.7 million). After PLAZAMEDIA's production framework agreement with Sky came to an end in June 2017, the new customer business of PLAZAMEDIA GmbH in 2017 remained below expectations, and it was not possible to compensate for the loss of Sky, its largest customer, as announced in 2016.

In the 2017 financial year, the market shares of SPORT1 of viewers from age three (Z3+) and of the group defined as the core target group until the end of 2017 of men aged 14 to 49 years (M14-49) remained approximately at prior year levels. The ambitious budget values for Z3+ were nearly achieved, but results for the core target group M14-49 remained significantly below the budget. The main reason for this was the loss of the 2nd Bundesliga live match and the Monday night summary "Spieltaganalyse" from the start of the 2017/18 season, which could not be compensated for by the regional league live broadcasts, the weak result of German clubs in the group stage of the 2017/2018 UEFA Europa League as well as the below-forecast performance of most docutainment formats. SPORT1 recorded encouraging rating developments with "Der CHECK24 Doppelpass", darts events, particularly the 2017/18 Darts World Championship and the 2017 Ice Hockey World Championship, among others. However, these successes were unable to fully compensate for the losses in coverage.

Accumulated online and mobile coverage at SPORT1 fell slightly during the 2017 financial year, with page impressions down by 3 percent, while visits remained at prior year level. In the mobile area, page impressions and visits achieved a slight growth, whereas the online area recorded significant coverage losses both for page impressions and visits. Video views of the digital SPORT1 platforms excluding YouTube (including live streaming) fell by 14 percent compared to last year. The result also stayed far below the ambitious forecast value.

In production services, proceeds remained below expectations and below the previous year, as it was not possible to expand new customer business to the expected extent.

The significant reduction in segment proceeds with disproportionately low segment expenditure meant that the segment result deteriorated by 87.3 percent to EUR 1.9 million in the reporting year (2016: EUR 15.0 million), thus remaining significantly below expectations.

Due to the deconsolidation of Highlight Communications AG on June 12, 2017, the **Segment Film** only covers the period from January 1, 2017, to June 12, 2017 – therefore, the following analysis only relates to this period. Until the deconsolidation, sales were at EUR 100.3 million (6M 2016: EUR 161.4 million). Revenues fell by 37.9 percent, which reflects the fact that the unusually high revenues which Home Entertainment realized during the first half of 2016 could not be achieved again in the first six months of 2017 as had been expected. The segment result deteriorated until the deconsolidation to EUR -4.7 million (6M 2016: EUR -0.4 million). Segment expenditure fell by EUR 40.3 million to EUR 176.3 million (6M 2016: EUR 216.6 million), but this was unable to fully compensate for the revenue reduction.

Due to the deconsolidation of Highlight Communications AG on June 12, 2017, the Segment Sports- and Event-Marketing only covers the period from January 1, 2017, to June 12, 2017 – therefore, the following analysis also only relates to this period. Until the deconsolidation, the segment recorded a decline in revenues of 9.0 percent to EUR 24.4 million (6M 2016: EUR 26.8 million). The segment result also fell by 6.6 percent to EUR 9.9 million (6M 2016: EUR 10.6 million). This decline was due to the fact that the reporting period covers the period from January 1, 2017, to June 12, 2017, whereas the prior year period ran from January 1, 2016, to June 30, 2016.

The result in the Others division stood at EUR 29.7 million (2016: EUR -7.1 million), which was significantly above both expectations and the previous year. This includes the non-recurring non-cash gain from the deconsolidation of Highlight Communications AG in the amount of EUR 38.3 million. The result for 2017 was burdened above all by the recognition of expenses for severance payments for former members of the Management Board and legal fees.

2.4.3 Sales and earnings performance of the Constantin Medien Group

The Group's net profit was EUR 28.8 million after EUR 14.4 million the previous year. The result attributable to shareholders contained therein was EUR 27.8 million (2016: EUR 8.3 million) and remained above adjusted expectations. Earnings per share corresponding to basic and diluted earnings per share amounted to EUR 0.30 (2016: EUR 0.09 per share). Earnings attributable to shareholders without controlling interests fell to EUR 0.9 million (2016: EUR 6.1 million).

The earnings performance of the Constantin Medien Group was largely influenced by the deconsolidation of Highlight Communications AG on June 12, 2017, which was reflected in all items of the statement of profit or loss.

In addition to the effects of the deconsolidation of Highlight Communications AG on June 12, 2017, the following developments must be mentioned over and above the sales developments outlined in chapter 2.4.2:

In addition to the profits from the deconsolidation of Highlight Communications AG (EUR 38.3 million), other operating income includes proceeds of EUR 10.1 million from the settlement in the so-called Formula 1 proceedings. However, other operating expenses contain expenditures of EUR 9.5 million for agency costs charged by KF 15 GmbH relating to the Formula 1 proceedings.

Personnel expenses include severance pay to former Management Board members in the amount of EUR 1.2 million.

The result from investments in associated companies includes expenses of EUR 0.3 million. The investment in one associated company required unplanned writing off of its full carrying value because the intended business model of an associated company did not develop as planned.

During the reporting period, the financial result improved by EUR 13.6 million to EUR -5.3 million (2016: EUR -18.9 million). On the one hand, this was due to the dividend of EUR 7.4 million paid by Highlight Communications AG in December 2017, which also contained the dividend for the 8 million redemption shares in Highlight Communications AG, which were transferred to Stella Finanz AG at the end of September 2017 in lieu of payment to redeem the loan. On the other hand, this included an improvement in the currency result of 4.6 million. The loss of EUR 1.3 million from the settlement of a forward exchange contract had a negative effect. From the offsetting of 8 million Highlight Communications AG shares with the Stella loan and the associated disposal of these shares, EUR 3.2 million was reclassified from other comprehensive income to financial expenses. A settlement and redemption agreement with Stella Finanz AG enables Constantin Medien AG to pay off approx. EUR 36 million in debt, resulting in a reduction in future interest payments of 5 percent on the loan balance.

2.4.4 Net assets position of the Constantin Medien Group

The deconsolidation of Highlight Communications AG resulted in film assets no longer being included (EUR -118.7 million), other intangible assets falling by EUR 30.4 million particularly due to the trademark name "Constantin" being derecognized (EUR -28.0 million) and goodwill decreasing by EUR 39.7 -million, particularly as the goodwill for the Segment Sport- and Event-Marketing was derecognized. Other financial assets increased due to the initial inclusion of the investment in Highlight Communications AG (value as at December 31, 2017: EUR 105.1 million).

All current assets as at December 31, 2017, reduced in value, particularly due to the deconsolidation of Highlight Communications AG.

Consolidated statement of financial position (abbreviated version) as of December 31, 2017 in EUR '000

	12/31/2017	12/31/2016	Change
Non-current assets	**120,329**	212,022	-91,693
Current assets	**54,770**	257,471	-202,701
Total assets	**175,099**	469,493	-294,394

2.4.5 Financial position of the Constantin Medien Group

In addition to own capital, external debt is also employed for Group financing. Constantin Medien AG's capital management comprises of all equity balance sheet items whereby treasury stock is deducted. In line with Group monitoring, Constantin Medien AG monitors all external debt positions of the Segment Sports and the Others division.

The Group is exposed to various financial risks arising from operating business activities and financing activities. Financial risks are sub-classified by liquidity risks, credit risks and market risks (including currency, interest and price fluctuation risks). These risks are centrally examined within the Constantin Medien Group. The risk situation is identified by the risk manager in a standardized risk report prepared on the basis of the risk management guideline in effect for the entire Group and reported to the Management Board of Constantin Medien AG. The Group uses derivatives and non-derivative securities to hedge against currency risks. For further information about the financial risks of the Group, reference is made to the notes to the consolidated financial statements, note 8, disclosures regarding financial risk management and the risk presentation and in the combined Group management and management report, chapter 7.2.8 of this Annual Report.

Consolidated statement of financial position (abbreviated version) as of December 31, 2017 in EUR '000

	12/31/2017	12/31/2016	Change
Equity attributable to the shareholders	**62,884**	43,800	19,084
Non-controlling interests	**0**	54,314	-54,314
Total equity	**62,884**	98,114	-35,230
Non-current liabilities	**929**	104,495	-103,566
Current liabilities	**111,286**	266,884	-155,598
Total equity and liabilities	**175,099**	469,493	-294,394

The equity of the Constantin Medien Group as at December 31, 2017, fell by EUR 35.2 million to EUR 62.9 million(December 31, 2016: EUR 98.1 million). Equity attributable to shareholders went up, primarily in relation to earnings (EUR +27.8 million) by EUR 19.1 million to EUR 62.9 million The derecognition of other comprehensive income in the amount of EUR 8.3 million due to the deconsolidation of Highlight Communications AG, which was recognized in the statement of profit or loss, had a negative effect. Since Highlight Communications AG was deconsolidated, the Constantin Medien Group no longer holds any non-controlling interests sicne June 12, 2017 (EUR -54.3 million).

The equity ratio (total equity in relation to the balance sheet total) as at December 31, 2017, was 35.9 percent, after 20.9 percent as at December 31, 2016. The increase in the equity ratio was due primarily to the strong decline in total assets by 62.7 percent.

At the end of the year, the third-party capital of the Constantin Medien Group consisted of the corporate bond 2013/2018 in the amount of EUR 65 million. Moreover, guarantees of EUR 21.2 million were available as at December 31, 2017 (December 31, 2016: EUR 20.0 million). More information about refinancing of the corporate bond, please refer to the supplemental report.

Non-current liabilities fell by EUR 103.6 million to EUR 0.9 million (December 31, 2016: EUR 104.5 million) primarily due to the deconsolidation of Highlight Communications AG and the reclassification of the corporate bond 2013/2018 to current liabilities in relation to its due date on April 23, 2018.

Current liabilities decreased by EUR 155.6 million to EUR 111.3 million (December 31, 2016: EUR 266.9 million) due to the deconsolidation of Highlight Communications AG, and the repayment of the Stella loan using 8 million shares in Highlight Communications AG (EUR -36.5 million). The reclassification of the corporate bond 2013/2018 had a negative effect (EUR +63.9 million).

There were no off-balance sheet financing instruments as of December 31, 2017, nor on the previous year's balance sheet date. The Constantin Medien Group also used operative leasing, primarily for offices, storage rooms, office equipment and vehicles. As in the previous year, the scope of this did not have a significant influence on the Group's economic situation.

2.4.6 Liquidity development of the Constantin Medien Group

2.4.6.1 Cash flow of the Constantin Medien Group

The Constantin Medien Group achieved a cash flow from operating activities of EUR 19.6 million in the reporting year (2016: EUR 127.2 million). This decline was primarily due to the deconsolidation of Highlight Communications AG.

Investing activities in 2017 resulted in cash outflows of EUR 120.4 million (2016: cash outflow of EUR 109.2 million), particularly due to ongoing production activities in the Segment Film (EUR -57.1 million) until June 12, 2017, and the reduction in cash and cash equivalents due to the deconsolidation of Highlight Communications AG (EUR -60.3 million).

The cash inflow from financing activities was EUR 17.5 million (2016: cash outflow of EUR 36.2 million). This change was primarily due to cash inflow from the net short-term bank loans for projects in the Segment Film until the deconsolidation.

Overall, activities in 2017 resulted in cash outflows of EUR 83.3 million (2016: cash outflow of EUR 18.2 million). Cash and cash equivalents as of December 31, 2017, stood at EUR 20.8 million taking into account the effects of foreign exchange currency fluctuations (EUR -0.7 million) (December 31, 2016: EUR 104.8 million).

2.4.6.2 Liquidity position and management of the Constantin Medien Group

Liquidity in the Segment Sports is controlled by Constantin Medien AG in consultation with the operative companies. Constantin Medien AG acted as the financial coordinator in order to ensure a favorable and consistently sufficient financial cover for operative business and investments. This is based on liquidity planning using deviation analysis as well as largely the net debt position. In addition, the Group's liquidity status is monitored regularly. The net debt position of the Constantin Medien Group was made up as follows:

Net debt as of December 31, 2017 in EUR '000

	12/31/2017	12/31/2016	Change
Cash and cash equivalents	**20,845**	104,830	-83,985
Current financial liabilities	**63,870**	48,750	15,120
Non-current financial liabilities	**0**	63,466	-63,466
Net debt	**-43,025**	-7,386	-35,639

The net debt position of the Constantin Medien Group went up by EUR 35.6 million to EUR 43.0 million at the end of 2017, mainly because of the deconsolidation of Highlight Communications AG (derecognition of cash and cash equivalents).

On December 31, 2017, the available credit lines of the Constantin Medien Group stood at EUR 9.7 million (December 31, 2016: EUR 195.2 million). The strong decline compared to the previous year was due to the deconsolidation of Highlight Communications AG.

The Group's conservative liquidity management focuses on ensuring liquidity. The operative companies should generally be able to finance their liquidity requirements from cash flow. In case of major investments and acquisitions, additional financing measures are agreed with the Group parent company.

2.4.6.3 Investments of the Constantin Medien Group

In 2017, the additions to intangible assets and property, plant and equipment in the Group amounted to EUR 59.8 million (2016: EUR 107.7 million). Of these, EUR 56.8 million (2016: EUR 100.8 million) related to film assets. The Segment Sports spent a total of EUR 2.2 million on investments in technical equipment and machinery as well as intangible assets (2016: EUR 5.1 million). Other investments of EUR 0.8 million (2016: EUR 1.8 million) are split across the remaining segments and largely related to operating and office equipment.

2.5 Results of operations, net assets and financial positions of Constantin Medien AG

The Management Report and Group Management Report of Constantin Medien AG for the 2017 financial year are combined according to § 315 para. 5 HGB in conjunction with § 298 para. 2 HGB. Constantin Medien AG is the parent company of the Constantin Medien Group with headquartes in Ismaning. As controlling holding company with the areas Finance,Accounting, Controlling, Internal Audit, Communication, Investor Relations, IT, Human Resources and Legal, Constantin Medien Group provides intercompany services. In addition, there was a tax group for income tax purposes with the major companies of the Segment Sports in the reporting period.

The individual financial statements of Constantin Medien AG are compiled in accordance with the provisions of the Commercial Code for a major corporation, accordingly applying § 267 para. 3 HGB and the supplementary stipulations of §§ 150 ff. AktG.

The economic framework conditions of Constantin Medien AG largely correspond to the Group's framework conditions described in chapter 2.3.

In the reporting period, Highlight Communications AG is shown under investments, after the participation ratio fell to 32.7 percent through the issue of new shares in Highlight Communications AG as part of the capital increase on June 12, 2017, and the redemption of the Stella loan using Highlight Communications AG shares. Accordingly, the valuation method changed from a valuation based on average acquisition costs reduced by impariment, to a valuation based on the stock market rate on the balance sheet date. The stock market rate on the balance sheet date is lower than historical acquisition costs.

2.5.1 Sales and earnings performance of Constantin Medien AG

The result of Constantin Medien AG for 2017 developed more positively than expected. This was due largely to the reversal of impairment on financial assets of EUR 20.4 million.

The revenues of the holding company amounted to EUR 4.1 million, which was EUR 0.2 million less than the previous year (EUR 4.3 million). This included proceeds from the cost transfer of intercompany administration services and management services. The decline in revenues went alongside lower cost transfers of intercompany services, particularly due to fewer employees at Constantin Medien AG.

The annual result of Constantin Medien AG was impacted primarily by the development of sales, other operating income, personnel expenses, legal advisory costs and the financial result.

Other operating income amounted to EUR 13.4 million, a significant increase of EUR 10.9 million compared to the previous year (EUR 2.5 million). This was due primarily to income from the settlement of the Formula 1 proceedings between Constantin Medien AG and Bayerische Landesbank (EUR +10.1 million).

Personnel expenses fell by EUR 0.4 million from EUR 6.0 million to EUR 5.6 million. This was the result of fewer employees. However, this effect was reduced by expenditure recorded in the context of resigning Management Board members.

In addition, other operating expenses in 2017 increased by EUR 11.5 million to EUR 18.2 million (2016: EUR 6.7 million), primarily due to agency expenses incurred in the context of the Formula 1 proceedings (EUR +9.5 million) and higher legal and advisory costs (EUR +2.5 million). This increase could be attributed primarily to the legal disputes with Stella Finanz AG as well as Highlight Communications AG, to the settlement of these disputes and to costs incurred due to actions for rescission relating to the Annual General Meetings of Constantin Medien AG on November 9 and 10, 2016, and on August 23, 2017. The reduction in advertising and travel costs as well as IT costs of EUR -0.6 million had the opposite effect.

The financial result in the reporting year was EUR 28.9 million after EUR 5.4 million in 2016. This increase was caused primarily by income from investments (dividend from Highlight Communications AG of EUR 7.4 million and income of EUR 4.4 million from the transfer of 8 million shares in Highlight Communications AG to settle the loan from Stella Finanz AG, and the corresponding loss of these shares) as well as the reversal of impairment on the investment in Highlight Communications AG to the stock market rate on the balance sheet date of EUR 20.4 million. The subsidiary Constantin Sport Holding GmbH paid EUR 4.3 million to Constantin Medien AG under its profit transfer agreement (2016: EUR 12.9 million).

The tax result decreased by EUR 1.0 million to EUR -0.8 million (2016: EUR +0.2 million), mainly due to changes to deferred taxes.

Statement of profit or loss (abbreviated version) from January 1 to December 31, 2017 in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016	Change
Sales	**4,119**	4,262	-143
Other operating income	**13,424**	2,477	10,947
Cost of materials	**-1,870**	-1,545	-325
Personnel expenses	**-5,588**	-5,963	375
Depreciation and amortization	**-127**	-156	29
Other operating expenses	**-18,154**	-6,680	-11,474
Operating result	**-8,196**	-7,605	-591
Financial result	**28,866**	5,365	23,501
Income taxes	**-794**	178	-972
Result after taxes	**19,876**	-2,062	21,938
Other taxes	**-1**	-2	1
Net profit/loss	**19,875**	-2,064	21,939

2.5.2 Net assets and financial positions of Constantin Medien AG

Statement of financial position (abbreviated version) as of December 31, 2017 in EUR '000

	12/31/2017	12/31/2016	Change
Property, plant and equipment and intangible assets	**198**	289	-91
Financial assets	**184,988**	200,965	-15,977
Fixed assets	**185,186**	201,254	-16,068
Receivables and other assets	**5,817**	10,923	-5,106
Other securities	**1,005**	1,015	-10
Cash on hand and bank balances	**6,459**	2,117	4,342
Current assets	**13,281**	14,055	-774
Prepaid expenses and deferred tax assets	**2,691**	3,231	-540
Total assets	**201,158**	218,540	-17,382
Equity	**124,070**	104,194	19,876
Accruals	**7,979**	4,820	3,159
Liabilities	**69,109**	109,526	-40,417
Total equity and liabilities	**201,158**	218,540	-17,382

The company's assets on the statement of financial position fell by EUR 16.1 million to EUR 185.2 million (December 31, 2016: EUR 201.3 million), primarily due to the reduced investment in Highlight Communications AG, which dropped by EUR 12.5 million, and the capital reduction in the 100 percent subsidiary Constantin Sport Holding GmbH by EUR 3.5 million. In current assets, cash and cash equivalents increased by EUR 4.3 million, largely thanks to the dividend from Highlight Communications AG. Receivables from affiliated companies fell by EUR 5.8 million.

On the liabilities side of the statement of financial position, the company reported capital in the amount of EUR 124.1 million as of December 31, 2017 (December 31, 2016: EUR 104.2 million). The equity ratio increased by 14 percent to 61.7 percent as of December 31, 2017, as a result of the profit for the year (December 31, 2016: 47.7 percent).

Liabilities as of December 31, 2017 fell by EUR 40.4 million to EUR 69.1 million after EUR 109.5 million on December 31, 2016. This drop was due primarily to the repayment of the loan granted by Stella Finanz AG plus accrued interest. Provisions rose by EUR 3.2 million year on year to EUR 8.0 million (December 31, 2016: EUR 4.8 million). This increase was due primarily to the higher provisions for legal and advisory costs (EUR +1.8 million), personnel provisions (EUR +0.9 million) and provisions for outstanding invoices (EUR +0.2 million).

2.5.3 Liquidity position of Constantin Medien AG

In its individual financial statements as of December 31, 2017, Constantin Medien AG reported cash and cash equivalents (excluding securities held as non-current assets) of EUR 6.5 million (December 31, 2016: EUR 2.1 million).

The working capital of Constantin Medien AG on the balance sheet date, including cash and cash equivalents, fell to EUR -63.4 million, after EUR -34.9 million the previous year. The strong reduction by EUR 28.5 million was largely due to the reclassification of the corporate bond (EUR 68.2 million) from non-current to current other liabilities.

The following table shows the working capital calculation for Constantin Medien AG:

Working Capital as of December 31, 2017 in EUR '000

	12/31/2017	12/31/2016	Change
Current assets	**13,553**	14,055	-502
Current accruals	**-7,875**	-4,425	-3,450
Current portion of bonds	**-68,154**	-3,154	-65,000
Current portion of trade accounts payable	**-687**	-653	-34
Current portion of liabilities to affiliated companies	**-122**	-2,697	2,575
Current portion of other liabilities	**-147**	-38,022	37,875
Working capital	**-63,432**	-34,896	-28,536
Liquid funds	**6,459**	2,117	4,342

As of December 31, 2017, Constantin Medien AG had an unused bank guarantee credit line of EUR 9.7 million (December 31, 2016: EUR 3.3 million).

In addition to external sources of finance, the financial power of Constantin Medien AG is also influenced by the profit transfers from its subsidiaries and by dividend income.

2.5.4 Investments of Constantin Medien AG

There were no significant investments in the reporting year.

3. Personnel Report

At closing day December 31, 2017, the Constantin Medien Group had a total of 569 employees including freelance employees (December 31, 2016: 1,391 employees). This corresponds to a decrease by 59.1 percent by closing date comparison. Group-wide the number of salaried employees as of December 31, 2017, decreased by 65.9 percent to 364 employees (December 31, 2016: 1,067 people). The decrease is based primarily on the deconsolidation of Highlight Communications AG with the Segments Film and Sports- and Event-Marketing as of June 12, 2017 as well as a personnel reduction at the production subsidiary PLAZAMEDIA GmbH due to the termination of the production framework contract with Sky at the end of June 2017.

The average number of salaried and freelance employees at the Constantin Medien Group over the year declined to 1,081 employees, which was 30.6 percent below the previous year (2016: 1,558 employees), which also resulted in lower personnel expenses. At 726 employees, the number of permanent employees on annual average was 36.4 percent below the value for 2016 (1,142 employees). The number of average project-related employees decreased by 14.7 percent to 355 (2016: 416 employees). This reduction is also attributed to the two effects deconsolidation of Highlight Communications AG as of June 12, 2017 and personnel reduction at the production subsidiary PLAZAMEDIA GmbH due to the termination of the production framework contract with Sky at the end of June 2017.

The headcount of Constantin Medien AG stood at 22 employees as of December 31, 2017 (December 31, 2016: 27 employees). The annual average number of employees at the Constantin Medien AG amounted to 24 employees (2016: 30 employees).

Professionalism, customer focus and a high degree of commitment are key qualifications and essential features for the level of performance of a company in terms of competitiveness and economic success, not only for external customer relations but also as part of internal co-operation. The employees of Constantin Medien AG are working very professional and are handling challenges with creativity and passion. Constantin Medien AG promotes innovative ideas and individual initiative, to develop value- adding and sustainable solutions as well as services for our customers.

4. Declaration of Corporate Governance pursuant to § 289f HGB

With regard to the declaration of compliance that includes disclosures about corporate management practices as well as a description of working procedures of the Management Board and the Supervisory Board, as well as the composition and working procedures of Committees, reference is made to the chapter Declaration on Corporate Governance pursuant to § 289f HGB of this report and to our website: www.constantinmedien.de/ Investor Relations/Declaration of Corporate Governance pursuant to § 289f HGB (German Commercial Code).

The Management Board and the Supervisory Board of Constantin Medien AG determined in their resolutions that the proportion of women on the Supervisory Board, the Management Board and at the two management levels below the Management Board should be maintained for the period up to June 30, 2017. Constantin Medien AG is a holding company and in 2017 employed an annual average of 24 employees. The proportion of women is currently as follows: Supervisory Board approx. 17 percent, Management Board 0 percent, first management level below the Management Board approx. 25 percent, a second management level does not exist.

5. Remuneration Report

The remuneration report contains the individualized remuneration split by components for the Management Board and the Supervisory Board of Constantin Medien AG. Furthermore, it describes the principles of the variable remuneration system of the Management Board of Constantin Medien AG.

Remuneration principles of the Management Board

The remuneration of the Management Board Members aims at offering an incentive for successful, sustainability-based corporate governance. As a result, the remuneration of each Management Board Member at first includes a fixed component. In addition to the aforementioned fixed component, the Supervisory Board may grant each Management Board Member performance-related, variable components.

The fixed remuneration is paid monthly as a salary. The monetary benefit of the car, if applicable, made available to Management Board Members for business and personal use is shown together with the fixed remuneration.

A variable remuneration component can be set each year, among others, according to the equitable, obligatory discretion of the Supervisory Board. Here, criteria impacting the decision are (i) the economic result of the relevant expired financial year as well as in the two preceding financial years and (ii) the operating performance of the respective Board Member in the concerned three financial years. This remuneration component is contractually limited to 50 percent of the fixed remuneration. In addition, the Chief Officer Legal and Finance receives an annual minimum bonus of EUR 75,000.

The variable remuneration component of the former Board Member Mr Fred Kogel, in addition to the above-mentioned, consisted of contractual payment claims from stock appreciation rights. The stock appreciation rights relate to shares of Constantin Medien AG and Highlight Communications AG and are staggered as follows:

Shares Constantin Medien AG

	Quantity	Issue price
	333,334	EUR 1.80
	333,333	EUR 2.10
	333,333	EUR 2.50

Shares Highlight Communications AG

	Quantity	Issue price
	500,000	EUR 5.00

The stock appreciation rights place the former Chief Executive Officer Fred Kogel in such a legal way as if he would actually own the options to the shares of the aforementioned companies, as he would have entitlement to payment of the difference between the respective issuance price and the exercise price. The exercise price is the average stock price of the respective share quoted by the daily closing auction of the XETRA trade over a period of three months before the date of exercise. The exercise of the stock appreciation rights can first be made on the 15th day of each calendar month after a waiting period of three years, which begins on October 1, 2014. After the expiry of this waiting period, the stock appreciation rights can be exercised within a period of two years. Therefore the exercise period began on October 1, 2017. Constantin Medien AG reserves the right, instead of paying out the aforementioned difference amounts to deliver a number of bearer shares of Constantin Medien AG which corresponds to the respective difference amount, valued according to the closing rate of the XETRA trade of the Frankfurt Stock Exchange on the last trading day before the respective exercise date. The stock appreciation rights are not transferable. As of September 30, 2017, the waiting period has expired. Since then, the 2-year exercise period has been in effect for all stock appreciation rights. The exercise can be carried out monthly on the 15th calendar day. On November 15, 2017, the former Chief Executive Officer Fred Kogel exercised 333,334 stock appreciation rights at an issue price of EUR 1.80 (90,021 Euro) and on February 15, 2018 333,333 stock appreciation rights at an issue price of EUR 2.10 (46,344 Euro). All claims of Mr Fred Kogel from the stock appreciation rights are in legal clarification and have not yet been paid.

Other payments include the remuneration of the Management Board Members for performing their tasks on the Management Board, Supervisory Board and/or Board of Directors of subsidiaries or second-tier subsidiaries.

The employment contracts of the Management Board Members also contain a so-called severance payment cap in the event that the relevant contract prematurely ends without good cause. If the composition of the Supervisory Board of Constantin Medien AG changed significantly, the contracts of the Management Board members Fred Kogel and Dr Peter Braunhofer provided for special termination rights. There are no compensation commitments to members of the Management Board in the event of a takeover bid.

The Management Board Members received neither loans nor advancements from Constantin Medien AG. Constantin Medien AG did not enter any contingent liabilities for the benefit of Management Board Members.

Remuneration of the Management Board Members for the 2017 financial year

Total remuneration of Management Board Members for the reporting year amounted to EUR 1,373,723 (prior year: EUR 2,454,802), excluding provisions for severance pay to former Management Board Members.

A provision providing for a discretionary management bonus for Mr Olaf G. Schröder in the amount of EUR 75,000 was formed in the reporting year. A similar provision in the amount of EUR 50,000 was formed for Dr Matthias Kirschenhofer.

On August 23, 2017, Mr Fred Kogel made use of his special termination right. On August 25, 2017, the Supervisory Board revoked the appointment of the Management Board Chairman Fred Kogel as Management Board member with immediate effect and released him from his obligations. The provision for contractual entitlement to payment of stock appreciation rights amounted to EUR 282,570 for Mr Fred Kogel on the balance sheet date. In addition, a provision was formed in the reporting year for severance pay to Mr Fred Kogel in the amount of EUR 500,000.

On September 7, 2017, Dr Peter Braunhofer made use of his special termination right. On September 11, 2017, the Supervisory Board revoked the appointment of Dr Peter Braunhofer as Management Board member with immediate effect. A provision providing for severance pay to Dr Peter Braunhofer in the amount of EUR 700,000 was formed in the reporting year. Other remuneration relates to his activity as the CFO in 2016. All claims by Mr Fred Kogel and Dr Peter Braunhofer for which provisions were formed are currently in the stage of judicial and extrajudicial clarification.

During the 2017 financial year, a waiting allowance totaling EUR 200,000 was paid to the former Management Board Member Mr Leif Arne Anders (who left the company on June 30, 2017).

Remuneration of the Management Board

Inflow 2017 in EUR

	Fixed remuneration	Fringe benefi	Multiyear variable remuneration	Other payments	**Total remuneration**
Olaf G. Schröder	500,000	15,914	0	0	**515,914**
Dr Matthias Kirschenhofer (since September 11, 2017)	100,833	2,762	0	0	**103,595**
Fred Kogel (until August 25, 2017)	495,833	0	0	0	**495,833**
Dr Peter Braunhofer (until September 11, 2017)	306,111	11,359	0	25,000	**342,470**

Inflow in 2016 in EUR

	Fixed remuneration	Fringe benefits	Multiyear variable remuneration	Other payments	**Total remuneration**
Fred Kogel	700,000	0	0	376,257	**1,076,257**
Olaf G. Schröder	500,000	15,914	0	57,500	**573,414**
Dr Peter Braunhofer (since December 21, 2016)	0	0	0	0	**0**
Leif Arne Anders (March 1, 2016 until December 21, 2016)	333,333	10,220	0	140,000	**483,553**
Hanns Beese (until February 29, 2016)	50,000	0	0	97,075	**147,075**

Remuneration principles of the Supervisory Board

The remuneration of the Supervisory Board Members is regulated in § 12 of the Articles of Association of Constantin Medien AG. In addition to reimbursement of their expenses, the Members of the Supervisory Board also receive a fixed and a variable remuneration.

The fixed remuneration for a Supervisory Board Member is EUR 20,000, EUR 30,000 for the Deputy Chairman of the Supervisory Board and EUR 60,000 for the Chairman of the Supervisory Board. For each membership in Committees, Supervisory Board Members receive an additional fixed remuneration. The fixed annual remuneration amounts to EUR 5,000 for a Member of a Committee and EUR 10,000 for the Chairman of a Committee.

The variable remuneration is focused on the long-term success of the Company and becomes due if the relevant Supervisory Board Member has been a Member of the Supervisory Board for three full financial years and Group earnings per share over the period of three years increased by an average of at least 15 percent p.a.

Remuneration is paid on a pro rata basis for resignation from or entry into the Supervisory Board during the year.

The Supervisory Board Members received neither loans nor advancements from Constantin Medien AG. Constantin Medien AG did not enter any contingent liabilities for the benefit of the Members of the Supervisory Board.

Remuneration of the Supervisory Board Members for the 2017 financial year

Total remuneration of the Supervisory Board Members for the reporting year amounted to EUR 216,178 (prior year: EUR 299,435).

Other payments to Dr Dieter Hahn relate to his activity performed on the Board of Directors of Constantin Film AG (until October 28, 2016) and were paid out in the financial year 2017.

As in the previous year there are no pre-emption rights, share based payment and option rights entitling to purchase shares of Constantin Medien AG for the Members of the Supervisory Board.

Remuneration of the Supervisory Board

Inflow in 2017 in EUR

	Fixed remuneration	Multiyear variable remuneration	Other payments	**Total**
Dr Paul Graf (Chairman since August 24, 2017)	26,712	0	0	**26,712**
Thomas von Petersdorff-Campen (Deputy Chairman since August 24, 2017)	16,027	0	0	**16,027**
Andreas Benz (since August 24, 2017)	8,904	0	0	**8,904**
Edda Kraft (since August 24, 2017)	7,123	0	0	**7,123**
Dr Gero von Pelchrzim (since August 24, 2017)	7,123	0	0	**7,123**
Markus Prazeller (since August 24, 2017)	8,904	0	0	**8,904**
Dr Dieter Hahn (Chairman until August 23, 2017)	48,288	0	6,178	**54,466**
Andrea Laub (Deputy Chairman until August 23, 2017)	25,754	0	0	**25,754**
Stefan Collorio (until August 23, 2017)	19,315	0	0	**19,315**
Jean-Baptiste Felten (until August 23, 2017)	12,877	0	0	**12,877**
Jörn Arne Rees (until August 23, 2017)	12,877	0	0	**12,877**
Jan P. Weidner (until August 23, 2017)	16,096	0	0	**16,096**

Inflow in 2016 in EUR

	Fixed remuneration	Multiyear variable remuneration	Other payments	**Total**
Dr Dieter Hahn (Chairman)	75,000	29,247	37,064	**141,311**
Dr Bernd Kuhn (Deputy Chairman) (until July 18, 2016)	21,858	18,562	0	**40,420**
Andrea Laub (Deputy Chairman) (since September 19, 2016)	35,683	0	0	**35,683**
Stefan Collorio (since February 11, 2016)	22,076	0	0	**22,076**
Jean-Baptiste Felten	20,000	0	0	**20,000**
Jörn Arne Rees (since November 10, 2016)	2,786	0	0	**2,786**
Jan P. Weidner	22,159	15,000	0	**37,159**

For further information on the Management and Supervisory Boards reference is made to the chapter Boards (page 6), to the Declaration of Corporate Governance (page 14) as well as to the notes to the consolidated financial statements (chapter 11).

6. Disclosures in accordance with §§ 289a para. 1 and 315a para. 1 of the German Commercial Code (HGB)

- The subscribed capital of Constantin Medien AG as of December 31, 2017 amounted to EUR 93,600,000 divided into 93,600,000 no-par shares.

- All no-par shares are common stock that particularly guarantee the right of participation in the General Meeting in accordance with § 118 para.1 of the German Stock Corporation Act (AktG), the right to information in accordance with § 131 AktG, the voting right in accordance with § 133 et seqq. AktG, the right to retained earnings in accordance with § 58 para. 4 AktG and the basic subscription right in the event of capital increases in accordance with § 186 para. 1 AktG.

- Constantin Medien AG has no voting rights arising from the 162 treasury shares held by Constantin Medien AG as of December 31, 2017. The Company is not aware of any agreements between shareholders regarding the restriction of voting rights.

- The Highlight Event and Entertainment AG, Pratteln, Switzerland, held 28,074,308 no-par shares in Constantin Medien AG as of December 31, 2017 according to its own statements. That corresponds to around 29.99 percent of the share capital and a just as high voting rights share based on shares outstanding (after deduction of treasury shares).

- There are no shares with privilege rights conferring control powers.

- The Supervisory Board appoints Management Board Members in accordance with § 7 para. 1 of the Articles of Association of Constantin Medien AG in conjunction with § 84 para. 1 sentence 1 AktG for a maximum term of five years. It determines the number of Management Board Members in accordance with § 4 para. 1 in conjunction with § 7 para. 1 of the Articles of Association of Constantin Medien AG. According to § 4 para. 1 of the Articles of Association of Constantin Medien AG, the Management Board must consist of at least two members. In addition, the Supervisory Board in accordance with § 7 para. 1 of the Articles of Association of Constantin Medien AG is entitled to appoint a Chairman of the Management Board. According to § 84 para. 3 sentence 1 AktG, the Supervisory Board also has the right to revoke the appointment of a Management Board Member and the nomination of the Chairman of the Management Board, in the case of a good cause. In particular, such a good cause is defined by § 84 para. 3 sentence 2 AktG as the existence of a gross breach of duty, incapacity to carry out management duties or in case of a vote of no confidence by the General Meeting for reasons that are not clearly unjustified.

- According to § 179 para. 1 sentence 1 AktG each amendment to the Articles of Association requires a resolution by the General Meeting. According to § 179 para 2 AktG in conjunction with § 16 para. 2 of the Articles of Association of Constantin Medien AG – as far as legally required – resolutions affecting the Article of Associations require a simple majority of the share capital represented in the vote. According to § 179 para. 1 sentence 2 AktG in conjunction with § 7 para. 2 of the Articles of Association of Constantin Medien AG, the Supervisory Board is entitled to make amendments to the Articles of Association which only concerns the version of the Articles of Association.

- In accordance with § 76 para. 1 AktG, the Management Board manages the Constantin Medien AG on its own responsibility.

- In accordance with § 3 para. 7 of the Articles of Association of Constantin Medien AG, the Management Board, with the approval of the Supervisory Board, is entitled to raise the share capital within a period until June 10, 2020 by a total of up to EUR 45,000,000 by one or more issues of new bearer shares against cash or contributions in kind (authorized capital 2015). Generally, the shareholders must be granted a subscription right. Furthermore, with the approval of the Supervisory Board, the Management Board is authorized to exclude the subscription right under certain conditions as prescribed under § 3 para. 7 of the Articles of Association of Constantin Medien AG.

- Pursuant to the resolution passed by the Annual General Meeting of July 30, 2014, Constantin Medien AG was empowered to acquire treasury shares with a proportion of the share capital of up to EUR 9,360,000. The authorization became effective upon the expiry of the Annual General Meeting on July 30, 2014, and will continue to be effective until July 30, 2019. The authorization may be exercised in full or in part, on one or more occasions. The acquired shares, together with other treasury shares held by the Company or attributable to it under §§ 71a et seqq. AktG are not permitted to exceed 10 percent of the share capital at any time.

- Pursuant to the resolution passed by the Annual General Meeting of June 10, 2015, the share capital of Constantin Medien AG is conditionally increased by up to EUR 45,000,000 by issuing up to 45,000,000 new bearer shares (conditional capital 2015). The purpose of the conditional capital increase is to grant share rights to bearers or creditors of financial instruments (convertible bonds and/or bonds with warrants and/or convertible participation rights and/or warrant participation rights) to be issued up to June 10, 2020, by the Constantin Medien AG or by direct or indirect majority shareholdings of the Company. According to the conditions of the warrant or convertible bonds, or convertible participation conditions, the conditional capital 2015 is also used for issuing shares to bearers or creditors of convertible bonds or convertible participation rights with conversion obligations. The Management Board is authorized to determine the further details concerning the conditional capital increase.

– In accordance with § 4c of the bond conditions for the 7.0% corporate bond 2013/2018 issued by Constantin Medien AG in 2013, each bond holder, under certain conditions, is entitled to demand repayment or, at the issuer's choice, the full or partial purchase of the bonds, by the issuer (or a third party commissioned by it) at their nominal value. This is the case if a change of control occurs at Constantin Medien AG. Such a change of control occurs, if a third party (according to § 4c (ii) of these bond conditions) or third parties acting together (according to § 2 para. 5 of the Securities Acquisition and Takeover Act (WpÜG) become the legal or economic owner of more than 50 percent of the voting rights of Constantin Medien AG or if a merger takes place according to the conditions of § 4c (ii) of these bond conditions.

– There are no indemnity agreements with Management Board Members or employees in the event of a take-over bid for the Constantin Medien AG.

7. Risks and Opportunities Report

7.1 Risks and opportunities management system (RMS)

Entrepreneurial action and the perception of opportunities always involve risks. An integrated, company-wide risk and opportunity management system (RMS) was implemented to protect the going concern of the Constantin Medien Group as well as to support the achievement of the corporate objectives. Group risks and opportunities also apply (indirectly) to Constantin Medien AG.

7.2 Risk report

7.2.1 Risk management system

The RMS is defined in a policy. Constantin Medien Group applies the definition of the German Accounting Standard No. 20 Group Management Report by the German Accounting Standards Committee (DRSC). This defines risks (opportunities) as “potential future developments or events that could lead to a negative (positive) deviation from forecasts or objectives for the company”. The RMS follows the basic principles of the enterprise risk management framework as developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The following objectives are being pursued:

– Creation of scope for action by early and systematic identifi cation of opportunities and risks
– Increase of the response time through transparency and timely information of opportunities and risks
– Support the Corporate Management in assessing the expected development of the Group with its key opportunities and risks
– Reduction of potential liability risks
– Raising the awareness of employees to a risk-conscious and independent self-regulation
– Securing the long-term corporate strategy for increasing the value of the Group

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, there are no specific risk assessments of the discontinued business areas that had been allocated to the Segments Film and Sports- and Event-Marketing up to this date. Since then, the risk and opportunity management of the Constantin Medien Group has, on the one hand, encompassed the business activities assigned to the Segment Sports. These primarily include the activities of Sport1 GmbH, Sport1 Media GmbH and PLAZAMEDIA GmbH. On the other hand, the risk and opportunity management of the Constantin Medien Group includes the holding activities of Constantin Medien AG.

The risk management system of the Constantin Medien Group comprises both risks and opportunities. In accordance with the decentralized Group structure, the operational responsibility in dealing with risks lies with the respective risk managers. Essentially, these are the Members of the Management Boards and Committees as well as the Managing Directors and the department heads of the individual subsidiaries. The factors underlying the risks and opportunities are recorded and assessed on a quarterly basis and approved by the risk managers. At Group level, the factors reported are unified and consolidated, if applicable. There is a direct reporting obligation for potential going concern risks.

The periodic report describes the cause and effect of the factors as well as potential early warning indicators and any planned measures or measures already taken. If damage or a measure can reasonably be quantified, this value is calculated and reported. If quantification is not possible, the possible damage is verbally described. In any case, they are categorized as “immaterial”, “limited”, "high" or “severe”. The same applies to the probability of occurrence with the expressions “improbable”, “remote”, “more than remote” and “probable”.

The following risk levels result from the level of the probability of occurrence in connection with the extent of the damage:

– **Small risks**
  Small risks are immaterial for the Company. No risk reduction measures need to be agreed.

– **Medium risks**
  Medium risks exist with a limited extent of damage and a medium probability of occurrence. There is no immediate need for action. Efficient and effective measures are sufficient to reduce medium-sized risks or to quickly cope with in the event of occurrence.

– **Substantial risks**
  Substantial risks have a greater degree and/or a greater probability of occurrence compared to medium risks. They should be reduced with appropriate controls or process optimization. If possible, the substantial exposure should be reduced to the medium or a small risk level by appropriate measures.

– **Major risks**
  Major risks possibly may endanger the going concern of an organizational unit or the Constantin Medien Group as a whole. Measures for the reductions of gross exposure should be initiated directly and immediately. The implementation of these measures is monitored by the Management. Major risks must be reported directly to the Management Board – irrespective of the regular cycle.

The potential gross damage, the likelihood of occurrence and the impact of the measures give rise to the net risk. For a better breakdown, risks are classified into the categories risks from regulation, business and market risks, legal, operational, compliance and financial risks. Finally, on 28 November, in connection with the announcement of a takeover bid of Constantin Medien AG by Highlight Communications AG and Studhalter Investment AG, further risks resulted which are considered separately in the RMS and therefore listed separately.

In particular, risks outside the sphere of influence of the Group and risks arising from legal regulation (e.g. a legal restriction on advertising for individual product groups) are often not active ly controlled and avoided. Furthermore, risks with an extreme ly small or non-measurable probability of occurrence with at the same time possibly a large effect are not reliably recorded. This includes unexpected and unavoidable events (force majeure).

7.2.2 Information on individual risks

In the following, individual risks and their risk factors as well as their effects are presented. The presentation is grouped according to the risk categories of the RMS, but at a higher level of aggregation. Within a category, the risks are listed first, the impact of which on the net assets, financial position and results of operations is considered to be the highest. If no reference is made to the measures taken to classify the risk, this is classified as a gross risk. If a risk factor can jeopardize the going concern of a significant organizational unit, this is indicated below. The same applies if a risk jeopardizes the going concern of the Group.

7.2.3 Risks from regulation

The business models of Constantin Medien Group are strongly dependent on legislation, jurisdiction and the regulatory interventions of the public administration
Regulatory interventions, changes to legislation or legal proceedings can have a negative impact on the cost or sales structure. They could result in customer restraint when booking the concerned advertising time or restrictions in license purchases. Sales already contracted or included in the planning from the sale of advertising time or the marketing of sports rights, could be lost in the short-term due to prohibitions or other restrictions. The following factors significantly influence this risk:

– The planned sale of advertising time to providers of products such as sports betting, online casinos, lotteries or poker schools is heavily regulated. By regulatory measures, such as Concessions, prohibitions or other restrictions could change the economic conditions of the suppliers of these products, which could have an indirect effect on the planned sales.

– In this context, possible administrative proceedings against the companies of the Group could also have a direct negative impact on revenue recognition in terms of advertising for these products and possibly lead to increased costs.

– Further regulatory risks arise from the possible entry into force of a currently discussed future “New Media Code” or a “Convergent TV Regulation”, e.g. by a new Broadcasting State Treaty (Amendment) of the federal states, and thus a new regulatory model for linear and non-linear media services. In this case, the interests of Sport1 GmbH could not be adequately taken into account, in particular in the context of the distribution of the SPORT1 TV programs as well as their availability in the digital media world.

– Sales from the areas of call-in, value-added services or teletext are subject to strict regulation by the state media authorities. It cannot be ruled out that stricter regulations and/or restrictions limit the realization of these planned sales.

– The so-called ePrivacy Ordinance (earliest conceivable date for binding validity: end of May 2019), which would set out e.g. the use of cookies and similar technologies, the permissibility of creating user profiles (tracking, profiling, retargeting) and measures regarding use of personal data, is currently undergoing the EU legislative procedure. Under this ordinance, an active declaration of approval must be obtained from each internet user for each website and each device before the user's data can be collected and data-based advertising can be displayed. If the user refuses to give her approval, data-driven advertising may not be displayed. Even a frequency cap regulating the frequency with which advertising is displayed is not longer possible because cookies may no longer be used. This significantly impacts on how advertising campaigns can be displayed in future and could negatively influence sales and earnings figures. Moreover, a violation of the ordinance would result in high fines.

The Constantin Medien Group systematically observes the relevant rulings and draft laws and, as part of the work of the Private Media Association (VAUnet), aims to work towards legal provisions which are both fair to users and economically reasonable. Internal requirements, training and contractual obligations are used to ensure a broadcasting format for call-in formats which complies with the regulations.

Overall, this risk must be classified as a substantial risk given its possible consequences and the sensitive threat of fines if individual provisions are violated.

7.2.4 Business and market risks

The Constantin Medien Group needs access to licenses and exploitation rights

The Constantin Medien Group requires access to evaluation and exploitation rights for its product portfolio. The following factors significantly influence this risk:

– In order to operate its platforms the Constantin Medien Group is dependent on the availability of attractive broadcasting rights for sports events and programs. A re-licensing of exploitation rights for sports events or programs can be accompanied by an increase of the planned license costs. The lack of availability of broadcasting rights to sports events or an increase in license fees in the future could lead to Constantin Medien Group missing attractive content for its TV channels or other platforms. This would be associated with lower market shares, lower advertising and/or sponsoring revenues as well as lower pay-TV revenues.

These risks are monitored by experienced employees in the field of rights and licenses purchased by Sport1 GmbH. On the one hand, where possible, rights are acquired long-term in order to have a stock of broadcast content that reduces the uncertainty over the planning period. On the other hand, the development of alternative formats and in-house productions is being continuously expanded in order to create a certain independence from third-party rights.

Overall, this risk is still considered to be substantial.

The Constantin Medien Group is in intense competition in the sales of its products

The group's sales planning assumes certain market shares, ranges and subscriber numbers as well as revenues from the various evaluation platforms. Significant deviations from these budget figures can have an impact on Group sales. The following factors are worth mentioning:

– There is a considerable competition for the limited budgets of the advertising industry which is opposed by an ever increasing number of TV channels and other possible advertising platforms. Declining advertising investments and falling prices in the marketing of advertising time or advertising space could have a material effect on the sales and earnings performance of the Group.

– The sales planning includes advertising revenues from the areas of sports betting and erotic telephone offers. Changes to these markets, such as a greater fragmentation of providers, could endanger the planning.

As the coverage, market shares and subscriber numbers in particular determine the amount of the advertising revenue or revenues that can be achieved, the Constantin Medien Group endeavors to expand its market share through target group-oriented, coveted program content for its TV stations and other platforms, thus increasing its competitive strength as well as through marketing and marketing expenses for products that increase their awareness and image.

Overall, this risk is still considered to be substantial.

The Constantin Medien Group depends on customers, suppliers and business partners

Like every other company, the Constantin Medien Group depends on good relationships with its customers, suppliers and business partners. The media industry brings with it specific requirements. If contracts with major customers, suppliers or business partners expire, are not renewed and/or terminated during the term of the contract, this could have a material adverse effect on sales and earnings in subsequent periods. The following factors are essential here:

- The market for TV airtime selling is characterized by concentrated structures both on the demand and on the supply side. In terms of demand, the market largely consists of seven major media agency associations, which in turn are made up of a large number of smaller agencies. On the supply side, the main providers are the two private broadcasting groups RTL and ProSiebenSat.1 and the public channels, as well as independent marketing companies, which also include Sport1 Media GmbH, which markets the platforms and offers of SPORT1. If advertising budgets develop regressively, the price level of airtime selling falls or customers are lost, this could have serious consequences for the development of the company's sales and earnings. Currently, a further increase in the intensity of competition can be observed on the German advertising market.

- There are long-term relationships with technical service providers, which are necessary for providing a smooth broadcasting operation. A premature termination or non-extension of individual supplier contracts could lead to higher costs in searching for new partners and the establishment of new structures.

- Sport1 GmbH maintains significant cross-media cooperations with various automotive manufacturers. The current emissions scandal might result in regressive advertising investments in the automotive industry in future and in lower prices in advertising time and space marketing. This could have a significant effect on the development of sales and earnings.

The competitive environment and advertising revenues and market shares of Sport1 GmbH are identified and analyzed regularly in order to detect potential losses early on. Budget and actual values for previous years can be compared to identify budget deviations and implement countermeasures, such as cost adjustments or changes to program planning and pricing, including short-term.

Customer and business partner relationship management is a major task of management. The conclusion of, and compliance with, contractual provisions, as well as the quality of deliveries and services, are checked on a regular basis. The competitive environment and advertising revenues and market shares of the Constantin Medien Group are identified and analyzed regularly in order to detect potential losses early on. Budget and actual values for previous years can be compared to identify budget deviations and implement countermeasures, such as cost adjustments or changes to program planning and pricing, including short-term.

Overall, the risk of dependence on individual contractors continues to be considered substantial.

Constantin Medien Group is dependent on the coverage of the individual channels or platforms

For each channel or for each media platform, the highest possible range is crucial. The greater the reach, the more consumers and audience-relevant advertising contacts can be generated. The following factors significantly influence this risk:

- There are contracts with the relevant German cable network, satellite and platform operators to secure the analogue and digital distribution of the channels operated by Sport1 GmbH over the medium-term. Contractual termination rights or changing regulatory requirements in the individual federal states and the competitive behavior of competitors on other distribution channels could however have a negative effect on the cable distribution of SPORT1 and the general distribution of the pay-TV programs.

- The State Media Authorities might not allocate a slot to the free-TV channel SPORT1 in analogue cable networks. Analogue cable distribution is being successively closed down in Germany. In North-Rhine-Westphalia, Hesse and Baden-Württemberg, Unitymedia terminated analogue cable distribution in 2017 and now only distributes digitally. Vodafone Kabel Deutschland will start switching off the analogue cable in the remaining federal states in 2018. Currently, private broadcasters are not allocated capacities in the digital cable.

- As a result of the future digital-only distribution, the free-TV channel SPORT1 will no longer be one of 30 analogue channels but one of several hundred digital channels. This makes it essential for the channel to stand out.

In the short term, a drastic reduction in the coverage could mean that existing contracts with advertisers cannot be fulfilled. A sustainable reduction in technical coverage could lower the price to be achieved per advertising minute or advertising/target group contact and could hence endanger the realization of revenues. Planned revenues in the pay-TV area could also not be realized.

The strategy of the Constantin Medien Group also intends to keep its coverage as large as possible, or even to expand it, through long-term contracts with the cable network, satellite and platform providers in the broadcasting area. On the other hand, the analogue distribution of SPORT1 is mandatory in several federal states due to regulatory requirements. In addition, the Group makes sure to provide a promising program, which plays a key role when cable slots are allocated, and also allows the channel to stand out in a digital environment.

Overall, this risk is still to be considered as substantial.

The business models are dependent on meeting customer taste and the way the content is consumed and on reacting immediately to changes

The change in user behavior and in technical possibilities in media consumption could result in consumers taking advantage of the Constantin Medien Group's product portfolio less than planned, which would lead to a lack of attractiveness, cover age or relevance and the planned sales would no longer be achieved. The following factors are particularly relevant:

– Advertising on mobile devices and computers can be blocked using the appropriate software, so-called ad blockers. New technologies could also enable to already channelize advertising on servers of the internet providers. This could jeopard-ize the realization of planned advertising sales on mobile devices and computers.

Through targeted market research and usage analyzes, the Constantin Medien Group seeks to anticipate future trends in terms of content as well as technological advancements. This is also reflected in the intensive digitization activities. In the sports sector, the development of consumer-friendly programs increases the attractiveness of the products.

Overall, this risk continues to be classified as a medium risk.

7.2.5 Legal risks

Constantin Medien Group is subject to risks arising from legal disputes

As an international company, the Constantin Medien Group is exposed to a large number of legal risks. These include, in particular, risks in the areas of corporate law, securities trading law, copyright law and gambling law. The outcomes of currently pending or future litigation can often not be predicted with certainty, so that, inter alia, judicial or regulatory decisions may result in expenses that are not or not fully covered by insurance benefits and could be detrimental.

As part of legal support for operating activities, legal risks are identified and qualitatively and quantitatively assessed with regard to their probability of occurrence and potential impact. The following facts and procedures represent significant risk factors.

Shareholder action due to price decline of the EM.TV share in the years 2000/2001

A lawsuit against Constantin Medien AG as the legal successor of EM.TV & Merchandising AG, which is based on the decline in prices of the EM.TV share in the years 2000/2001, was ongoing with the Higher Regional Court Frankfurt am Main. The competent District Court Frankfurt am Main rejected this lawsuit on December 22, 2015. The plaintiff appealed against this ruling. In its judgment of September 26, 2017, the Higher Regional Court of Frankfurt am Main partially upheld the plaintiff's appeal against the dismissal judgment and partially amended the judgment to the extent that the defendants are ordered jointly and severally to pay the plaintiff EUR 104 thousand plus interest, whereby the plaintiff in the amount of approx. 22 percent lost. The revision was not admitted, and as an appeal for a non-admission complaint is possible. However, due to the very low chances of success, the Management Board decided not to file this appeal. As a result of the conclusion of these legal proceedings, this risk is now eliminated. Constantin Medien AG reviews claims for recourse.

Dispute with Stella Finanz AG

On June 26, 2017, Constantin Medien AG concluded a trust agreement to speed up redemption of the Stella loan with a term until June 30, 2017, according to the original loan agreement, which had been canceled several times. Constantin Medien AG transferred the repayment amount plus interest to the trustee's bank account on June 27, 2017. To this end, Stella Finanz AG was granted a recall period until July 10, 2017, which it allowed to pass.

On September 20, 2017, Constantin Medien AG concluded a repayment and settlement agreement with Stella Finanz AG. This agreement sets out the repayment modalities for a loan granted by Stella Finanz AG in the nominal amount of EUR 12.25 million as well as CHF 26.00 million, and the end of the disputes between the two companies. The loan plus interest was redeemed through 8 million shares in Highlight Communications AG, which had been previously pledged to Stella Finanz AG. In return, Stella Finanz AG released the remaining 16.75 million shares pledged to Stella Finanz AG so that Constantin Medien AG is free to dispose of more than 20.6 million shares in Highlight Communications in total. Following the enforcement of the agreement with Stella Finanz AG, the investment in Highlight Communications AG reduced to 32.7 percent (taking into account the capital increase at Highlight Communications AG agreed in June 2017).

Since the disputes between Constantin Medien AG and Stella Finanz AG have now been resolved in the settlement on September 20, 2017, this risk no longer applies.

Disputes with Highlight Communications AG

Following the General Meeting of Highlight Communications AG on December 30, 2016, Constantin Medien AG raised an objection on March 27, 2017, against possible entries in the commercial register and submitted an application to the Basel-Landschaft Ost Municipal Court requesting a commercial register block against entries by Highlight Communications AG.

On June 12, 2017, the Board of Directors of Highlight Communications AG passed the resolution to increase the subscribed capital to 63.0 million Swiss Francs using the authorized capital by issuing 15.75 million new shares to Highlight Event and Entertainment AG. In spite of the commercial register block requested by Constantin Medien AG, the newly issued shares in Highlight Communications AG had full voting rights according to the Swiss Code of Obligations. On July 4, 2017, the Cantonal Court of Basel-Landschaft ruled that the commercial register block would remain suspended.

On September 26, 2017, Constantin Medien AG decided to resolve all disputes before Swiss courts involving Highlight Communications AG in the context and as part of a general settlement of the main disputes with Highlight Communications AG, Highlight Event and Entertainment AG and Stella Finanz AG. Highlight Communications AG declared its willingness to reverse the foundation constructs set up as a defense against hostile takeovers, the options for such a situation to temporarily acquire the majority of ordinary shares and in particular the voting rights both for the TEAM Group and for Constantin Film AG. No further judicial action will be taken against the capital increase at Highlight Communications AG agreed in June 2017, which reduces the investment of Constantin Medien AG from currently approx. 43.6 percent to approx. 32.7 percent after the register entry (taking into account the repayment of a loan to Stella Finanz AG by transferring shares of Constantin Medien AG in Highlight Communications AG).

On September 28, 2017, the Cantonal Court of Basel-Landschaft as the Court of Appeal lifted the commercial register block of Highlight Communications AG. Given the low chances of success (the ruling would only be checked for a violation of constitutional rights) and the high costs involved, Constantin Medien AG waived its right to continue the proceedings before the Federal Court in Lausanne.

Therefore, the previously consolidated subsidiary Highlight Communications AG (Segments Film and Sport- and Event-Marketing), including its subsidiaries (see consolidated financial statements, notes, chapter 3.1) was deconsolidated as at June 12, 2017. The risk of deconsolidation has thus occurred and was taken into account in the consolidated financial statements. Since the legal disputes with Highlight Communications AG in Switzerland have now ended, this legal risk ceases to apply.

Legal challenges against the resolutions of the General Meeting on November 9/10, 2016

The shareholders of Constantin Medien AG have asserted a claim against the different resolutions of the General Meeting on November 9/10, 2016. This e.g. relates to the resolutions regarding agenda items 4 through to 7. The reasons for the legal challenges include the fact that the Chairman had excluded the shareholders holding just under 30 percent of the basic capital and forming a voting rights pool from voting. In addition, Highlight Event and Entertainment AG asserted a claim of nullity against the appointment to the Supervisory Board of Dr Hahn at the General Meeting of Constantin Medien AG in 2014. The plaintiff withdrew the claim of nullity at the end of 2017.

The legal challenges might result in the resolutions to which the claims relate becoming null and void. This risk is classed as medium based on the measures taken and on the estimate of the Management Board.

Legal challenges against the resolutions of the General Meeting on August 23, 2017

A shareholder of Constantin Medien AG has asserted an action for rescission against the different resolutions of the General Meeting on August 23, 2017. This affects the agenda items 5 and 12-16. The main reasons for the action for rescission were allegations claiming that there had been mistakes in the invitations, that the right of attendance and speech had been denied and that the information obligation had been violated. The action for rescission might result in the resolutions to which the action relates becoming null and void.

This risk is classed as medium based on the measures taken and on the estimate of the Management Board.

The Constantin Medien Group is subject to risks arising from contractual penalties and liabilities for damages

In the Segment Sports, the Constantin Medien Group has committed itself to various customers and business partners to provide broadcast continuity and timely delivery of program content. Failure to comply with these obligations may result in contractual penalties or liability for damages, which could have a negative impact on the consolidated result.

Technical measures, further developments and redundancies as well as regular monitoring of the project's progress are used to identify potential deviations in quality and time as well as to minimize their consequences. This is supported by the long-term experience of the employees and established processes in the individual organizations. Moreover, potential risks are insured in a cost and benefit analysis. If possible, suppliers share this risk.

Taking into account the predominantly technical countermeasures taken, the risk is still to be classified on a medium level.

7.2.6 Operating risks

The Constantin Medien Group is dependent on a secure and efficient IT-infrastructure

To ensure smooth business operations, Constantin Medien Group is dependent on the smooth functioning of its IT systems. In spite of security measures such as access control systems, emergency plans and uninterruptible power supply for critical systems, backup systems and regular data mirroring, it cannot be ruled out that there is no adequate protection against damage from the failure of their IT systems.

– A large part of program distribution and broadcasting operations is also dependent on a smoothly functioning of the technical infrastructure. A technical fault could interrupt broadcasting operations.

– Should a IT system failure or a theft of company data or a manipulation of the company IT occur, this could have negative impact on operations and thus on the result.

– PLAZADMEDIA GmbH plans to build a new broadcasting center in 2018. Delays in this project could lead to system outages due to outdated infrastructure and lack of support, potentially jeopardizing customer contract fulfillment and could result in penalties.

The risks of unauthorized access to company data are largely prevented by using virus scanners and firewall systems. In addition, the Group implements measures in order to keep the existing IT service landscape on a technologically state-of-the-art level and to counteract the aging process of devices and program technology. Broadcasting related technology is often designed as redundant and its functions are monitored promptly.

The risk mentioned the previous year relating to an expansion of technical installations on the premises of PLAZAMEDIA GmbH for the contribution and distribution services of Tata Communications Limited no longer applies because the installations were completed successfully in 2017.

Taking into account the effects of countermeasures, the risk is still on a medium level.

The Constantin Medien Group is dependent on the creativity, commitment and competence of its employees

The future success of the Constantin Medien Group depends to a considerable extent on the performance of its executives and its employees. There is a strong and growing competition for personnel with the appropriate qualifications and industry knowledge.

The attractiveness as an employer in order to attract and above all to retain qualified and motivated personnel is therefore one of the key success factors for the Group. The movement of qualified personnel or persons in key positions could lead to the loss of know-how and generate unscheduled costs for the recruitment and training of new personnel, and thus could have a negative impact on the result.

In order to minimize this risk, target agreement and feedback meetings are held regularly. In addition, Constantin Medien Group offers a modern work environment, a performance-based compensation and opportunities for further personnel development. In order to increase attractiveness as an employer in the job market, there were increased investments in social networks and applicant portals.

Overall, this risk must still be classified on a small level.

The Constantin Medien Group might be insufficiently insured against damages and claims

The Constantin Medien Group makes decisions on the type and scope of insurance protection based on a commercial cost-benefit analysis in order to cover the risks being considered material. However, Constantin Medien Group cannot guarantee that it will not suffer losses or that no claims will be asserted, which would exceed the scope of the existing insurance cover.

If the Constantin Medien Group suffers material damage, where no, or only insufficient, insurance cover exists, this could have a negative impact on the result. In the event of damage, third-party claims or replacement investments had to be financed from own funds.In order to minimize this risk, the Group regularly reviews its existing insurance policies and compares them with possible current adjustment needs.

Overall, this risk remains at a small level.

7.2.7 Compliance risks

In spite of existing control and monitoring systems of Constantin Medien Group, it may be, that these may be insufficient to prevent legal violations by employees, representatives, external service providers or partners or to detect legal violations

In principle, the Constantin Medien Group cannot monitor extensively the activities of employees, representatives and partners during the initiation of business with customers. If it becomes apparent that individuals whose actions are attributable to the Constantin Medien Group accept or grant unfair advantages in the context of the initiation of business or otherwise use corrupt business practices, this could lead to legal penalties according to German law as well as the law of other states in which the Constantin Medien Group conducts business. Possible sanctions which may be imposed can include considerable fines, as well as the loss of orders. This could have a negative impact on the result and could lead to a loss of reputation of the Constantin Medien Group.

From May 25, 2018, the basic data protection regulation (DSGVO) of the European Union will also apply in Germany. At the same time, a corresponding German Supplementary Act (Data Protection Adaptation and Implementation Act - DSAnpUG) comes into force, which the DSGVO partly modifies and substantiates. The DSGVO is also supplemented by the EU ePrivacy Regulation, which is still being voted on and will also enter into force on May 25, 2018, covering Internet and telemedia services (see chapter 7.2.3). The DSGVO extends for companies already known obligations and increases the legal, operational and technical-organizational requirements for data protection. Especially new are the comprehensive information requirements and the obligation to carry out data protection impact assessments with special risks for the collected data. It also introduces the need for the processor to keep a “list of processing activities”. The German Implementation Act also extends the grounds for appointing a data protection officer. After all, companies must also meet the extended demands of those affected. Before this context, it becomes clear that the legally compliant implementation of the DSGVO requires intensive examination and a certain amount of effort. Constantin Medien AG and its subsidiaries, together with external data protection experts, have developed a catalog of measures and are implementing all necessary measures on time. The implementation deadline is relatively low until May 2018, while the risks of poor implementation due to the increase in fines are very high.

Due to the new General Data Protection Regulation, the current assessment of this risk leads to a change in the classification from a low to a medium risk.

7.2.8 Financial risks

The Group is exposed to various financial risks arising from its business operations and financing activities. The financial risks can be broken down by the categories liquidity risks, credit risks and market risks (including currency risks, interest rate risks, valuation risks and price risks). The risks associated with the financing are described in detail in the notes in chapter management of financial risks (see note 8). In the Group, currency and interest rate risks are hedged, as far as meaningful, by appropriate hedging transactions.

The Constantin Medien Group is subject to liquidity risks

Liquidity risks arise if payment obligations of the Group cannot be covered by liquidity on hand or from corresponding credit facilities. The full, timely repayment of the corporate bond 2013/2018 plus interest on April 23, 2018, is ensured by the sale of 12,417,482 shares in Highlight Communications AG at a price of EUR 5.20 per share, in the total amount of EUR 64,570,906 to Highlight Event and Entertainment AG under the contract from March 22, 2018. Interest in the amount of approx. EUR 4.55 million will be paid from available liquid funds. With this payment, the Constantin Medien Group will become entirely debt-free. However, further liquidity risks apply from the operative business of Constantin Medien AG and its subsidiaries. Due to the seasonal nature of operative business, a liquidity shortfall in the range of very low single-figure millions could result at the end of the third quarter 2018/start of the fourth quarter 2018, according to current liquidity planning. However, Constantin Medien AG still holds more than 8,182 million shares in Highlight Communications AG in the value of approx. EUR 41.7 million (market price as at March 22, 2018). Of these, 4,182 million shares in Highlight Communications AG in the value of approx. EUR 21.3 million (market price as at March 22, 2018) are available to be sold and as such can be used for the refinancing. It is not possible to sell a high volume of Highlight Communications AG shares on the stock market because trading of this share is limited. Consequently, only an over-the-counter block trade, possibly at less than market price, can be executed. The Management Board is checking the following measures to secure future liquidity:

- Conclusion of a sale-and-leaseback transaction to finance key investments in the Segment Sports
- Agreement of an operating credit line with banks (if applicable using assets as security)
- Arrangement of a loan from the main shareholder
- Sale of liquid assets
- Monitoring of liquidity through active Working Capital Management

The combination of measures outlined above also ensures liquidity. In spite of the measures mentioned above, there is the risk that, if the Group's economic situation deteriorates, no further financing, only insufficient financing, or financing at unfavorable conditions, might be available, or that assets might have to be sold below market value. If one of the above measures takes effect, there is no risk that could result in significant uncertainty in relation to the company's going concern. Significant uncertainty in relation to the company's going concern only applies if none of the above measures to ensure liquidity is successful, and in addition, if the 4,182 million shares in Highlight Communications AG in the amount of approx. EUR 21.3 million (market rate as at March 22, 2018) available for sale can only be sold in an over-the-counter block trade at a value unusually below the market rate.

Given the risk classification in the early risk detection system of Constantin Medien AG, liquidity risks are considered to be major risks if the Management Board does not take measures and if the 4,182 million shares in Highlight Communications AG available for sale in the amount of approx. EUR 21.3 million (market rate as at March 22, 2018) can only be sold in an over-the-counter block trade at a value unusually below the market rate. Since the Management Board continuously monitors the liquidity of Constantin Medien AG and its subsidiaries, the Management Board is able to take the above measures on time if the economic situation deteriorates and liquidity suffers accordingly. Given the measures taken by the Management Board, liquidity risk is only classified as medium in contrast to the previous year. Last year, this risk was classified as substantial. For more details about the liquidity risks of Constantin Medien AG, please see chapter 7.6.

The Constantin Medien Group is exposed to currency risks
Currency risks are mainly against the Euro and the US dollar and the Swiss Franc. In the case of material transactions Constantin Medien Group aims to reduce the currency risk through the use of appropriate derivative financial instruments. However, it is not completely excluded that the currency hedging measures of the Group are sufficient and that fluctuations in exchange rates do not adversely impact the result.

Overall, this risk continues to be classified at a medium level.

The Constantin Medien Group is subject to credit risk
A credit risk exists when a debtor is unable to meet a repayment obligation for a receivable at all or on time. The credit risk includes the direct counterparty default risk as well as the risk of deterioration in creditworthiness.

Potential default risks on customer receivables are regularly evaluated and, if required, valuation allowances are recognized. In addition, the Group insures the risk of default caused by insolvency of a debtor by obtaining creditworthiness information. Therefore, the Group currently assesses the credit quality of receivables that are neither overdue nor impaired to be largely satisfactory. A loss of receivables from customers could still have a negative impact on the result and the liquidity.

Taking into account the countermeasures taken, this risk remains unchanged at a small level.

The Constantin Medien Group is subject to interest-change risks
The interest-change risk primarily relates to the area of current and non-current financial liabilities. In addition, an interest change risk results from the mismatch of maturities. Risks from changes in interest rates for financial liabilities could have a negative effect on the result.

Currently, Constantin Medien Group has fixed interest bearing current financial liabilities.

Overall, this risk remains unchanged at a small level.

The Constantin Medien Group is subject to risks in the valuation of financial and non-financial assets
At the balance sheet date, Constantin Medien Group holds significant financial and non-financial assets such other intangible assets and goodwill as well as other non-current financial assets. Impairment tests are performed for assets of the Constantin Medien Group annually or, in case of triggering events for impairment during the year.

Whenever a market value is not available, the calculation of the valuation method includes estimates and assumptions by the management which is based on premises. These are based on currently available knowledge. The actual development, which is often outside the sphere of influence of the Company, can pass the assumptions made and require an adjustment of the carrying values. This can have a negative impact on the result.

As a result of the deconsolidation of Highlight Communications AG as at June 12, 2017, this investment is recognized as another financial asset at the stock exchange rate. The fluctuations in the fair value due to changes in the stock exchange rate are recognized in equity. This can lead to strong fluctuations in equity or the equity ratio.

Overall, this risk remains at a medium level.

The Constantin Medien Group cannot rule out risks of future tax or social insurance audits despite proper processes and careful controls

Constantin Medien AG considers that tax returns and statements to social insurance carrier compiled within Constantin Medien Group have been submitted completely and correctly. Nevertheless, there is the risk that additional tax claims might be asserted in the area of sales and withholding tax, particularly due to the complex regulations in the media sector. In case of a social insurance audit at Constantin Medien Group, it cannot be ruled out in principle that the social insurance authorities carry out a different view of the social insurance contributions so that the Constantin Medien Group subsequently suffers additional charges.

If deviations from taxation or additional social insurance occur, this could have a negative impact on the result.

Overall, this risk is still to be classified at medium level.

7.2.9 Risks in the context of the takeover bid of Studhalter Investment AG and Highlight Communications AG

On November 28, 2017, Studhalter Investment AG together with Highlight Communications AG submitted a public takeover bid to the shareholders of Constantin Medien AG. The takeover bid was concluded successfully on February 13, 2018, by tendering 48.39 percent of the issued Constantin Medien AG shares to Highlight Communications AG and Studhalter Investment AG. Taken together with 29.99 percent of the issued shares in Constantin Medien AG from the investment of Highlight Event and Entertainment AG, the Highlight group now holds a total of 78.38 percent in Constantin Medien AG. This led to a change in control at Constantin Medien AG. The following potential risks resulted from this for the Constantin Medien Group:

As a private broadcaster, Sport1 GmbH is subject to the provisions of the Broadcasting and Telemedia Treaty (RStV). Under the RStV, any changes to the ownership ratio or other influences on private broadcasters must be reported to the State Media Authorities in writing before being implemented. After (i) the German Commission on Concentration in the Media (KEK) have assessed any potential dominant influence on public opinion, and (ii) the Commission on Licensing and Supervision (ZAK) have verified that the approval conditions have been met, the State Media Authorities certify that the change is unproblematic, if the broadcaster would have received a license under the RStV even under the changed circumstances. If the implemented change is not certified as unproblematic, the broadcaster license must be revoked. Sport1 GmbH, Constantin Medien AG, the bidders and the other parties acquiring control have reported the changes to the competent State Media Authorities in a timely manner. It is assumed that the change will be certified as unproblematic. If Sport1 GmbH lost its private broadcasting license, this could have significant negative influences on the results of operations, financial and net assets positions of the Constantin Medien Group. Given the measures taken, this risk is classified as small.

The terms and conditions of a corporate bond issued on April 23, 2013, in the amount of EUR 65,000,000 with an interest rate of 7.0%, which matures on April 23, 2018, include a right of the bond holders within 30 days of notification of a change of control to demand full or partial early redemption or purchase of its bonds by Constantin Medien AG, under the condition that bond holders with joint holdings of at least 20 percent of the total nominal amount of the corporate bond outstanding at this time make use of this right. This matter had not arised by the time this Annual Report was published.

A guarantee credit for EUR 11,180,050 between Sport1 GmbH and PLAZAMEDIA GmbH as the debtor, Constantin Medien as the co-debtor and Unicredit Bank AG as the lending bank includes the right of Unicredit Bank AG to cancel the credit without a notice period 30 banking days after a change in control. Since the guarantee credit has an ordinary expiration date of February 28, 2018, the change in control had no impact.

The risk mentioned in the joint statement of the Management Board and the Supervisory Board on December 22, 2017, of negative effects on the tax situation of the Constantin Group occurred due to the change in control. All tax loss carryforwards of Constantin Medien AG are lost as of the balance sheet date. As a result, deferred tax assets on tax loss carryforwards in the amount of EUR 585 thousand have to be reversed in the 2018 financial year.

The joint statement of the Management Board and Supervisory Board also mentioned the risk that the voting rights, as well as the application, information and participation rights, of Constantin Medien AG from its shares in Highlight Communications AG would be suspended and that Constantin Medien would no longer be able to exercise the. This risk occurred due to the change in control and the restructuring of the Highlight group. Therefore, Constantin Medien AG can no longer exert its influence on Highlight Communications AG. The entitlement to dividends from these shares, the subscription right and the right of Constantin Medien AG to contest the resolutions of the Annual General Meeting still apply, but Constantin Medien AG can no longer vote on dividend distribution at a General Meeting of Highlight Communications AG.

7.3 Opportunities report

7.3.1 Opportunities management system

In line with risk management, the Constantin Medien Group's Opportunity Management strives to implement its strategic and operational goals quickly and efficiently through concrete activities. Opportunities can arise in all areas. Their identification and purposeful use is a management task that feeds into day-to-day decisions.

In order to better structure and illustrate the opportunities portfolio, the existing risk management system was supplemented by the recording and evaluation of opportunities. The corresponding specifications and procedures apply analogously.

In accordance with the definition of the concept of risk, the Constantin Medien Group concretizes an opportunity as a possible future development or an event that may lead to a positive forecast or target deviation for the company. This means that events which are already included in the budget or economic midterm planning do not constitute an opportunity according to this definition and are not reported below. Similar to the risks, the opportunities are quantified in four categories as “small”, “medium”, “substantial” and “major”.

The following opportunity levels result from the level of probability of occurrence in connection with the extent of the deviation from the forecast:

- **Small opportunities**
  The positive deviation from the forecast achieved by small opportunities is insignificant. The company’s strategic focus does not take minor opportunities into account separately.

- **Medium opportunities**
  Medium opportunities have a limited positive effect when achieved and a medium probability of occurrence. They do not trigger an immediate need to adapt the company's strategic focus.

- **Substantial opportunities**
  Compared to medium opportunities, substantial opportunities are more likely to result in a need to make a positive adjustment to the forecast and/or have a high probability of occurrence. They should be realized using suitable measures or process optimizations.

- **Major opportunities**
  Major opportunities can play a significant role in defining the objectives of the individual segments. Measures to achieve these objectives must be initiated. Management monitors the implementation of these measures. Major opportunities are reported directly to the Management Board.

7.3.2 Information on individual opportunities

In the following, individual opportunities and their factors as well as their effects are presented. The presentation is grouped according to the risk categories of the RMS. The presentation in the opportunity report is based on a higher degree of aggregation than in the RMS itself

7.3.3 Opportunities from regulations

The Constantin Medien Group sees opportunities in a possible further deregulation of sports betting and other gambling business types

The Constantin Medien Group positions itself as a 360-degree sports platform with a cross-media content and marketing strategy for high-quality sports-related contents. The development and realization of innovative digital business models forms a key part of this strategy. The official regulation of the digital industries is currently incomplete, which can result in the restrictions described in the risk report. However, this also opens up opportunities. The granting of licenses to private operators of sports betting, which was set out in the State Gambling Treaty but has not yet occurred, could result in additional advertising volumes in the sports betting area. In addition, a country-wide deregulation of events and advertising of other gambling types (e.g. poker and casino) has not yet occurred.

In addition, the granting of licenses to private operators of sports betting, and a complete deregulation in the gambling business could have a positive effect on Group revenues as this could lead to the acquisition of new advertising customer groups.

The opportunity is unchanged considered to be small.

The Constantin Medien Group identifies opportunities in a possible new Media Code

New revenue opportunities could also result for advertising marketing when the “New Media Act” or the “Convergent TV Regulation”, which is currently being discussed, becomes effective in future. In this context, a new broadcasting (amendment) treaty by the federal states – and hence a new regulation model for linear as well as non-linear media services – could trigger deregulations, particularly in the field of advertising law for broadcasting stations.

Overall, this opportunity is considered to be small.

7.3.4 Business and market opportunities

The Constantin Medien Group sees opportunities in access to licenses and exploitation rights

The business model of the Constantin Medien Group is based primarily on the cross-media preparation of exciting sports content. Therefore, the ability to identify new popular sports early on and acquire the rights to major tournaments plays a key role on the Group's success. To this end, the different departments consider more than 100 offers of exploitation rights each year, which they evaluate according to programming and economic parameters. The opportunities which could result from the forecast potential of new popular sports and the early use of the relevant exploitation rights for the Group's revenues are classified as substantial.

The market for exploitation rights for the relevant sports events or program formats is highly competitive and characterized by the frequent appearance of new participants ready to acquire the relevant rights. Therefore, management must continuously evaluate the economic benefits of purchasing the rights under consideration to ensure a target-group-focused, varied content directly for the relevant media platform. The production technology infrastructure and the editorial competence in the Group create greater room for action in this area. Thanks to its broad design which encompasses the entire value chain from consulting via production to the distribution of contents, the company is able to participate in popular sports events as a cooperation partner of other media companies.

Such opportunities are investigated at all times; they must be classified as medium to substantial.

The Constantin Medien Group sees opportunities in the digital transformation of the society

The continuing digitization is also changing the media usage behavior of consumers. As a result, the strategy of the Constantin Medien Group involves identifying the relevant trends and deducing promising business models. This is easily integrated into the company strategy using its broad cross-media design and leading market position. The following factors are important for management:

– This includes expanding and setting up new mobile offers in the sports and entertainment areas, in order to benefit as widely as possible from the increase in the use of mobile devices. The very high coverage on all mobile devices open up the opportunity of higher revenues from new responsive marketing products and from cooperations with new platforms.

– Another clear trend in the media usage behavior of consumers is the strong increase in the use of video contents across all digital platforms. In order to benefit from this development, the Group is significantly expanding its digital video infrastructure based on data in order to increase the available content, shorten editorial processing time and enable individual user recommendations for further video contents.

– The interests of the customers and partners of the Constantin Medien Group are also influenced by the digital transformation. The company is responding to this by constantly adapting its technical infrastructure. This e.g. includes the provision of standardized interfaces, which enable external partners to create new offers and products based on existing content and sports data. It also covers the continuous expansion of coverage on social media platforms and search engines. These activities play a key role both in directing users to our platforms and in provision advertising marketing.

– Finally, the digital transformation is also creating entirely new activity formats, e.g. competitions in so-called eSports. The Constantin Medien Group identified the dynamics of this movement early own and has initiated its own eSports offensive. This has been driven by a separate new unit since the fall of 2017. This unit's future focus will be increasingly on digital offers in the areas of Online, Mobile and Social Media. A relaunch of the eSports channel on SPORT1.de is planned for the second quarter of 2018.

Overall, these opportunities are classified as medium.

The Constantin Medien Group sees opportunities in the Segment Sports by setting up a new consulting division

The structure of a new consulting area reported in the previous year has now been successfully implemented and fully taken into account in the planning. Thus, there is no chance to positively influence the results.

The Constantin Medien Group sees opportunities in the Segment Sports through the agreed partnership with Tata Communications to establish a joint media hub in Germany

The opportunity reported in the previous year due to the partnership with Tata Communications for the establishment of a joint media hub in Germany has now been fully considered in the planning and thus no longer represents an opportunity in terms of opportunity management.

7.3.5 Operational opportunities

The Constantin Medien Group sees opportunities in the exploitation and development of already secured licenses and formats, as well as in the maintenance of an extensive network

The high popularity and market share of individual broadcasting formats of the Constantin Medien Group depends not least on the ability of management to acquire attractive testimonials. In this context, the image of the individual Group brands and the maintenance and care of an extensive network plays an important part. Added to this are the company's ability to promote individual athletes through targeted reporting, who then provide testimonials. The growing popularity of individual actors can create a medium opportunity to expand coverage and market share, which could result in additional revenues.

7.4 Consolidated presentation of risks and opportunities situation

The opportunities and risks reported by individual risk officers are summarized and aggregated as set out in the guideline adopted by the Management Board and an assessment is carried out at Group level. Responsibility for the complete and correct recording, assessment and reporting of the opportunities and risks lies with the persons responsible for the affected company. The Management Board is responsible for the overall presentation of the opportunities and risks.

Based on the information available and on estimates, particularly the probability of occurrence, the maximum amount of damage and the effect of countermeasures taken, the Management Board of Constantin Medien AG reaches the conclusion that these risks do not put the going concern of the Group at risk. This particularly applies to individual risks as well as to the risks as a whole as far as the effect of all risks together can be reasonably simulated or otherwise estimated. The Management Board currently considers the Group to be well prepared to deal with the risks not being reduced by countermeasures. However, it cannot be ruled out that in the case of an entry or cumulative entry the risk profile of Constantin Medien AG could materially deteriorate.

To summarize, three risk clusters can be identified: The first category includes externally driven risks, which arise particularly from regulatory interventions and legal provisions and are difficult to influence. These topics are closely monitored in order to identify unfavorable developments in a timely manner. The effect of these topics is by nature not short-term so that adjustments can be made in the planning process. The second category consists of topics which the Management Board consciously accepts in order to implement the business strategy. These include particularly the risks the access to license rights as well as the sales, taste and consumer risks. The Management Board is convinced that the effects of these risks compared to the revenue potential resulting from the relevant business areas are manageable. Key figures are monitored in order to be able to identify whether this relationship does not persistently deteriorate in the individual areas. This can be followed by an adaptation of the strategy. The last group includes operating risks and in particular risks from operations, security concepts and contractual or financial obligations and legal risks. These are managed by the Management Board by way of guidelines and process controls as well as the inclusion of external consultants, so that the remaining residual risk remains at an economically justifiable level.

The Management Board continues to see the greatest opportunities in the consistent pursuit of the expansion of digital offers and in the possibilities that a transformation of the media world can bring. Further opportunities arise with the establishment of new partnerships and business areas.

The Group companies are all established in their respective areas, can access a broad network of technical and creative energy and react quickly to changes. Accordingly, the Management Board is convinced that the measures taken keep the risk at an economically justifiable level and considers the risk bearing capacity of the Group to be sufficient. At the same time, it consistently pursues the existing opportunities.

7.5 Internal control and risk management system in relation to the Group accounting process

The accounting-related internal control system (ICS) of the Constantin Medien Group includes measures to ensure a complete, correct and timely forwarding of the relevant information necessary for preparing the annual and the consolidated financial statements, as well as the consolidated Group management and management report. This is intended to minimize the risks of incorrect representation in accounting and external reporting. Similar to the RMS, the ICS also follows the basic principles of the overarching framework for enterprise-wide risk management as developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Accounting within the Constantin Medien Group is decentralized. While each subgroup has its own department, Constantin Medien AG supports its direct subsidiaries with specific accounting-related issues. The preparation of the annual financial statements of Constantin Medien AG and its subsidiaries is performed in conformity with the respective state specific regulations. For the requirements for the preparation of consolidated financial statements in accordance with IFRSs, reconciliation accounts are prepared for all companies included in the Group and reported to the consolidated financial statements. The accounting and valuation principles in the Constantin Medien Group regulate uniform accounting and valuation methods and establish a uniform chart of accounts across the Group in accordance with IFRS requirements applicable to the parent company. Laws, accounting standards and other statements are continually analyzed to determine whether and to what extent they are relevant and how they affect accounting. The relevant requirements are e.g. recorded in the Group accounting manual, communicated and together with the Group-wide closing calendar form the basis for the financial statement process. In addition, supplementary procedure instructions standardized reporting forms, IT systems as well as IT-supported reporting and consolidation processes support the process of preparing uniform and proper Group accounting. If necessary, the Group also uses external service providers. The qualification of the employees involved in the accounting process is ensured by means of appropriate selection processes and regular training measures.

At Group level, the specific controlling activities to ensure the compliance and reliability of Group accounting encompass the analysis and, where appropriate, corrections of the individual financial statements submitted by the Group companies. A clear definition of responsibilities as well as process-integrated controls such as the application of the dual control principle form further measures.

The compliance and effectiveness of the internal control system is audited annually by process-independent auditing activ-ities conducted by the Group's internal audit and are regularly reported to the Management and Supervisory Boards.

7.6 Risks and opportunities of Constantin Medien AG

The annual financial statement of Constantin Medien AG is mainly influenced by the risks and opportunities of the subsidiaries, as Constantin Medien AG is directly involved as the financial holding and parent company. Accordingly, the above-mentioned risks and opportunities also apply to Constantin Medien AG, with the exception of the risk that the full consolidation of Highlight Communications AG will be terminated. These risks and opportunities can arise at Constantin Medien AG at other times than at the level of the operating subsidiaries. The liquidity risks at Constantin Medien AG mentioned in the previous year have been resolved as follows:

- The risk reported in the previous year relating to the non-admission of voting rights in Highlight Communications AG shares held by Constantin Medien AG has been resolved in 2017. At the Annual General Meeting of Highlight Communications AG on December 1, 2017, Constantin Medien AG was able to vote with all of its voting rights. In this context, the risk of non-resolution of a dividend payout has been resolved, as the shareholders approved a dividend distribution of CHF 0.30 per share on the Annual General Meeting of Highlight Communications AG.

- The repayment and settlement agreement between Constantin Medien AG and Stella Finanz AG resolved the refinancing risk of the Stella loan reported in the previous year.

- Since the Management Board resolved on September 29, 2017, to end the competitive bid process for a possible sale of Sport1 GmbH and Sport1 Media GmbH with immediate effect, the risk in this regard, which was reported the previous year, no longer applies.

- The full repayment of the corporate bond 2013/2018 for EUR 65,000,000 and interest of 7.0%, which matures on April 23, 2018, has been ensured. The Management Board with the approval of the Special Supervisory Board Committee on Group Financing resolved on March 22, 2018, to sell 12,417,482 shares in Highlight Communications AG at a price of EUR 5.20 per share, with a total value of EUR 64,570,906, to Highlight Event and Entertainment AG. The two parties signed the purchase agreement on March 22, 2018. This ensured the repayment of the outstanding corporate bond 2013/2018. Interest in the amount of approx. EUR 4.55 million will be paid from available liquid funds.

It is becoming apparent that in addition to the operative activities of the company, the credit providers are also increasingly assessing the composition of the group of direct/indirect shareholders before reaching their decisions. This might also result in difficulties for Constantin Medien AG in future in terms of the provision of operating credit lines.

Given the measures taken by the Management Board (see chapter 7.2.8), this liquidity risk is now classified as medium. Last year, this was classified as substantial.

In its letters from December 2016 and on August 3, 2017, Constantin Film Produktion GmbH as the owner of the brand "Constantin" among others canceled the agreement between itself and Constantin Medien AG to use this brand, primarily in the context of the company name "Constantin Medien AG", terminating this extraordinarily as well as ordinarily for December 31, 2017. Constantin Medien AG has rejected these cancellations as ineffective. The further use of the name "Constantin Medien AG" is currently the object of claim proceedings before the Regional Court Munich I. There is the risk that the company financial statements of Constantin Medien AG would require the remaining carrying value of the capitalized use right for the brand "Constantin" to be reduced extraordinarily.

Taking into account the measures taken, this risk is still classified as small.

8. Outlook

8.1 Economic environment

Global economic dynamism remains high: Following a distinct acceleration in 2017, at the beginning of this year the IMF increased its forecast for global GDP growth for 2018 and 2019 by 0.2 percentage points to 3.9 percent for each year. The improved outlook is based mainly on the upturn in the developed economies, which are expected to see over 2 percent growth in both years. The main stimuli, according to the IMF, are the favorable financial conditions and the generally positive mood among businesses and consumers worldwide.

Emerging Asian markets are anticipated to grow by around 6.5 percent in 2018, thus contributing to over half of global economic growth. China's economy, on the other hand, will slow down, but will remain dynamic with a gain of 6.6 percent. The US is expected to see 2.7 percent growth, not least due to positive impetus from fiscal reform. Economic development in Russia, according to the IMF, will cool down slightly in 2018, with a further 1.7 percent growth, following the very strong economic recovery of the last two years.

In 2017 the eurozone, as predicted, recorded its highest economic growth so far. 2018 should see a 2.2 percent increase in GDP, representing a slight fall. For Germany the IMF experts are expecting a 2.3 percent gain, 0.2 percentage points less than the previous year. The Kiel Institute for the World Economy (IfW), however, expects German GDP to continue improving in 2018, by 2.5 percent. The IfW also found that Germany was rapidly approaching boom conditions, as it was already operating well above normal capacity.

Sources: International Monetary Fund (IMF), World Economic Outlook, January 2018; Kiel Institute for the World Economy (IfW), German economy in winter 2017, December 13, 2017

8.2 Market environment for media and entertainment in Germany

For Germany's media industry in 2018, auditors PwC expect above-average growth of 3.2 percent to EUR 80.8 billion. Through 2021 they anticipate an annual growth rate of 2.4 percent, which would increase the market volume to EUR 85.7 billion.

The main drivers behind this development are digital formats such as VR, eSports, data consumption and Internet video. The classic sports market will remain a front runner, with average annual growth of 8.6 percent through 2021. PwC estimates total sales in the sports media market in 2018 to reach EUR 3.4 billion – an increase of 26.2 percent year-on-year, shaped especially by the mega sports year 2018 with the soccer World Cup and the Winter Olympics. For 2021 the PwC experts predict sales of EUR 3.9 billion in the sports media industry.

Digitisation will continue to dominate the industry in 2018. Internet video is expected to overtake the home entertainment market this year. While revenues from internet video were still around EUR 750 million in 2016, the projection for 2018 is already EUR 955 million, and reaching EUR 1.2 billion by 2021, according to PwC. This equates to an average growth rate of some 10 percent. In contrast, home entertainment sales are expected to fall by an average of 12.7 percent per year through 2021.

Source: PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, "German Entertainment and Media Outlook: 2017 – 2021"

8.3 Priorities for the 2018 financial year

8.3.1 Segment Sports

Sector-specific general conditions

In its Ad Spend Forecast for 2018, Dentsu Aegis Network expects global advertising expenditure to increase by 3.6 percent year-on-year (2017: +3.1 percent year-on-year). The main reason for this expected gain are the major sports events in 2018 – the Winter Olympics and the soccer World Cup in Russia.

For Germany a moderate rise of 2.6 percent is forecast compared with the previous year (2017: +2.2 percent year-on-year).

Digital advertising channels in this country are expected to show particularly strong growth – mobile 38.3 percent and social media 22 percent – while spending on classic media will either fall or only increase slightly. Digital media, according to the forecast, will take the no. 1 spot in Germany with a 36.3 percent share of the total spend, outperforming TV advertising at 32 percent. This trend is also a global one, with a 38.3 percent digital spend forecast worldwide, compared with 35.5 percent on TV.

Based on PwC's "German Entertainment and Media Outlook 2017-2021", the linear TV advertising market in Germany should see 2.2 percent annual growth in advertising revenues for the period 2017 through 2021 (total advertising revenues for 2017: EUR 4.821 billion, 2021: EUR 5.288 billion) – with advertising revenues specifically for 2018 forecast at EUR 4.948 billion.

For online advertising (stationary and mobile), annual growth of 5.6 percent is expected from 2017 through 2021 (total advertising revenues for 2017: EUR 7.062 billion, 2021: EUR 8.700 billion) – with advertising revenues for 2018 forecast at EUR 7.496 billion.

Sources: PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, "German Entertainment and Media Outlook 2017 – 2021", October 2017; Dentsu Aegis Network, Ad Spend Forecast, press release, January 15, 2018

The pay-TV market in Germany, according to PwC, will continue to grow in the next few years – driven by the demand for high-quality content and even higher picture quality as well as attractive price models for customers, especially due to the strong competition between the different pay-TV providers. PwC anticipates average annual sales growth for the pay-TV market in Germany of 8.7 percent through 2021.

Source: PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, "German Entertainment and Media Outlook 2017 – 2021", October 2017

According to a study by Goldmedia, OTT and the services that can be derived from it, such as SVOD, TVOD and AVOD, will make their way onto the mass market in 2018, offering expanded possibilities and business models in the production market.

Sources: wuv.de, "2018 bringt das Ende der Kostenloskultur, den Nutzungswandel und neue Massenmedien", December 20, 2017

The use of live-streaming services will also increase. This is especially interesting in thesports segment, and Facebook in particular is set to become one of the leading platforms for consumption of live sports in the years to come.

Sources: statista.de, "Anzahl der monatlichen Nutzer von Livestreaming in Deutschland in den Jahren 2013 bis 2017 (in Millionen)", September 2017; businessinsider.de, "Facebook is becoming a go-to platform for live streaming sports", June 29, 2017

Sports events are also ideal for the implementation of AR and VR content, as it can greatly enhance the viewing experience with added value such as explanatory statistics or real-time information. The growing number of OTT platforms that are also increasingly active in the sports segment can promote the development of these production trends, as they are easier to apply the technologies to.

Sources: inc.com, "Why Augmented Reality Is The Next Big Move For The Sports Industry", October 13, 2017; live-production.tv, "Immersing sports fans with augmented reality", August 26, 2016

Alongside the still slow-to-develop UHD/4K market, mainly with respect to the available content in Germany, 8K is already playing an increasing role on the international stage. Intelligent upscaling with the help of AI (Artificial Intelligence), i.e. upscaling from lower to higher quality, can help remedy this lack of content. 2018 also promises a critical boost to the distribution of UHD/4K-capable TVs, with some 12 percent of consumers planning to buy a compatible smart TV, according to a Bitcom study.

Source: t-online.de, "Sprechende Spiegel und VR für die Füße", January 15, 2018; sueddeutsche.de, "Fernseh-Visionen auf der CES", January 12, 2018; rp-online.de, "Der Fernseher ist tot – es lebe die Heimzentrale", January 10, 2018

Priorities

In the 2018 financial year, SPORT1 continues to focus on consistent multimedia content use, distribution and capitalization. Also in the future, the strengthening of its portfolio by acquiring attractive new rights, extending existing partnerships and developing new content co-operations and business areas, as well as exploiting and staging established program pillars across platforms are focal points. This includes soccer – especially with the Bundesliga and 2nd Bundesliga – ice hockey, motorsports, boxing, basketball, volleyball, darts and US sports.

Against the background of the massively increasing digital and cross-platform use of media offers, in the 2018 financial year, Sport1 GmbH will further drive the digital diversification of the SPORT1 brand and at the same time create new content and marketing environments, such as with regard to Addressable TV. Priorities include the development of new mobile offers, the intensification of social media activities and the expansion of the video area via own apps, own video brand channels or the use of new social media video offers. In addition, the activities primarily include own offers and formats in the eSports area, which is also growing rapidly in Germany.

At PLAZAMEDIA, in 2018, the focus will also include the implementation of extensive and complex live sports productions and non-live formats, the development and further advancement of innovative production technologies, content management solutions and production technology content distribution. In the context of expanding the PLAZAMEDIA portfolio, priorities in the 2018 financial year will be alongside the traditional broadcasting activities, particularly the further advancement and the development of new digital production activities, products and services – in view of the increasing fragmentation of media distribution channels, e.g. specific OTT or OVP solutions. In this area, sales partnerships with various renowned partners are opening up access to new players and markets. In the 2018 financial year, it is the aim to expand existing business relationships based on the varied range of services, which has been significantly widened especially in the digital area, to add new business areas and customer groups and to create a considerably broader customer basis overall.

8.4 Financial targets of Constantin Medien Group

In the **Segment Sports**, Sport1 GmbH is expected to see a slight drop in sales in 2018. This is based on a slightly falling market share in the core target group men aged 14–59, due to the omission of the Europa League in the second half of the year, the full-year omission of live play from the 2nd Bundesliga along with the gameday analysis "Spieltaganalyse" on Monday evenings, and the extra competition brought by the Winter Olympics in South Korea and the soccer World Cup in Russia. The channel's new core sport of boxing, backed by an exclusive deal with Team Sauerland, cannot fully compensate for this.

In the digital area, the management anticipates a marked increase in cumulative online and mobile ratings, due to the optimized editorial and functional portfolio as well as numerous traffic initiatives. Also expected is a strong increase in video views, due to the expansion and redesign of video content and services.

SPORT1's partnership with a new marketing partner allows the company better control and capitalization of its advertising space. However, its growth in digital sales cannot fully compensate for the loss of sales in TV.

Nevertheless, the slight fall in sales and the considerably lower other operating income due to the discontinuation of special items can be more than offset by savings in material costs, other operating costs and personnel, as well as lower capital consumption. As a result, the management expects an EBIT in the mid-single-digit millions.

In the production segment, the PLAZAMEDIA group has seen a considerable drop in sales since the second half of 2017, due to the termination of the production framework contract with Sky Deutschland Fernsehen GmbH & Co. KG and Sky Österreich Fernsehen GmbH effective June 30, 2017. These sales losses – especially in the first half of 2018 – can only be partly absorbed by new-client business. Owing to the additional loss of non-recurring effects in other operating income, the 2018 financial year is expected to bring a considerable decline in revenues compared with the previous year. As these cannot be fully offset by savings in personnel and other operating overheads, a negative EBIT is assumed for 2018.

Overall, the Management Board expects a drop in revenues for the Segment Sports in 2018 compared with the previous financial year. Due to the substantial savings made by Sport1 GmbH, however, a slightly higher, positive EBIT is expected compared with the year before.

For 2018 Constantin Medien AG is expecting significantly lower sales at Group level than in previous years, due to the full-year deconsolidation of Highlight Communications AG. Based on current estimates and the development in the Segment Sports, the Management Board of Constantin Medien AG is presently assuming Group sales of EUR 110 million to EUR 130 million for the 2018 financial year. Taking into account the holding costs as well as the financial result and taxes, the Board expects Group earnings attributable to shareholders of EUR -1.5 million to EUR -4.5 million.

8.5 Financial targets of Constantin Medien AG

As a holding company, Constantin Medien AG is dependent on the development of its operating subsidiaries, which is reflected in profit and loss transfer agreements and dividend distributions. In addition, financing costs, among other factors, impact the annual result of the company. Overall, a forecast of the net assets, financial position and results of operations solely makes sense based on the Constantin Medien Group.

For the financial year 2018, the Management Board expects lower income from profit and loss transfer agreements as well as a significantly lower dividend income from Highlight Communications AG. Due to the 20 percent cut in headcount at Constantin Medien AG, significantly lower personnel expenses are expected than in the previous year. Taking into account the legal costs expected for 2018 as well as the financing costs, the Management Board is forecasting a nearly balanced result for Constantin Medien AG, which will be slightly negative. However, due to the accounting of Highlight Communications AG shares at the market price, there is a variable that cannot be influenced, which may affect the financial targets of Constantin Medien AG but is not quantifiable at the present time. However, due to the accounting treatment of the Highlight Communications AG shares at the stock exchange price, which can influence the financial targets of Constantin Medien AG but is not quantifiable at the present time.

Ismaning, March 26, 2018
Constantin Medien AG

Olaf G. Schröder
Chief Executive Officer

Dr Matthias Kirschenhofer
Chief Officer Legal and Finance

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss

January 1 to December 31, 2017 in EUR '000

	Note	**1/1 to 12/31/2017**	1/1 to 12/31/2016
Sales	6.1	**263,786**	565,669
Capitalized film production costs and other own work capitalized	6.2	**67,404**	111,627
Total revenue		**331,190**	677,296
Other operating income	6.3	**59,677**	26,180
Costs for licenses, commissions and materials		**-41,683**	-49,174
Costs for purchased services		**-123,426**	-216,373
Cost of materials and licenses	6.4	**-165,109**	-265,547
Salaries		**-74,109**	-125,384
Social security		**-9,392**	-16,387
Pension costs		**-783**	-2,168
Personnel expenses		**-84,284**	-143,939
Amortization and impairment on film assets	7.1	**-40,091**	-167,848
Amortization/depreciation and impairment on intangible assets and property, plant and equipment	7.2/7.3	**-6,871**	-8,265
Impairment on goodwill	7.2	**0**	0
Amortization, depreciation and impairment		**-46,962**	-176,113
Other operating expenses	6.5	**-57,788**	-78,387
Profit from operations		**36,724**	39,490
Loss/profit from investments in associated companies	7.5	**-315**	39
Financial income	6.6	**11,669**	3,887
Financial expenses	6.7	**-17,002**	-22,769
Financial result		**-5,333**	-18,882
Profit before taxes		**31,076**	20,647
Income taxes		**-1,628**	-5,365
Deferred taxes		**-679**	-918
Taxes	6.8	**-2,307**	-6,283
Net profit		**28,769**	14,364
thereof non-controlling interests	7.4	**927**	6,090
thereof shareholders' interests		**27,842**	8,274

January 1 to December 31, 2017

	1/1 to 12/31/2017	1/1 to 12/31/2016
Earnings per share		
Earnings per share attributable to shareholders, basic (in EUR)	**0.30**	0.09
Earnings per share attributable to shareholders, diluted (in EUR)	**0.30**	0.09
Average number of outstanding shares (basic)	**93,599,838**	91,369,083
Average number of outstanding shares (diluted)	**93,599,838**	91,369,083

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2017 in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Net profit	**28,769**	14,364
Foreign currency translation differences	**-10,948**	139
Net gains/losses from a net investment hedge	**208**	60
Change in fair value of available-for-sale financial assets	**449**	-73
Gains/losses from cash flow hedges	**1,180**	1,178
Items that probably will be reclassified to profit or loss in subsequent periods	**-9,111**	1,304
Result from remeasurement of defined benefit plans	**466**	1,760
Items that will not be reclassified to profit or loss in subsequent periods	**466**	1,760
Other comprehensive income, net of tax	**-8,645**	3,064
Total comprehensive income	**20,124**	17,428
thereof non-controlling interests	**1,040**	7,543
thereof shareholders' interests	**19,084**	9,885

Consolidated Statement of Financial Position

Assets as of December 31, 2017 in EUR '000

	Note	**12/31/2017**	12/31/2016
Non-current assets			
Film assets	7.1	**0**	118,729
Other intangible assets	7.2	**1,888**	32,317
Goodwill	7.2	**8,707**	48,429
Property, plant and equipment	7.3	**4,391**	9,222
Investments in associated companies	7.5	**0**	50
Other financial assets	7.6	**105,069**	428
Deferred tax assets	7.11	**274**	2,847
		120,329	212,022
Current assets			
Inventories	7.7	**129**	2,576
Trade accounts receivable and other receivables	7.8/7.9/7.19	**33,740**	149,237
Receivables due from associated companies	11	**56**	0
Other financial assets	7.10	**0**	192
Income tax receivables		**0**	636
Cash and cash equivalents		**20,845**	104,830
		54,770	257,471
Total assets		**175,099**	469,493

Equity/Liabilities as of December 31, 2017 in EUR '000

	Note	**12/31/2017**	12/31/2016
Equity	7.12		
Subscribed capital		**93,600**	93,600
Treasury stock		**0**	0
Capital reserve		**-75,283**	-75,283
Other reserves		**3,336**	3,336
Cumulative other components of equity		**422**	9,346
Accumulated gain		**12,967**	4,527
Shareholders' interests		**27,842**	8,274
Equity attributable to the shareholders		**62,884**	43,800
Non-controlling interests	7.4	**0**	54,314
		62,884	98,114
Non-current liabilities			
Financial liabilities	7.16/7.17	**0**	63,466
Advance payments received	7.18	**0**	14,642
Other liabilities		**83**	1,502
Pension liabilities	7.20	**0**	6,204
Provisions	7.21	**0**	293
Deferred tax liabilities	7.23	**846**	18,388
		929	104,495
Current liabilities			
Financial liabilities	7.16/7.17	**63,870**	48,750
Advance payments received	7.18	**0**	47,311
Trade accounts payable and other liabilities	7.15/7.19	**38,352**	154,728
Provisions	7.21	**8,843**	11,861
Income tax liabilities	7.22	**221**	4,234
		111,286	266,884
Total equity and liabilities		**175,099**	469,493

Consolidated Statement of Cash Flows

January 1 to December 31, 2017 in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Net profit	**28,769**	14,364
Deferred taxes	**679**	918
Income taxes	**1,628**	5,365
Financial result	**6,300**	15,285
Profit (-) / loss (+) from investments in associated companies	**315**	-39
Amortization, depreciation and impairment and write-ups on film assets, intangible assets and property, plant and equipment	**46,962**	176,113
Profit (-) / loss (+) from disposal of film assets, intangible assets and property, plant and equipment	**14**	-1,168
Non-cash gain from deconsolidation of Highlight Communications AG	**-38,273**	0
Other non-cash items	**-3,762**	-3,881
Increase (-) / decrease (+) in inventories, trade accounts receivable and other assets not classified to investing or financing activities	**-16,074**	-691
Decrease (-) / increase (+) in trade accounts payable and other liabilities not classified to investing or financing activities	**-2,357**	-67,482
Dividends received	**7,353**	7
Interest paid	**-8,020**	-7,329
Interest received	**35**	129
Income taxes paid	**-4,348**	-7,102
Income taxes received	**342**	2,687
Cash flow from operating activities	**19,563**	127,176
Change in cash and cash equivalents due to acquisitions of companies/shares in companies, net	**0**	0
Payments for intangible assets	**-993**	-2,670
Payments for film assets	**-57,102**	-96,386
Payments for property, plant and equipment	**-2,030**	-4,180
Payments for financial assets	**-17**	-527
Proceeds/payments due to sale of companies/shares in companies, net	**0**	-7,023
Disposal of cash an cash equivalents due to the deconsolidation of Highlight Communications AG	**-60,315**	0
Proceeds from disposal of intangible assets and film assets	**1**	27
Proceeds from disposal of property, plant and equipment	**62**	94
Proceeds from disposal of financial assets	**29**	1,504
Cash flow for investing activities	**-120,365**	-109,161

January 1 to December 31, 2017 in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Proceeds from capital increase and from issuance of equity instruments	**0**	0
Payments for purchase of treasury stock	**0**	0
Proceeds from sale of treasury stock	**0**	14,845
Payments for purchase of non-controlling interests	**-500**	-3,261
Proceeds from sale of non-controlling interests	**0**	840
Repayment and buy-back of non-current financial liabilities	**0**	0
Repayment and buy-back of current financial liabilities	**-1,800**	-79,091
Proceeds from receipt of non-current financial liabilities	**0**	0
Proceeds from receipt of current financial liabilities	**20,779**	31,265
Dividend payments	**-977**	-815
Cash flow from/for financing activities	**17,502**	-36,217
Cash flow for the reporting period	**-83,300**	-18,202
Cash and cash equivalents at the beginning of the reporting period	**104,830**	122,445
Change in cash and cash equivalents due to exchange rate movements	**-685**	587
Cash and cash equivalents at the end of the reporting period	**20,845**	104,830
Change in cash and cash equivalents	**-83,300**	-18,202

Consolidated Statement of Changes in Equity

January 1 to December 31, 2017 in EUR '000

	Subscribed capital	Treasury stock	Capital reserve	Other reserves	Foreign currency translation differences
Balance 1/1/2017	93,600	0	-75,283	3,336	10,386
Items that probably will be reclassified to profit or loss in subsequent periods					-10,413
Items that will not be reclassified to profit or loss in subsequent periods					
Other comprehensive income	0	0	0	0	-10,413
Net profit/loss					
Total comprehensive income	0	0	0	0	-10,413
Reclassification of prior year's net result					
Capital increase					
Change in treasury stock					
Dividend payments					
Change in non-controlling interests					
Reclassification of remeasurement of defined benefit plans into accumulated gain/loss due to the deconsolidation of Highlight Communications AG					
Other changes					
Balance 12/31/2017	93,600	0	-75,283	3,336	-27
Balance 1/1/2016	93,600	-7,422	93,528	5,254	10,234
Items that probably will be reclassified to profit or loss in subsequent periods					152
Items that will not be reclassified to profit or loss in subsequent periods					
Other comprehensive income	0	0	0	0	152
Net profit/loss					
Total comprehensive income	0	0	0	0	152
Reclassification of prior year's net result					
Capital increase					
Change in treasury stock		7,422	4,458	-1,918	
Dividend payments					
Change in non-controlling interests			3,207		
Offsetting of capital reserve with accumulated gain/loss			-176,476		
Other changes					
Balance 12/31/2016	93,600	0	-75,283	3,336	10,386

Cummulative other components of equity								
Net investment hedge	Available-for-sale fiancial assets	Cash flow hedges	Remeasurement of defined benefit plans	Accumulated gain/loss	Shareholders' interests	**Equity attributable to shareholders**	Non-controlling interests	**Total**
-208	0	-715	-117	4,527	8,274	**43,800**	54,314	**98,114**
208	449	715				**-9,041**	-70	**-9,111**
			283			**283**	183	**466**
208	449	715	283	0	0	**-8,758**	113	**-8,645**
					27,842	**27,842**	927	**28,769**
208	449	715	283	0	27,842	**19,084**	1,040	**20,124**
				8,274	-8,274	**0**		**0**
						0		**0**
						0		**0**
						0	-977	**-977**
						0		**0**
			-166	166		**0**		**0**
						0	-54,377	**-54,377**
0	449	0	0	12,967	27,842	**62,884**	0	**62,884**
-268	61	-1,304	-988	-184,329	12,380	**20,746**	36,846	**57,592**
60	-61	589				**740**	564	**1,304**
			871			**871**	889	**1,760**
60	-61	589	871	0	0	**1,611**	1,453	**3,064**
					8,274	**8,274**	6,090	**14,364**
60	-61	589	871	0	8,274	**9,885**	7,543	**17,428**
				12,380	-12,380	**0**		**0**
						0		**0**
						9,962	4,883	**14,845**
						0	-815	**-815**
						3,207	7,948	**11,155**
				176,476		**0**		**0**
						0	-2,091	**-2,091**
-208	0	-715	-117	4,527	8,274	**43,800**	54,314	**98,114**

Notes to the Consolidated Financial Statements

1. General information

The Management Board approved the consolidated financial statements on March 26, 2018 for submission to the Company's Supervisory Board.

1.1 General information about the Group
Constantin Medien AG (HRB: 148760; Munich District Court) as the ultimate group parent company has its registered office in Münchener Straße 101g, Ismaning, Germany. The Company is listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The operational business of the Constantin Medien Group comprises the Segment Sports. Until June 12, 2017 through the majority-owned Highlight Communications AG, Pratteln/Switzerland, also the segments Film and Sports- and Event-Marketing were in included in the portfolio (see note 9).

1.2 Basis of presentation
The consolidated financial statements of Constantin Medien AG were prepared pursuant to § 315e para. 1 of the German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of the German Commercial Code. All IFRS/IAS and IFRIC/SIC are applied that were effective as of December 31, 2017. The consolidated financial statements are presented in Euros (EUR), which represent the functional and reporting currency of the Group's ultimate parent company. In general, the amounts are stated in thousands of Euros (EUR '000) unless stated otherwise.

A list of the subsidiaries, joint ventures and associated companies included in the consolidated financial statements is provided in these notes. The effects from first-time consolidation and deconsolidation of subsidiaries, joint ventures and investments in associated companies are shown in the section scope of consolidation (see note 3).

The statement of profit or loss was prepared according to the nature of expense method. The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting policies corresponding to the respective business activities. The preparation of the consolidated financial statements is based on historical cost, exceptions are described in the accounting and valuation principles (see note 4).

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported income, expenses, assets, liabilities, contingent liabilities and contingent assets at the reporting date. These estimates and assumptions represent management's best estimate based on historical experience and other factors, including estimates of future events. The estimates and assumptions are continuously reviewed. Changes to estimates are required if the circumstances on which they are based change or new or additional information becomes available. Such changes are recognized in the period in which the estimate was revised. Further details regarding the basis for estimates are separately explained in the notes to the respective statement of financial position items (see note 5).

2. Accounting policies

2.1 Relevant accounting standards and interpretations applied for the first time
The mandatory first-time adoption of the following relevant accounting standards and interpretations did not materially impact these consolidated financial statements.

IAS 7 Statements of Cash Flows – Disclosure Initiative (Amendment)
The amendments follow the objective of providing a company with information that enables addressees of financial statements to assess changes in financial liabilities. Since the amendments were published less than one year before the effective date, companies do not have to provide any comparative figures for first-time adoption. In the consolidated financial statements of Constantin Medien AG, this amendment leads to an expanded disclosure without impact on the net assets, financial position and results of operations.

2.2 Newly issued or revised relevant standards and interpretations not yet applied
The Constantin Medien Group waived the early adoption of the following new or revised relevant standards and interpretations, whose application is not yet mandatory for the Constantin Medien AG.

IFRS 9 Financial Instruments
On 24 July 2014, the IASB published the final version of IFRS9 Financial Instruments. In this version, the results of the phases classification and measurement, impairment and hedge accounting, in which the project to replace IAS 39 Financial Instruments: Recognition and Measurement have been processed, were brought together. The standard replaces all previous versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018. Voluntary early adoption is permitted. The Constantin Medien Group has completed its analysis regarding the implementation of IFRS 9.

Financial assets previously carried at amortized cost are also measured at amortized cost under IFRS 9 because they are held to collect contractual cash flows that are solely repayments and interest payments. Financial liabilities valued at amortized cost continue to be recognized as they are.

All equity instruments that fall within the scope of IFRS 9 must be recognized in the statement of financial position at fair value; changes in value are recognized in the period result. If an equity instrument is not held for trading purposes, an entity may make the irrevocable decision to recognize it at fair value with recognition of changes in other comprehensive income. In the case of equity instruments that are not held for trading, Constantin Medien AG will exercise its option to recognize these at fair value and recognize changes in value in other comprehensive income.

In addition, IFRS 9 introduces the expected loss model for the recognition of impairments on financial assets. This means that a risk provisioning must already be recorded before the occurrence of default events on the basis of historical default rates, which must be adjusted on the balance sheet date to reflect current information and expectations. In the future, the new impairment model can lead to an early recognition of impairment losses. The analysis showed that the impairment loss for trade accounts receivable under IFRS 9 will decrease by EUR 89 thousand as of January 1, 2018.

Within the scope of accounting for hedging relationships, there are extensions to designation possibilities; the retrospective effectiveness test no longer applies. As of December 31, 2017, there were no hedging relationships with the Constantin Medien Group. In the future, Constantin Medien AG will apply the regulations of IFRS 9 with regard to the accounting for hedging instruments.

Constantin Medien AG will apply IFRS 9 for the first time in the financial year beginning on January 1, 2018. The transition to IFRS 9 will make use of the facilities in line with transitional provisions.

IFRS 15 Revenue from Contracts with Customers (including clarifications)

The objective of IFRS 15 is, to inform users of financial statements about the type, amount, timing and uncertainty of revenues as well as resulting cash flows from a contract with a customer. The core principle will be applied using a five-step conceptual framework:

- Identify the contract with the customer
- Identify the separate performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations
- Recognize revenue when the entity satisfy a performance obligation

In the Segment Sports, the performed and completed analysis of Constantin Medien AG revealed that the main sources of income – advertising revenues, distribution revenues and revenues from the provision of production services – did not result in any significant changes compared with previous practice under IAS 18.

With regard to the presentation in the statement of financial positionas of Janu-ary 1, 2018, EUR 2,818 thousand of other receivables is reclassified to contract assets and EUR 1,599 thousand of other liabilities is reclassified to contract liabilities.

The Constantin Medien Group will apply the standard for the financial year beginning on January 1, 2018, retrospectively using the modified retrospective approach.

IFRS 16 Leases

The standard provides a single accounting model for the lessee. This model leads to the lessee that all assets and liabilities from leasing arrangements are recognized on the statement of financial position, provided that the maturity is exceeding 12 months or it is not a low-value asset. The lessor still distinguishes for account ing purpose between operating and finance leases. The new standard will be effective for reporting periods beginning on or after January 1, 2019. Voluntary early application is possible if also IFRS 15 is already applied at this time.

Constantin Medien AG is currently examining the possible effects of the implementation of IFRS 16 and will apply the new standard for the first time for the financial year beginning on January 1, 2019 using the modified retrospective approach.

In addition, the analysis is ongoing to which extend the options and exemptions provided for in the standard are used. The Constantin Medien Group expects the balance sheet total – non-current assets and financial liabilities – to increase as a result of the recognition of leasing agreements for buildings, vehicles and other assets and thus reducing the equity ratio. In addition, the operating result changes, since costs, which were reported as rental expenses in the past, are now recognized as interest expenses in the financial result, but the depreciation on the rights of use assets of leasing agreements is reflected in the operating result. In addition, there are also significantly more detailed specifications in the notes.

3. Details of the scope of consolidation

3.1 Deconsolidation of Highlight Communications AG

On June 12, 2017, Highlight Communications AG announced that the Board of Directors has resolved to increase the share capital to a total of CHF 63.0 million by issuing 15.75 million new shares to Highlight Event and Entertainment AG using the authorized capital. In spite of the commercial register block by Constantin Medien AG, the newly issued shares by Highlight Communications AG have the full voting rights in accordance with Swiss Code of Obligation. Constantin Medien AG's share of the voting rights in Highlight Communications AG thus still stood at around 45.4 percent (previously around 60.5 percent). Furthermore, there was no de facto control. On June 12, 2017, the fully consolidated subsidiary Highlight Communications AG (segments Film as well as Sports- and Event-Marketing), including its subsidiaries, was therefore deconsolidated.

As of June 12, 2017, Constantin Medien AG thus no longer has the power that gives it the current ability to direct the relevant activities of Highlight Communications AG, i.e. the activities that significantly affect the investee's returns. Due to the loss of control over Highlight Communications AG, the Highlight Communications group was deconsolidated as of June 12, 2017. The consolidated statement of financial position as well as the balances of the consolidated statement of changes in equity as of December 31, 2017 therefore no longer includes any values of the Highlight Communications group. However, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated cash flow statement and segment results comprise the period from January 1, 2017 to June 12, 2017, i.e. the values of the Highlight Communications group are still included herein until June 12, 2017.

In the period after the deconsolidation of Highlight Communications AG and the conclusion of the repayment and settlement agreement with Stella Finanz AG as of September 20, 2017, Constantin Medien AG only held the rights to approximately 3.8 million shares (approximately 6 percent of the voting rights) due to the legal disputes in connection with the approximately 24.8 million Highlight Communications AG shares pledged for the Stella loan. A significant influence was therefore not given (see chapter 5). Therefore the 45.4 percent interest in Highlight Communications AG is recognized as another financial asset. The initial measurement is done at fair value, which corresponds to the stock exchange rate of EUR 5.070 per share as of June 12, 2017 (fair value hierarchy level 1). From the initial measurement as non-current other financial asset a non-cash amount of EUR 145,002 thousand resulted.

The deconsolidation resulted in an outflow of cash of EUR 60,315 thousand due to the disposal of cash and cash equivalents. The deconsolidation resulted in income of EUR 38,273 thousand, which is reported under other operating income (income from deconsolidation). At the time of the deconsolidation, the net assets amounted to EUR 169,080 thousand. In addition to the goodwill of Sports- and Event-Marketing (EUR 37,652 thousand) as well as the brand name Constantin (EUR 28,000 thousand), this mainly includes film assets (EUR 135,372 thousand), trade accounts receivable and other receivables (EUR 127,815 thousand), deferred tax assets (EUR 1,764 thousand), cash and cash equivalents (EUR 60,315 thousand), financial liabilities (EUR 67,169 thousand), advance payments received (EUR 48,932 thousand), pension liabilities (EUR 5,851 thousand), deferred tax liabilities (EUR 17,778 thousand) and trade accounts payable and other liabilities (EUR 85,887 thousand). At the time of the deconsolidation, EUR 8,317 thousand was recycled from other equity to the statement of profit or loss. These mainly relate to positive foreign currency differences of EUR 9,349 thousand. The write-off of reserves for cash flow hedges and hedging of net investment of EUR -1,032 thousand had an opposite effect.

As a result of the repayment of the Stella loan by means of 8.0 million Highlight Communications AG shares on September 20, 2017, the share of voting rights in Highlight Communications AG has meanwhile dropped to 32.7 percent. Since the retransfer of the pledged Highlight Communications AG shares on September 26, 2017, Constantin Medien AG is once again the owner of all 32.7 percent of the voting rights in Highlight Communications AG. Despite the voting rights of 32.7 percent, Constantin Medien AG cannot exercise significant influence on Highlight Communication AG in accordance with the reasons given in note 5. They are classified as "available-for-sale financial assets". The carrying value of the 32.7 percent share-holding as at September 20, 2017 was EUR 104,030 thousand.

3.2 Acquisitions

On February 2, 2017, Sport1 GmbH participated with 20.0 percent respectively EUR 315 thousand in the Nachspielzeit Marketing GmbH, Ismaning. The company is managed as an associated company and is included in the consolidated financial statements using the equity method.

3.3 Overview of fully consolidated companies

The following table shows an overview of the fully consolidated companies:

Overview of fully consolidated subsidiaries at December 31, 2017

	Location of the company	**Share-holding in capital in %**	Period of inclusion
Constantin Sport Holding GmbH*	Ismaning	**100.00**	1/1 to 12/31
Sport1 GmbH	Ismaning	**100.00**	1/1 to 12/31
Sport1 Gaming GmbH	Ismaning	**100.00**	1/1 to 12/31
PLAZAMEDIA GmbH*	Ismaning	**100.00**	1/1 to 12/31
PLAZAMEDIA Austria Ges.m.b.H.	Vienna/Austria	**100.00**	1/1 to 12/31
PLAZAMEDIA Swiss AG	Pratteln/Switzerland	**100.00**	1/1 to 12/31
LEITMOTIF Creators GmbH*	Ismaning	**100.00**	1/1 to 12/31
Sport1 Media GmbH*	Ismaning	**100.00**	1/1 to 12/31

* Companies, which claim the disclosure option under § 264 (3) of the German Commercial Code (HGB)

3.4 Overview of interests in associated companies

The following associated companies are accounted for at equity in the financial statements. A disclosure of the financial information of the associated companies can be found in note 7.5.

Associated companies at December 31, 2017

	Location of the company	Share capital in %	Period of inclusion	Currency
Nachspielzeit Marketing GmbH	Ismaning	20.00	2/2 to 12/31	EUR

4. Summary of significant accounting and valuation methods

The accounting and valuation as well as the preparation of the annual separate/consolidated financial statements were carried out under the principle of going concern. For meeting short-term financial liabilities the Management Board has concluded corresponding alternative financing arrangements. The Company also has sufficient free assets, which can also be used through sale to secure financing and liquidity. For further details, please refer to the supplementary presentation in note 8.4.1.

4.1 Consolidation methods

All significant subsidiaries are fully consolidated in the consolidated financial statements. Subsidiaries are entities in which Constantin Medien AG can directly or indirectly exercise control. Constantin Medien AG controls an investee if and only if the Group has:

- power over the investee,
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect its returns.

Constantin Medien AG continuously reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When Constantin Medien AG has less than majority of the voting rights or similar rights of an investee, Constantin Medien AG considers all relevant facts and circumstances in assessingwhether it has power over and investee, including:

- a contractual arrangement with other vote holders of the investee,
- rights arising from other contractual arrangements,
- potential voting rights held by Constantin Medien AG, other vote holder or other parties and
- any additional facts and circumstances indicating that Constantin Medien AG currently has the ability to determine the relevant business activities at the time that decisions need to be made, including voting patterns at previous annual general meetings or general assemblies.

Structured entities are included in the consolidated financial statements if the Group controls the structured entity on the basis of the nature of the relationship.

The first-time capital consolidation is carried out by offsetting the acquisition costs (consideration rendered) of the investment against the revalued proportionate equity share in the subsidiary at the date of acquisition. For this purpose, assets and liabilities (including contingent liabilities) are stated at their fair values regardless of the amount of any non-controlling interests in equity. Incidental acquisition costs are expensed in the period incurred. In the case of an acquisition in stages, shares held before control is obtained must be recognized at fair value and added to the consideration at the time of acquisition. Profit or loss resulting from this revaluation must be recognized in the statement of profit or loss. The remaining positive difference amount is recognized as goodwill, which is subject to an annual impairment test or tested whenever triggering events for impairment arise. Any impairment loss arising from this is immediately expensed. Any negative difference arising from capital consolidation following a reassessment is reported in full as income in the year incurred. For each business combination the acquirer can elect to measure non-controlling interests either at fair value (full goodwill method) or at the non-controlling interests proportionate share of the identifiable net assets (partial goodwill method).

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associated company is an entity over which Constantin Medien AG 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.

The investments in joint ventures and associated companies are accounted for using the equity method. The investments are recognized at their acquisition costs at the acquisition date. Any eventually identified goodwill is included in the net carrying value and is not separately recognized. The earnings of the joint ventures and the associated companies are recognized by the Group on a proportionate basis and are attributed to the investment's net carrying value. Profit distributions from these companies reduce the investment’s net carrying value. If triggering events for impairment arise, those are recognized as an expense. Changes recognized directly in the equity of the joint ventures and associated companies are recognized by the Group to the extent of its share and are shown in changes in consolidated equity. In the financial statements of the joint ventures and associated companies directly in the other comprehensive income (OCI) recorded items (e.g. translation differences) are in the consolidated financial statements shown as a separate item within other comprehensive income (OCI).

Companies are deconsolidated when the exercise of control ceases. Deconsolidation represents a disposal of all assets including goodwill and liabilities as well as differences arising from foreign currency translation attributable to the subsidiary. Income and expenses incurred up to this point continue to be included in the consolidated financial statements.

Non-controlling interests represent the share of the result and net assets of the subsidiary not attributable to the share holders of the parent company. Non-controlling interests are reported separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income and in the consolidated statement of financial position. The disclosure in the consolidated statement of financial position within the equity is separately from the equity attributable to shareholders of the parent company.

The effects from transactions with non-controlling interests that do not result in a loss of control are recognized directly in equity as transactions with equity holders. However, a transaction resulting in a loss of control, the resulting gain or loss is recognized in the statement of profit or loss. The gain or loss also contains the effects from the remeasurement of retained interests at fair value.

4.2 Currency translation

Functional currency

The functional currency of Constantin Medien AG as well as the Group's reporting currency is the Euro. For a large part of the companies the local currency is the respective functional currency.

Translation of foreign currency transactions and balances

Transactions in currencies that are not the functional currency of the respective consolidated company are recognized by the Company using the exchange rate applicable of the transaction date. Monetary assets and liabilities are translated at the balance sheet date using closing rates. Foreign currency differences between transaction and payment rate are recognized under other operating income or expenses, if they are associated with business operations; otherwise exchange differences are recognized in the financial result.

An exception arises for gains and losses from qualifying cash flow hedges and from monetary items which from a business perspective are a component of the net investment in a foreign operation of the Group. Such gains and losses are recognized in other comprehensive income (OCI). Translation differences from non-monetary financial instruments held for sale are also recognized directly in other comprehensive income (OCI). Translation differences from monetary financial instruments held for sale are recognized as changes in fair value without impacting profit or loss.

Foreign currency translation within the Group

Statement of financial position items of foreign subsidiaries with a functional currency other than the Euro are translated according to the functional currency method at average closing rates as of the balance sheet date and the profit and loss items are translated at annual average exchange rates. Goodwill and fair value changes from purchase price allocation denominated in a functional currency other than the Euro currency are also translated at the rate as of the balance sheet date. The differences arising from this and from foreign currency translation of prior year amounts brought forward are recognized directly in other comprehensive income (OCI). On disposal of a foreign Group company, accumulated translation differences from the translation of assets and liabilities of the consolidated company which were recorded in the Group's other comprehensive income (OCI) are recognized as part of the gain or loss from the sale of the company in the statement of profit or loss.

4.3 Fair value measurement

The Group evaluates its financial instruments, including derivatives, and non-financial assets or liabilities that are measured at fair value, at each reporting date. In addition, fair values of non-current financial instruments measured at amortized cost are disclosed in note 8.

The fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principle market (market with the greatest volume) for the asset or liability. In the absence of a principle market, it will be assumed that the most advantageous market will be used for measuring fair value. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

The assessment of the non-performance risk of the counterparties is based on the evaluation scheme by Standards &

Poors (AAA - CCC). The default risk is determined by a percentage of each rating category. The own rating is determined by a peer group model approach. The third party credit risk is used in measuring financial assets and derivative financial instruments. The own credit risk is reflected in the measurement of debt instruments as well as derivative financial instruments.

The fair value measurement of non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For measurement of non-financial instruments as well as its own equity instruments, it must be assumed that the instrument would be transferred to a different market participant. An exit scenario is assumed. When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available, an entity shall measure the fair value of the instruments from the perspective of a market participant that hold the identical item as an asset.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or whose fair value disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as whole:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs that are not observable for the asset or liability

The determination of the fair value of non-current financial instruments measured at amortized cost for the disclosure in the notes is determined by discounting the expected future cash flows for financial instruments with comparable terms and maturity at currently applicable interest rates, unless a level 1 measurement is possible. The determination of the matching market interest rate is performed at each reporting date.

For assets and liabilities that are recognized on a recurring basis at fair value, the Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessing categorization, based on the lowest level input that is significant to the fair value measurement as a whole, at the end of each reporting period.

Information about the used valuation techniques and inputs for measuring the fair value of assets and liabilities are disclosed in notes 6, 7 and 8.

4.4 Film assets

Film assets include both acquired rights in third-party productions (i.e. films not produced by the Group) and production costs for films produced within the Group (in-house and co-productions) as well as costs for developing new projects. The acquisition of rights to third-party productions typically includes theatrical, home entertainment and TV rights.

The costs for third-party productions generally include minimum guarantees. The individual payments of the minimum guarantee are recognized as advance payments received and capitalized as film assets upon delivery and acceptance of the materials.

In-house productions are stated at their production costs. Production costs also include financing costs attributable to the respective production. In addition, costs for releasing the film, such as media relations and marketing expenses, which are not recognized as assets but included in other operating expenses.

Film rights (both third-party and in-house productions) are amortized on the basis of a unit of production method, which shows the consumption of film rights as a factor of the revenues that can be achieved. According to the so-called individual film forecast method, a film title is amortized in the period on the basis of a quotient "revenues generated from the film in the period divided by estimated remaining total revenues generated by the film multiplied by the residual carrying value of the film". The revenues used in calculating amortization includes all income generated by the film. With respect to home entertainment revenues, amortization is based on external sales revenues adjusted by home entertainment costs. For films accounted for as film assets by the Constantin Medien Group, the maximum period for estimating revenues is ten years.

The estimation of total revenues is reviewed at the end of each quarter and adjusted, if necessary. The quotient for the amortization charge is determined on the basis of any adjusted total revenue. Impairment tests are conducted for each film at each reporting date as well as when triggering events arise. If acquisition cost or the carrying value of a film is not covered by estimated total revenues less release costs to be incurred, a write-down is made to the value in use. In determining the value in use, the estimated cash flows are discounted by an individual interest rate that takes into account the periods of the various degrees of exploitation. Estimated cash flows can vary significantly due to a number of factors, such as market acceptance. The Group examines and revises sales forecasts and amortization expenses as soon as changes arise in the previous forecast data used.

Capitalized costs for the development of new projects (in particular screenplay/script rights) are regularly reviewed as to whether they can still be used as a basis for film productions. If, after three years of initial capitalization of project costs, the start of shooting or sale of rights is not yet reliably measurable, the costs are fully written-down. In case of a premature impairment, an impairment charge is recognized accordingly.

4.5 Other intangible assets
This category essentially includes EDP programs and intangible assets realized as part of purchase price allocations that are stated at cost less scheduled straight-line amortization and impairment charges. Further additional details can be found under the section impairment of non-financial assets (see note 4.8). Amortization of EDP programs is usually based on the operating life or the normal useful life of three to six years.

The development costs of individual projects are capitalized as internally generated intangible assets if the following capitalization criteria are met cumulatively:

- Evidence that completion can be implemented technically
- Intention of completion
- Possibility of future use
- Future flow of economic benefits
- Availability of adequate technical, financial and other resources
- Ability to reliably determine the costs to be allocated to the intangible asset that are incurred during development

Development costs that do not meet these criteria are expensed as incurred.

Internally generated intangible assets are carried at amortized acquisition or production costs. Capitalized production costs are amortized over the useful life as soon as the development stage is complete and the asset can be used. The amortization period is measured based on the asset's economic useful life and is between two and six years. However, not capitalized development costs must be recognized in profit or loss when they are incurred.

Customer relationships identified as part of the purchase price allocations are also reported under intangible assets. The carrying value corresponds to the fair value at the time of acquisition less necessary depreciation.

4.6 Goodwill
Goodwill is recognized at acquisition cost less any accumulated impairment losses. The acquisition costs of goodwill are measured as the sum of:

i. the fair value of the consideration transferred at the acquisition date;
ii. the amount of any non-controlling interests; and
iii. in a business combination achieved in stages, the fair value of the acquirer's previously-held equity interest in the company acquired less the net of the amounts of the identifiable assets acquired and the liabilities and contingent liabilities measured at fair value.

Non-controlling interests can be measured on a transaction-by-transaction basis, either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the net assets of the company acquired (partial goodwill method). In the latter case, goodwill is measured only on the acquirer's percentage share of the goodwill amount. Additions to goodwill are allocated to the respective cash-generating units from which the use of benefits from the business combination is expected to be derived. The cash-generating units to which goodwill is allocated represent the organizational units below the segments.

4.7 Property, plant and equipment
Property, plant and equipment comprises leasehold improvements, technical equipment and machinery, other equipment, plant and office equipment as well as advance payments and assets under construction.

Leasehold improvements are recognized at acquisition cost less scheduled depreciation or impairment loss. Scheduled depreciation is usually determined on the duration of the lease of up to 27.5 years. Technical equipment as well as plant and office equipments are recognized at acquisition cost less scheduled depreciation or impairment loss. Scheduled depreciation is determined on a straight-line basis over the estimated useful life of between 3 and 14 years. Repairs and maintenance costs are expensed on the date incurred.

Extensive renovations or leasehold improvements are capitalized. Renovations are also depreciated over the aforementioned estimated useful life. In case of disposal of an asset, the acquisition cost and related accumulated depreciation is derecognized. The gain or loss arising from disposal is recognized in the financial year in profit and loss. If the acquisition costs of certain components of property, plant and equipment are material, then these components are separately accounted for and depreciated.

4.8 Impairment of non-financial assets

Goodwill on the level of cash-generating units and intangible assets with an indefinite useful life are tested once a year for impairment and during the financial year if triggering events indicate possible impairment. The annual impairment test is performed by Constantin Medien AG as of December 31 of the respective financial year. Other intangible assets and property, plant and equipment are subject to impairment testing if there is any indication that an asset may be impaired. Evidence for impairment would be a material fair value reduction of an asset, significant changes in the business environment, substantial indication of obsolescence or changes in revenue forecasts. The basis for the impairment test is the calculation of the recoverable amount, which is the higher value of the fair value less costs to sell and the value in use of an asset. If the calculation of the recoverable amount is made in the form of its value in use, corresponding future cash flows are used. Where the recoverable amount is below the carrying value an impairment loss shall be recognized.

Where the calculated impairment amount exceeds the goodwill attributable to the cash-generating unit, the unit's other assets shall be written-down in relation to their carrying values. This does not apply if the respective carrying value would consequently fall below the higher of the fair value less costs to sell or value in use.

Regarding intangible assets, except for goodwill, and property, plant and equipment, reversals of impairment losses recognized in prior periods are to be reported if the reason for impairment no longer exists. If reversals arise, the write-up amount is recognized in profit or loss up to a maximum of the theoretical amortized cost.

4.9 Inventories

Inventories, in particular consisting of DVDs and Blu-rays, are recognized at acquisition or production costs or the lower net realizable value (sales-oriented, valuation at net realizable value) in accordance with the lower of cost or market value principle. The net realizable value is the estimated sale price in the ordinary course of business less selling costs. Acquisition or production costs are determined by the first-in, first-out method (FIFO). Write-downs to goods are determined on the basis of coverage analyses. Accordingly, management analyzes each product based on the historical movements and on products on hand for any indication of impairment. Should indications of impairment for individual products arise, then such items are written-down. Further valuation allowances are recognized for damaged or defective goods.

Inventories contain service productions in development that have not yet been ordered by a broadcaster (see note 4.16). In addition, inventories include goods and services not yet invoiced.

4.10 Financial instruments

Management classifies financial assets at the time of acquisition and reviews this classification at regular intervals to determine whether the criteria for classification are still met. In general, the acquisition costs include transaction costs. In respect of financial assets at fair value through profit and loss transaction costs are expensed as incurred. The customary purchase or sale of financial assets is generally recognized at the settlement date.

Financial assets and financial liabilities are typically presented without offsetting. They are only offset when there is a right to offset the recognized amounts at the present and it is intended to settle on a net basis.

Financial assets available-for-sale

This category primarily comprises financial assets not classifiable in other categories as well as investments in shell companies without operating activities. They are measured at fair value. Any gain or loss arising from measurement at the reporting date is recognized directly in other comprehensive income (OCI) except for impairment losses.

The effects of the currency translation of monetary items are recognized in the statement of profit or loss. Whereas on the other hand the effects of currency translations of non-monetary items together with the change in fair value are recognized in other comprehensive income.

Recognition to profit or loss only occurs upon derecognition of such financial assets through the release of these equity items. Where an active market does not exist or no longer exists, the fair value of the financial instruments is determined on the basis of comparable market transactions or using recognized valuation methods.

Financial investments in equity instruments where a quoted price does not exist on an active market and its fair value cannot be reliably measured are recognized at acquisition costs. At each reporting date or if any indication (such as the individual customer creditworthiness, current industry-specific economic trends, the analysis of historical bad debts and disappearance of an active market for financial assets) exists that an asset may be impaired, it is assessed whether an impairment of financial assets is necessary. If value adjustments are taken on such financial instruments, such value adjustments may not be reversed.

Impairment of available-for-sale debt instruments are reversed through profit or loss in subsequent periods, if the reason for impairment no longer exists. Subsequent changes in the fair value are recognized directly in other comprehensive income (OCI). Impairment of equity instruments available-for-sale is not reversed through profit or loss, but increases in fair value after impairment are recognized directly in other comprehensive income (OCI).

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial instruments classified to this category are carried at amortized cost using the effective interest rate method. These mainly consist of trade accounts receivable and other receivables as well as cash and cash equivalents.

Current trade accounts receivable as well as other current receivables are stated at cost. Non interest-bearing monetary receivables maturing after one year are discounted at a term-adequate interest rate.

If collectability of the receivable is doubtful, customer receivables are stated at the lower recoverable amount. Impairment is recognized if objective evidence, particularly regarding the creditworthiness of the respective customer, current industry-specific business trends and an analysis of defaults on receivables in the past, indicates that the company will not collect all amounts upon their maturity dates. The carrying values of current receivables are approximately equivalent to the fair value.

Allowances on receivables are recorded on specific valuation allowance accounts. Derecognition takes place at the same time as the corresponding impaired receivables. In addition, portfolio adjustments are recognized for receivables with different risk classes. In this case, historical default rates are used. The respective receivables are then written-down according to an average default rate. A derecognition of the amounts of the impairment account against the carrying amount of impaired financial assets only occurs when the relevant facts are time-barred.

Cash and cash equivalents comprise cash on hand as well as cash, sight accounts and deposits with banks and other financial institutions. These items are only recognized as Cash and cash equivalents if they are convertible to known amounts of cash and cash equivalents at any time, are exposed to only minor fluctuations in value and have an original maturity of or less than three months starting from the date of acquisition. Cash and cash equivalents are measured at cost.

Financial assets at fair value through profit or loss
The category of financial assets at fair value generally contains financial assets held for trading and financial assets designated by the company upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for purpose of selling them in the near future. Derivative financial instruments and embedded derivatives subject to separation with a positive fair value at the balance sheet date are always allocated to this category, except for derivative financial assets relating to financial guarantees or designated as hedging instruments and are effective as such (hedge accounting).

Financial assets are initially designated as financial assets at fair value through profit or loss if such classification eliminates or substantially reduces mismatching arising from the recognition of assets otherwise undertaken or the recognition of gains and losses from different accounting policies or if a group of financial assets and/or financial liabilities is assessed according to a documented risk management or investment strategy and its growth is assessed on the basis of its fair value and the information about this group determined on this basis is submitted internally to individuals in key position of the Company.

They are measured at fair value. Realized gains and losses from changes in the fair value of the financial instruments are reported to the statement of profit or loss on the date incurred. If there is no observable market value, the fair value is determined by applying a valuation method. Valuation methods include the application of most recent business transactions between knowledgeable, willing and independent business partners in an arm's length transaction, comparison with current fair values of another, mostly identical financial instrument, the discounted cash flows method and as well as the use of other valuation models.

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as held for trading if they are acquired for the purpose of selling them in the near future. Derivatives with a negative fair value at the balance sheet date are always assigned to this category, with the exception of contracts, which is a financial guarantee, or which have been designated as a hedging instrument and as such are effective

(hedge accounting). Derivative financial instruments subject to separation with negative fair value at the balance sheet date are disclosed under other liabilities.

Other financial liabilities

Non-current and current financial liabilities, trade accounts payable and other liabilities, excluding derivative financial instruments are recognized at amortized cost. Low or non-interest-bearing non-current liabilities are initially measured at present value and accrue interest until maturity. Liabilities for outstanding invoices are shown under trade accounts payable and other liabilities. Non-current liabilities are discounted using the effective interest rate method.

The liability and equity components in compound financial instruments such as convertible bonds are to be separated and accounted and measured separately.

Hedge accounting

Being an internationally operating enterprise, the Group is exposed to currency fluctuations. Both derivatives and non-derivatives are used to hedge against fluctuations in exchange rates. The accounting treatment of the hedging relationship is generally to hedge against changes in the fair value of assets, liabilities or unrecognized firm commitments from buy and sell agreements (fair value hedge). Forward exchange contracts, currency swaps and non-derivative financial assets and liabil-ities are designated as hedging instruments either in full or in part. Non-derivative financial assets and liabilities are used to hedge against currently off-balance sheet sell and license agreements in foreign currencies. Furthermore, the Group uses cash flow hedges to hedge against the risk of fluctuating cash flows and hedges net investment in economically independent foreign operation.

In a fair value hedge, the hedged risk for changes in the fair value of a hedged item and the change in fair value of a hedging instrument are reported and in the same statement of profit or loss line item. Regarding the hedging of off-balance sheet firm commitments from buy and sell agreements (hedged item), the cumulative change in the fair value of the hedged item is recognized as a separate asset or liability. In addition, a corresponding gain or loss is shown in such a way that it offsets the change in the fair value of the hedging instrument.

For a cash flow hedge, the effective portion of changes in the fair value of the derivative is recorded in other comprehensive income and reported in equity in other reserves. The ineffective portion of changes in fair value is recognized directly in the statement of profit or loss. Following the termination of the hedge relationship the recognized amounts in other comprehensive income (OCI) have to be reclassified in the income statement.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item, which is treated as part of the net investment, are accounted for in the same way as cash flow hedges.

The hedging relationships are expected to be highly effective in achieving an offsetting of risks from changes in the fair value of the hedged item and hedging instrument. They are continuously evaluated as to whether they were actually highly effective throughout the financial reporting periods for which the hedging relationship was designated. The effectiveness of a hedging relationship is tested on the basis of prospective and retrospective effectiveness tests. The prospective effectiveness test is performed according to the critical term match method.

Under the retrospective effectiveness test, the dollar-offset method is applied. Hedge effectiveness is the degree to which changes in the fair values of the hedged item and the hedging instrument are offset. The hedge is deemed effective if it falls within a range of between 80 and 125 percent. The hedging relationships are without exception in this range. At the inception of the hedge, both the hedging relationship and the Group's risk management objectives and strategies for undertaking the hedge are formally designated and documented.

4.11 Pension liabilities

Post-employment benefits include pension benefits for employees. These are divided into defined benefit plans and defined contribution plans.

A defined contribution plan exists when on the basis of legal or private stipulations fixed contributions are paid to a fund or a public or private pension insurance institution and no legal or constructive obligations exists to make further payments. The contributions are expensed when due.

For defined benefit plans, the present value of the defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The actuarial assumptions underlying the calculation are based on future obligations on the basis of allocable pension benefits accrued as of the balance sheet date. The pension plans are funded by a fund. The plan assets are accounted for at fair value.

Actuarial gains and losses result from changes in assumptions, deviations between actual and expected returns on plan assets as well as the difference between effectively acquired and calculated, using actuarial assumptions, entitlement to benefits. These are immediately recorded in other comprehensive income (OCI) under "items that will not be reclassified to profit or loss in subsequent periods" without impacting the income statement. Current service cost and net interest are recorded as personnel expenses. A reduction in contribution within the meaning of IAS 19 is present, if the employer has to pay lower contributions than the service costs. Specific events, such as pension plan changes that alter the entitlement of the employee or curtailments and settlements are recognized immediately in the statement of profit or loss.

Furthermore, the TEAM group maintains a pension fund for its members of management. In addition to the statutory pension scheme, this foundation holds an additional savings facility. The foundation holds a share in the capital of Team Football Marketing AG. The dividend income of Team Football Marketing AG is added to the savings deposits of the members of management. There were no contributions charged to the in-come statement for this additional facility.

4.12 Other provisions, contingent liabilities and contingent assets

Provisions are recognized for present legal or factual obligations to third parties arising from past events, the settlement of which will probably give rise to an outflow of funds or other resources. A further condition for recognition is that a reliable estimate can be made of the amount of the obligation.

Provisions are measured in the amount of expected outflow of resources that is most likely to occur. Non-current provisions with a material interest effect are recognized at the present value of the expected cash outflow using the current market rate of interest. Provisions for onerous contracts are recognized when the unavoidable costs of meeting the obligation of a contract exceed the economic benefits expected to be received under it. Before a separate provision for an onerous contract is established, any impairment loss that has occurred on assets dedicated to that contract is recognized.

Possible obligations whose existence (occurrence, non-occurrence) must be confirmed by future events or obligations whose extent cannot be reliably determined are disclosed as contingent liabilities. Contingent assets are not capitalized, but also disclosed as in the case of contingent liabilities, if an economic benefit is likely for the Group.

4.13 Income taxes

Current taxes are calculated on the basis of the results of the financial year and in accordance with the national tax laws in the respective tax jurisdiction. Expected and actually paid tax payments or tax refunds for previous years are also included.

Deferred tax assets and deferred tax liabilities are determined according to the liability method. Deferred taxes are recognized in the consolidated financial statements for temporary differences between the carrying value and the tax base of the assets and liabilities as well as for tax loss carryforwards. Deferred tax assets relating to deductible temporary differences and tax loss carryforwards are recognized only to the extent that it is that the respective company is sufficiently likely to have a taxable income against which the temporary differences and unused loss carry-forewards can be used.

Deferred taxes on temporary differences in the annual financial statements are calculated at the rates which apply in the individual countries at the time of realization or already enacted for future periods. Deferred tax assets and deferred tax liabilities levied by the same taxation authority are offset if they relate to the same type of tax and have the same maturity. Deferred tax assets and liabilities from controlled companies are offset. Income taxes for items recognized directly in equity are not recognized in the statement of profit or loss, but also in equity.

Temporary differences associated with investments in subsidiaries are not subject to deferred tax liabilities, because it is likely that such temporary differences will not reverse in the foresee-able future and Constantin Medien AG has the ability of determining the date upon which the temporary differences will reverse.

4.14 Share-based payments

For cash-settled share-based payments (stock appreciation rights) or other assets, a liability for the goods and services received is recognized and measured initially at the fair value. Until the liability is settled the fair value of the liability is revalued at each reporting date and at the settlement date. Any changes in fair value are recognized in personnel expenses. More information about the determination of the fair value of the cash-settled share-based payment is set out in note 7.14.

4.15 Revenue recognition

The income from goods and services is recognized when the relevant risks and rewards associated with the ownership of the goods and services sold are transferred to the buyer. For additional expense in connection with the goods and services sold, including the costs for returned products, adequate provisions are made.

Revenues from barter transactions involving advertising and other services are only recognized in the statement of profit or loss when the services exchanged are dissimilar and the amount of revenue can be measured reliably.

In the Segment Sports, revenues are recognized when the services are rendered. Advertising revenues are generally recognized on the date the commercials are aired or placed. Provisions for natural discounts are recorded as revenue deduction with the booking for advertising time free spots are promised to the customer and these have not been fully aired to date. In the production sector, revenues are recognized upon completion and – where agreed - acceptance of the production by the customer.

In the Segment Film, theatrical film revenue is recognized from the time of theatrical release. The revenue amount is directly related to the number of movie attendances. In line with the industry standard, the theatrical film rental billed by the cinema operator to the distributor is recognized as the distribution component of the total theatrical revenue. Theatrical film rental is calculated on the basis of a percentage of the box office receipts.

Revenue from service productions is determined using the percentage-of-completion method (PoC) in order to recognize the share of total revenues for the reporting period (see note 4.16).

Revenue from TV rights (pay and free-TV) is recognized as of the date the license takes effect, generally 18 to 32 months after the start of the theatrical exploitation. With these forms of exploitation of film rights, revenue is realized upon the expiry of the relevant contractual exploitation holdback period. Thus, revenue is realized as of the date the respective license becomes available.

With respect to global distribution, the Group generally receives minimum guarantees for the exploitation rights sold (theatrical, home entertainment, TV rights). The revenues are allocated to the various types of revenue. Allocation is conducted on the basis of historical experience in accordance with corporate planning at the following general rates for theatrical, home entertainment and TV rights: 25 percent for theatrical rights, 15 percent for home entertainment rights and 60 percent for TV rights. The corresponding revenues are realized as follows: theatrical revenue upon theatrical release, home entertainment revenues six months after theatrical release, TV revenues 24 months after theatrical release. Revenues from global distribution sales without any minimum guarantee are recognized upon the royalty settlements received from the licensees.

Regarding own home entertainment exploitation, revenues from the number of DVDs and Blu-rays sold are recognized starting on the release date, taking into account anticipated merchandise returns. In case of digital purchases and rental transactions revenue is also recognized from the release date and depends on the number of digital transactions. Revenues arising from the licensing of DVD and Blu-ray rights to licensees are recognized as of the date the license period commences.

In the Segment Sports- and Event-Marketing, sales are recognized pursuant to the contractual arrangement of the respective projects. The most important and main contracts for these projects prescribe that the Group is to receive a share in the net earnings of the corresponding project. These net earnings arise from the revenues of the project less costs directly attributable to the project that are billed by third parties. The project's net earnings are calculated through a project accounting system. The allocable revenues are attributed to the expenses of the project. The project accounting is prepared monthly for each project. In the event that previous expectations no longer match the latest expectations, the revenues taken into account from said project are adjusted over the remaining term of the project in accordance with the latest expectations.

Revenue from services, which are rendered over a certain time period and for which the customer is periodically charged is recognized over the period in which the service is rendered.

Revenues are recognized in each case net of invoiced value added tax, trade discounts and volume rebates.

Dividend income is recognized in the financial year in which the right to receive the payment is incurred. Interest income is recognized pro rata using the effective interest method.

4.16 Long-term service productions

Service productions are recognized using the percentage of completion method if the necessary conditions are met. Total contract revenues and contract costs attributable are recognized in profit and loss according to the stage of completion provided that earnings from the service production can be measured reliably.

In determining the stage of completion, the physical completion method is used for dailies and weeklies (output-based method) and the cost-to-cost method is used for TV films and event shows. Sufficient certainty with regard to earnings from a service production when determining the stage of completion according to the cost-to-cost method is usually achieved at the time the rough cut is accepted by the station.

If the earnings from the service production cannot be estimated reliably, revenue is recognized only to the extent of contract costs already incurred (zero-profit method). If the uncertainties no longer exist at a later date, thus allowing earnings from the service production to be reliably estimated, pro rata profits are realized according to the stage of completion. Where it is probable that the total contract costs will exceed the total contract revenues, the expected loss is immediately expensed.

Service productions in progress are reported in the statement of financial position under trade accounts receivable or trade accounts payable at the difference between revenues realized and revenues invoiced. Service productions in the development phase for which no assignment exists from a broadcaster are recorded in inventories.

4.17 Government grants
4.17.1 Project promotion
Project promotion as a contingently repayable loan

Film project promotion funding is granted in the form of a contingently repayable interest-free loan in accordance with the stipulations of the German film funding legislation and/or the relevant state funding regulations (e.g. rules of the Bavarian Film/Television Fund FFF Bavaria). This is repayable as soon as and to the extent that the resulting income received by the producer from the exploitation of the film exceeds a certain amount. These government grants relate to assets. In the statement of financial position, the grant amount is deducted from the carrying amount of the film asset to the extent it will not have to be repaid with reason able assurance. The grant is recognized as income through a reduced amortization charge of capitalized production costs over the exploitation cycle of the film.

As a rule, the amount that is not repayable with reasonable assurance can be determined at the date of the theatrical release. In the event that it is determined at a later date that another portion of the loan has to be repaid, the carrying value of the film asset is increased by this amount and a liability is reported for the corresponding obligation at the same time.

Project subsidies

Project subsidies are non-refundable grants, to which a producer is entitled for purposes of financing the project costs for a subsequent film depending on the number of box office admissions resulting from theatrical exploitation of a reference film. These government grants relate to assets. The subsidies are deducted from the carrying value of the reference film in the statement of financial position starting on the shooting date of the sub-sequent film. The grant is recognized as income through a reduced amortization charge of capitalized production costs over the exploitation cycle of the film.

Film project promotion in accordance with the guidelines issued by the BKM (DFFF)

Film project promotion according to the guidelines issued by the BKM (DFFF) are grants that do not have to be repaid and serve to reimburse the production costs of a theatrical film after fulfillment of clearly defined criteria.

These government grants relate to assets. The film project promotion grants are deducted from the carrying value of the film asset in the statement of financial positionno later than the date of the theatrical release. These grants are recognized as other receivables before the date of the theatrical release. At the same time, deferred income is recognized under other liabilities. The grants are recognized as income through a reduced amortization charge of capitalized production costs over the exploitation cycle of the film.

4.17.2 Distribution promotions
Distribution promotions as a contingently repayable loan

Distribution promotions as contingently repayable loan distribution promotions are granted in the form of a contingently repayable interest-free loan in accordance with the requirements of the German film funding legislation and/or the relevant state funding regulations (e.g. rules of the Bavarian Film/Television Fund FFF Bayern). These are repayable as soon as and to the extent that the income received by the distributor as a result from the exploitation of the film exceeds a certain amount.

These are government grants relating to expenses already incurred. The distribution promotions are recognized as a reduction of release costs by the amount that is not repayable with sufficient certainty. The sales subsidies are recognized in the periods in which the corresponding film release costs are incurred.

As a rule, the amount that is not repayable with reasonable assurance can be determined at the date of the theatrical release. In the event that it is determined at a later date that another portion of the loan has to be repaid, that amount is expensed and a liability is recognized in the corresponding amount.

Sales subsidies

Sales subsidies are non-refundable grants, to which a distributor is entitled for purposes of financing the release costs for a subsequent film depending on the number of box office admissions resulting from theatrical exploitation of a reference film. These are government grants relating to expenses already incurred. The sales subsidies are recognized in the statement of profit or loss as a reduction of release costs at the time of the subsequent film's release date.

The scope of Swiss film promotion is insignificant. The accounting policies described above also apply, mutatis mutandis to Swiss film promotion.

5. Accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to use estimates and assumptions that affect the classification and measurement of reported income, expenses, assets, liabilities, contingent liabilities and contingent assets as at the statement of financial position date. These estimates and assumptions represent management's best assessment based on past experience and other factors, including estimates about future events. The estimates and assumptions are continually reviewed. Changes in accounting estimates are necessary if changes occur in the circumstances on which the estimate was based or as a result of new information or additional findings. Such changes are recognized in the period in which the estimate was revised.

The most important assumptions concerning future development as well as the key sources of uncertainties surrounding estimates which could give rise to significant revaluation in assets and liabilities, income, expenses and contingent liabilities in the next twelve months are presented below.

Impairment of non-financial assets

To asses if any impairment exists, estimates are performed of expected future cash flows per cash generating unit from the use and any disposal of such assets made. These estimates and assumptions rely on premises base on information currently available in each case. These are disclosed in note 7.2.The actual cash flows could differ significantly from the discounted future cash flows based on these estimates. Changes in sales and cash flow forecasts could lead to impairment charges.

Financial assets

The fair value of financial assets traded on organized markets is determined by quoted market price as at the measurement date. The fair value of financial assets without an active market is determined using valuation methods. Valuation methods include application of the most recent business transactions between knowledgeable, willing and independent business partners in an arm's length transaction, comparison with the fair value of another, mostly identical financial instrument, analysis of discounted cash flows, and use of other valuation models based on Management's assumptions. The Group determines at each reporting date or if triggering events occur whether there is any impairment of financial assets or group of financial assets.

Provisions for litigation

The Group companies are subject to various legal disputes. At present the Group assumes that litigation provisions cover such risks. However, there may be further litigation of which the costs are not covered by the existing provisions. Furthermore, it cannot be ruled out that the extent, duration and costs of litigation will increase. The occurrence of such events could impact provisions recognized for litigation in future reporting periods.

Deferred income taxes

For the determination of claims and liabilities from deferred income taxes extensive estimates have to be made. Several of these estimates are based on interpretations of enacted tax laws and regulations. Management believes that the estimates are adequate and uncertainties surrounding income taxes for recognized assets and liabilities have been sufficiently taken into account. In particular, deferred tax assets from tax loss carryforwards are dependent on the generation of future corresponding profits. Also, deferred tax assets from valuation adjustments are dependent on future profit performance. Furthermore, tax loss carryforwards expire in certain countries over time. Actual profits may vary from forecast profits. Such changes may impact deferred tax assets and deferred tax liabilities in future reporting periods.

Share-based payments

Estimating the fair value of share-based payments requires the determination of the most appropriate valuation model, which is depended on the terms of the agreement. For the measuring of the fair value of share-based payments the Group uses a binomial model. The input factors for this model are based on assumption such as expected future volatility, the expected life of the stock appreciations rights as well as the expected dividend yield. For cash-settled share-based payments, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in the statement of profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions to estimate the fair value of share-based payments are disclosed in note 7.13.

Accounting of the 32.7 percent investment in Highlight Communications AG

Since the deconsolidation of Highlight Communications AG as of June 12, 2017, Constantin Medien AG accounts for this 32.7 percent investment as other financial assets available for sale at fair value. Changes in fair value are recorded under other comprehensive income (with recycling) without impacting profit or loss.

In the period following the deconsolidation of Highlight Communications AG and the signing of the repayment and settlement agreement with Stella Finanz AG on September 20, 2017, Constantin Medien AG only had rights to about 3.8 million shares (approx. 6 percent of the voting rights), which was due to legal disputes concerning the approx. 24.8 million shares of Highlight Communications AG pledged for the Stella loan. Hence, significant influence could not be exercised.

Since the date of the retransfer of the pledged Highlight Communications AG shares on September 26, 2017, Constantin Medien AG is once again the owner of the entire 32.7 percent of the voting rights in Highlight Communications AG. Despite holding 32.7 percent of the voting rights, Constantin Medien AG cannot exercise significant influence on Highlight Communication AG for the following reasons:

- Highlight Event and Entertainment AG, Highlight Communications AG and Constantin Medien AG are interconnected via a complex group structure; hereby, Highlight Event and Entertainment AG governs the important operational and financial decisions of Highlight Communications AG because of its control over Highlight Communications AG and its strong shareholder position in Constantin Medien AG.
- The Chairman and Delegate of the Board of Directors of Highlight Communications AG, Mr Bernhard Burgener, owns a large stake in Highlight Communications AG via Highlight Event and Entertainment AG. In addition, Mr Bernhard Burgener is also the Chairman of the Board of Directors of Highlight Event and Entertainment AG. The combination of his significant stake and his position within the investee results in Constantin Medien AG not being able to exercise influence over Highlight Communications AG.
- Constantin Medien AG has no seat on the Board of Directors and Management Board of Highlight Communications AG. Exercising influence on the daily business and making financial decisions about Highlight Communications AG would only be possible if it were to have a seat on the Board of Directors and Management Board of Highlight Communications AG. This was not the case.
- The objective of the shareholder pool concerning Bernhard Burgener is to create a corporate target structure that would prescribe Highlight Event and Entertainment AG as the upper Group parent, Highlight Communications AG as its subsidiary and Constantin Medien AG as a subsidiary of Highlight Communications AG. For this reason, Highlight Communications AG together with Studhalter Investment AG announced a takeover bid to gain control over Constantin Medien AG already in June 2017 and launched it at the end of November 2017. The exercising of influence by Constantin Medien AG over Highlight Communications AG was thus never intended and was also not supported by Highlight Communications AG nor by Highlight Event and Entertainment AG.
- Moreover, there are identical persons to a large extent on the boards of Highlight Event and Entertainment AG and Highlight Communications AG, such that significant influence cannot be exercised by Constantin Medien AG.
- The takeover bid launched at the end of November 2017 to the shareholders of Constantin Medien AG was completed in February 2018. Consequently, Highlight Communications AG now has control over Constantin Medien AG. The previous factual circumstances about the lack of influence of Constantin Medien AG over Highlight Communications AG therefore also give rise to the legal framework.
- Furthermore, Constantin Medien AG does not receive any financial information from Highlight Communications AG except for publicly available information.

On the basis of the above stated points, Constantin Medien AG thereby concludes that accounting under the equity method is impracticable and thus the 32.7 percent investment in Highlight Communications AG is to be accounted for as a financial instrument in compliance with IAS 39 and according to IFRS 9 starting as of January 1, 2018.

Repayment of the Stella-loan using Highlight Communications AG shares

As already mentioned, the Stella loan was repaid by using 8 million Highlight Communications AG shares. The implied value of these shares was within the valuation range presented in a valuation appraisal prepared by a renowned Corporate Finance consulting firm. On this basis and from a financial standpoint, the reconciliation of interests inherent in the proposed settlement is appropriate.

6. Notes to selected line items in the consolidated statement of profit or loss

6.1 Sales

The breakdown of sales is presented in the segment reporting in section 9 of these notes. Sales from barter transactions involving dissimilar advertising services in the Segment Sports amount in the reporting year to EUR 4,823 thousand (2016: EUR 5,116 thousand) and from the exchange of services in the Segment Film to EUR 200 thousand (2016: EUR 73 thousand).

6.2 Capitalized film production costs and other own work capitalized

Capitalized film productions and the change in inventory of TV-service productions amount to EUR 66,713 thousand (2016: EUR 110,117 thousand). Other own work capitalized in the amount of EUR 691 thousand (2016: EUR 1,510 thousand) comprises internally-generated intangible and tangible assets.

6.3 Other operating income

Other operating income in EUR ‘000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Income from deconsolidation	**38,273**	5,808
Income from damage claims and settlement agreements	**11,592**	3,266
Income from the reversal of provisions and accrued liabilities	**5,168**	8,827
Foreign currency exchange gains	**1,673**	2,344
Reversal of bad debt allowances	**407**	980
Income relating to other periods	**320**	347
Recharges	**299**	1,444
Income from disposal of liabilities	**125**	58
Income from disposal of fixed assets	**35**	37
Income from rents and leases	**5**	12
Miscellaneous other operating income	**1,780**	3,057
Total	**59,677**	26,180

The income from deconsolidation includes the gain from the deconsolidation of Highlight Communications AG in the amount of EUR 38,273 thousand (see note 3.1). Income from damage claims and settlement agreements include inter alia proceeds of EUR 10,129 thousand from a settlement agreement in terms of Formula 1 between Constantin Medien AG and Bayerischen Landesbank. Miscellaneous other operating income includes a large number of items that cannot be allocated to any of the separately listed items.

6.4 Cost of materials and licenses

Cost of materials and licenses in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Licenses and commissions	**34,297**	32,070
Other cost of materials	**7,386**	17,104
Total costs of licenses, commissions and materials	**41,683**	49,174
Production costs	**115,923**	202,956
Costs of surplus guarantees in the Segment Film	**6,706**	11,124
Costs of purchased services	**555**	1,774
Other costs of purchased services	**242**	519
Total costs of purchased services	**123,426**	216,373
Total	**165,109**	265,547

6.5 Other operating expenses

Other operating expenses in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Legal, consulting and auditing costs	**22,697**	15,286
Rental, repair and maintenance costs	**8,787**	13,621
Advertising and travel costs	**7,260**	10,172
IT-costs	**4,073**	4,867
Release and promotion expenses	**3,538**	14,756
Administration costs	**2,458**	3,233
Foreign currency exchange losses	**1,689**	1,658
Other personnel-related costs	**1,268**	2,219
Expenses for additions to bad debt allowance and receivable write-offs	**1,253**	4,990
Insurance, dues and fees	**933**	1,115
Vehicle costs	**874**	1,285
Expenses relating to other periods	**138**	285
Bank fees	**75**	164
Expenses for disposal of fixed assets	**49**	63
Miscellaneous other operating expenses	**2,696**	4,673
Total	**57,788**	78,387

Legal, consulting and auditing costs include, amongst others, costs to audit the consolidated financial statements and the individual financial statements, tax consultancy fees and costs for legal consultation in, among other things, ongoing court proceedings and copyright infringements. Release and promotion expenses include the costs of promoting and distributing movies and of releasing home entertainment titles. Miscellaneous other operating expenses consist of a large number of items that cannot be allocated to any of the items shown separately.

The legal and consulting costs include inter alia expenses of EUR 9,467 thousand for the agency services in terms of Formula 1 proceedings by KF 15 GmbH.

6.6 Financial income

Financial income in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Dividend income from financial assets	**7,353**	0
Foreign currency exchange gains	**3,171**	1,874
Gains from changes in the fair value of financial instruments	**1,110**	1,858
Accretion of discount for receivables	**1**	8
Other interests and similar income	**34**	147
Total	**11,669**	3,887

The dividend income from financial assets includes the dividend of Highlight Communications AG in the amount of EUR 7,353 thousand. This also includes the dividend on the 8 million Highlight Communications AG redemption shares, which were transferred in lieu of payment of the loan from Stella Finanz AG at the end of September 2017.

6.7 Financial expenses

Financial expenses in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Interest expenses on corporate bond	**4,884**	4,862
Expense from offsetting Highlight Communications AG shares with Stella loan	**3,198**	0
Losses from changes in the fair value of financial instruments	**2,902**	2,808
Foreign currency exchange losses	**2,204**	5,471
Accretion of discount for liabilities and provisions	**8**	4
Write-down on non-current financial assets and non-current securities	**0**	4,311
Other interests and similar expenses	**3,806**	5,313
Total	**17,002**	22,769

Losses arising from changes in the fair value of financial instruments include inter alia a loss of EUR 1,288 thousand from the settlement of a forward foreign exchange transaction.

6.8 Taxes

Taxes comprise income taxes paid or payable in the respective countries and deferred taxes. Income taxes include trade tax, corporate income tax, solidarity surcharge and corresponding foreign income taxes.

The write-downs do not arise from the expiration of tax loss carryforwards, but from too low future taxable profits.

Taxes in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Income taxes Germany	**-450**	-2,401
Income taxes rest of the world	**-1,178**	-2,964
Total income taxes	**-1,628**	-5,365
Deferred taxes Germany	**226**	-845
Deferred taxes rest of the world	**-905**	-73
Total deferred taxes	**-679**	-918
Total taxes	**-2,307**	-6,283

Tax reconciliation in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Result before taxes	**31,076**	20,647
Expected taxes based on a tax rate of 27.375% (2016: 27.375%)	**-8,507**	-5,652
Differing tax rates	**1,307**	2,867
Reversal/write-down on deferred tax assets	**-1,385**	647
Tax-exempt income	**1,991**	284
Permanent differences	**-307**	-375
Change in tax rates (subsidiaries)	**0**	34
Non-deductable expenses	**-1,987**	-1,665
Tax income and expenses relating to other accounting periods	**17**	-19
Deconsolidation Highlight Communications AG	**10,477**	0
Other effects	**-1,051**	-595
Unrecognized deferred taxes	**-2,862**	-1,809
Actual income taxes	**-2,307**	-6,283
Effective tax rate in percent	**7.4**	30.4

7. Notes to selected line items in the consolidated statement of financial position

7.1 Film assets

Film assets 2017 in EUR '000

	Third-party productions	In-house productions	**Total film assets**
Acquisition and production costs			
Balance at January 1, 2017	189,347	729,215	**918,562**
Changes in the group of consolidated companies	-187,836	-783,784	**-971,620**
Foreign currency differences	-3,631	-100	**-3,731**
Other additions	2,120	54,669	**56,789**
Disposals	0	0	**0**
Balance at December 31, 2017	0	0	**0**
Accumulated amortization			
Balance at January 1, 2017	150,405	649,428	**799,833**
Changes in the group of consolidated companies	-152,401	-683,847	**-836,248**
Foreign currency differences	-3,615	-61	**-3,676**
Amortization for the year	5,580	33,955	**39,535**
Impairments	624	547	**1,171**
Write-ups	593	22	**615**
Disposals	0	0	**0**
Balance at December 31, 2017	0	0	**0**
Net carrying amounts at December 31, 2017	0	0	**0**

Film assets 2016 in EUR '000

	Third-party productions	In-house productions	**Total film assets**
Acquisition and production costs			
Balance at January 1, 2016	157,433	662,796	**820,229**
Changes in the group of consolidated companies	0	0	**0**
Foreign currency differences	1,753	55	**1,808**
Other additions	34,455	66,391	**100,846**
Disposals	4,294	27	**4,321**
Balance at December 31, 2016	189,347	729,215	**918,562**
Accumulated amortization			
Balance at January 1, 2016	122,903	511,595	**634,498**
Changes in the group of consolidated companies	0	0	**0**
Foreign currency differences	1,748	33	**1,781**
Amortization for the year	24,673	135,412	**160,085**
Impairments	5,457	2,769	**8,226**
Write-ups	82	381	**463**
Disposals	4,294	0	**4,294**
Balance at December 31, 2016	150,405	649,428	**799,833**
Net carrying amounts at December 31, 2016	38,942	79,787	**118,729**

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the film assets were derecognized (see note 3.1).

In the reporting year, impairments of EUR 1,171 thousand (2016: EUR 8,226 thousand) were recognized because the value in use due to lack of market acceptance for specific films no longer covers the acquisition costs or the carrying value. The pre-tax discount factors used for determination of impairment are between 0.18 percent and 4.74 percent (2016: 0.18 percent to 4.74 percent).

In the reporting year, the Constantin Medien Group received project subsidies and project promotion loans in the amount of EUR 9,464 thousand (2016: EUR 15,178 thousand), which were deducted from the capitalized production costs.

Deferred project promotion loans amounted to EUR 0 thousand as of December 31, 2017 (2016: EUR 4,023 thousand). In the reporting year, repayments of project promotions amounted to EUR 174 thousand (2016: EUR 1,244 thousand).

In addition, sales subsidies and distribution promotions in the amount of EUR 1,507 thousand (2016: EUR 1,881 thousand) were recognized as a deduction to film release costs in the consolidated statement of profit or loss in the reporting year. The sales subsidies are recognized in the periods in which the corresponding film release costs are incurred. Deferred distribution promotion funds as of December 31, 2017 amounted to EUR 0 thousand (2016: EUR 0 thousand).

During the reporting year distribution promotions in the amount of EUR 187 thousand (2016: EUR 304 thousand) were repaid. Receivables for promotions and subsidies amounted to EUR 0 thousand as of December 31, 2017 (2016: EUR 13,651 thousand).

In the reporting year, directly attributable financing costs of EUR 246 thousand (2016: EUR 1,046 thousand) were capitalized. To determine the costs to be capitalized interest rates from the funds specifically borrowed for financing were recognized. The financing interest rate varies between 2.76 percent and 4.5 percent (2016: between 2.3 percent and 4.5 percent).

7.2 Other intangible assets and goodwill

Other intangible assets and goodwill 2017 in EUR '000

	Purchased intangible assets	Internally generated intangible assets	Advance payments	**Total other intangible assets**	**Goodwill**
Acquisition and production costs					
Balance at January 1, 2017	61,724	5,866	916	**68,506**	**159,776**
Changes in the group of consolidated companies	-50,467	-2,137	0	**-52,604**	**-149,187**
Foreign currency differences	-33	0	0	**-33**	**-1,803**
Other additions	302	691	0	**993**	**0**
Disposals	185	1,403	0	**1,588**	**0**
Reclassifications	0	916	-916	**0**	**0**
Balance at December 31, 2017	11,341	3,933	0	**15,274**	**8,786**
Accumulated amortization					
Balance at January 1, 2017	32,077	4,112	0	**36,189**	**111,347**
Changes in the group of consolidated companies	-22,275	-2,137	0	**-24,412**	**-110,242**
Foreign currency differences	-33	0	0	**-33**	**-1,026**
Amortization for the year	857	1,189	0	**2,046**	**0**
Impairments	13	1,169	0	**1,182**	**0**
Write-ups	183	1,403	0	**1,586**	**0**
Disposals	0	0	0	**0**	**0**
Balance at December 31, 2017	10,456	2,930	0	**13,386**	**79**
Net carrying amounts at December 31, 2017	885	1,003	0	**1,888**	**8,707**

Impairment losses of EUR 1,169 thousand were recognized on the digital framework in the reporting year in the Segment Sports. The value in use no longer covers the carrying value because the digital framework in its current form cannot be used technically.

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the acquired brand name "Constantin" was derecognized (see note 3.1).

Other intangible assets and goodwill 2016 in EUR '000

	Purchased intangible assets	Internally generated intangible assets	Advance payments	**Total other intangible assets**	**Goodwill**
Acquisition and production costs					
Balance at January 1, 2016	61,584	5,558	287	**67,429**	**160,927**
Changes in the group of consolidated companies	-877	-560	0	**-1,437**	**-2,015**
Foreign currency differences	17	10	0	**27**	**867**
Other additions	1,183	571	916	**2,670**	**0**
Disposals	183	0	0	**183**	**3**
Reclassifications	0	287	-287	**0**	**0**
Balance at December 31, 2016	61,724	5,866	916	**68,506**	**159,776**
Accumulated amortization					
Balance at January 1, 2016	30,937	3,203	0	**34,140**	**111,376**
Changes in the group of consolidated companies	-877	0	0	**-877**	**-530**
Foreign currency differences	15	0	0	**15**	**504**
Amortization for the year	1,544	909	0	**2,453**	**0**
Impairments	641	0	0	**641**	**0**
Write-ups	183	0	0	**183**	**3**
Disposals	0	0	0	**0**	**0**
Balance at December 31, 2016	32,077	4,112	0	**36,189**	**111,347**
Net carrying amounts at December 31, 2016	29,647	1,754	916	**32,317**	**48,429**

Total goodwill of EUR 8,707 thousand was recognized in the statement of financial position as of December 31, 2017. The material goodwill is allocated to the following cash-generating units:

Goodwill and assumptions for impairment test as of December 31, 2017

	Segment Sports- and Event-Marketing	SPORT1 (Segment Sports)
Goodwill in EUR '000	–	8,684
Planning period	–	5 years
Average organic sales growth	–	-1%
Average EBITDA-margin	–	10%
Long-term growth rate	–	0%
Discount factor before taxes	–	8.04%

As a result of the deconsolidation of Highlight Communications AG as of June 12, 2017, the goodwill at the level of the Segment Sports- and Event-Marketing was derecognized (see note 3.1).

Impairment testing for goodwill is performed at the level of the cash generating unit below the Segment Sports. The recoverable amounts correspond to the value in use. The value in use is determined using discounted cash flow method. The projected cash flows are based on past experience, current operating results and the best estimate of future developments by the company managements and on externally published market assumptions. The CAPM method (Capital Asset Pricing Model) was used to determine the cost of capital. Discount rates are determined on the basis of a risk-free rate and a market risk premium. Beta factors, leverage ratio and borrowing costs are taken from a group's business model comparable companies (peer group). The peer group is subject to an annual review and will be amended, if necessary. Valuation date was December 31, 2017.

Total goodwill of EUR 48,429 thousand was recognized in the statement of financial position as of December 31, 2016. Material goodwill is allocated to the following cash-generating units:

Goodwill and assumptions for impairment test as of December 31, 2016

	Segment Sports- and Event-Marketing	SPORT1 (Segment Sports)
Goodwill in EUR '000	38,137	8,684
Planning period	10 years	5 years
Average organic sales growth	-1%	2%
Average EBITDA-margin	43%	11%
Long-term growth rate	1%	0%
Discount factor before taxes	6.88%	7.70%

Furthermore, alternative scenarios involving a possible development of the Constantin Medien Group were added to corporate planning, and these were also tested for impairment. Even using more conservative scenarios in terms of revenue growth, discount factor and EBITDA margin, there was no need for impairment of the goodwill in all segments and at the level of the cash generating units.

7.3 Property, plant and equipment

Property, plant and equipment 2017 in EUR '000

	Leasehold improvements	Technical equipment and machinery	Other equipment, plant and office equipment	Advance payments and assets under construction	**Total property, plant and equipment**
Acquisition and production costs					
Balance at January 1, 2017	14,504	51,213	11,048	0	**76,765**
Changes in the group of consolidated companies	-4,675	0	-4,662	0	**-9,337**
Foreign currency differences	-84	0	57	0	**-27**
Other additions	74	854	1,099	3	**2,030**
Disposals	9	576	1,504	0	**2,089**
Balance at December 31, 2017	9,810	51,491	6,038	3	**67,342**
Accumulated depreciation					
Balance at January 1, 2017	13,484	46,497	7,562	0	**67,543**
Changes in the group of consolidated companies	-4,268	0	-1,962	0	**-6,230**
Foreign currency differences	-78	0	87	0	**9**
Depreciation for the year	408	2,267	968	0	**3,643**
Impairments	0	0	0	0	**0**
Disposals	9	566	1,439	0	**2,014**
Balance at December 31, 2017	9,537	48,198	5,216	0	**62,951**
Net carrying amounts at December 31, 2017	273	3,293	822	3	**4,391**

Property, plant and equipment 2016 in EUR '000

	Leasehold improvements	Technical equipment and machinery	Other equipment, plant and office equipment	Advance payments and assets under construction	**Total property, plant and equipment**
Acquisition and production costs					
Balance at January 1, 2016	13,948	49,522	10,497	0	**73,967**
Changes in the group of consolidated companies	0	0	-77	0	**-77**
Foreign currency differences	42	0	-30	0	**12**
Other additions	514	2,196	1,470	0	**4,180**
Disposals	0	505	812	0	**1,317**
Balance at December 31, 2016	14,504	51,213	11,048	0	**76,765**
Accumulated depreciation					
Balance at January 1, 2016	12,587	44,543	6,497	0	**63,627**
Changes in the group of consolidated companies	0	0	-55	0	**-55**
Foreign currency differences	42	0	-45	0	**-3**
Depreciation for the year	855	2,454	1,847	0	**5,156**
Impairments	0	0	15	0	**15**
Disposals	0	500	697	0	**1,197**
Balance at December 31, 2016	13,484	46,497	7,562	0	**67,543**
Net carrying amounts at December 31, 2016	1,020	4,716	3,486	0	**9,222**

7.4 Financial information of subsidiaries with material non-controlling interests

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, there are no subsidiaries with significant non-controlling interests (see note 3.1).

Subsidiaries with material non-controlling interests in percent

	Headquarters	**12/31/2017**	12/31/2016
Highlight Communications AG	Pratteln/Switzerland	–	39.47

Within the equity of Constantin Medien AG, the following amounts are attributable to non-controlling interests:

Financial information (after intercompany elimination) in EUR '000

	12/31/2017	12/31/2016
Equity attributable to non-controlling interests	–	54,314
	1/1 to 6/12/2017	1/1 to 12/31/2016
Net profit attributable to non-controlling interests	**1,573**	6,090
Other comprehensive income attributable to non-controlling interests	**113**	1,453
Dividends paid to non-controlling interests	**977**	815

The consolidated financial information of Highlight Communications AG in its functional currency up to the date of deconsolidation is as follows:

Financial information (before intercompany elimination) in CHF '000

	12/31/2017	12/31/2016
Current assets	–	216,726
Non-current assets	–	151,805
Total assets	–	368,531
Current liabilities	–	199,024
Non-current liabilities	–	34,217
Total liabilities	–	233,241
Net assets	–	135,290
	1/1 to 6/12/2017	1/1 to 12/31/2016
Sales	**134,543**	441,656
Profit after taxes	**3,725**	20,286
Other comprehensive income after taxes	**2,002**	2,291
Total comprehensive income	**5,727**	22,577
Cash flow from operating activities	**20,523**	135,219
Cash flow for investing activities	**-62,276**	-97,365
Cash flow from/for financing activities	**18,844**	-55,634
Cash flow for the reporting period	**-22,909**	-17,780

7.5 Investments in associated companies

Associated companies in EUR '000

Balance at 1/1/2017	50
Changes in the group of consolidated companies	-50
Additions	315
Disposals	0
Dividends received/capital repayments	0
Share of total comprehensive income	-61
Fair value adjustments	-254
Foreign currency differences	0
Balance at 12/31/2017	0
Balance at 1/1/2016	193
Additions	0
Disposals	-174
Dividends received/capital repayments	-7
Share of total comprehensive income	39
Fair value adjustments	0
Foreign currency differences	-1
Balance at 12/31/2016	50

The Group holds investments in one associated company (2016: one) which is accounted for using the equity method in the consolidated financial statements. The following tables show the movement in the carrying values and the financial information of the associated companies in aggregate form.

The carrying amount of the associated company had to be fully written down in the reporting period as the intended business model at the associated company did not develop as planned.

Financial information in EUR '000

	Associated companies	
	1/1 to 12/31/2017	1/1 to 12/31/2016
Loss after taxes	**-306**	-239
Other comprehensive income (OCI)	**0**	0
Total comprehensive loss	**-306**	-239

The unrecognized allocable loss in the reporting year from entities accounted for at equity amounts to EUR 0 thousand (2016: EUR 0 thousand). The cumulative unrecognized allocable loss totals EUR 0 thousand (2016: EUR 0 thousand).

The unrecognized losses are losses that exceed the value of the equity interest of the Group to an associated company or joint venture.

7.6 Other financial assets

Other financial assets in EUR '000

	12/31/2017	12/31/2016
Investment Highlight Communications AG	**105,060**	0
Investment Geenee, Inc	**0**	0
Investment Mister Smith Entertainment Ltd.	**–**	0
Investment real estate fund	**–**	88
Non-current receivables	**0**	331
Others	**9**	9
Total	**105,069**	428

Due to the loss of control and the lack of significant influence, Highlight Communications AG was deconsolidated on June 12, 2017. Accordingly, this 32.7 percent interest has since been held as an available-for-sale financial asset and is measured at fair value (see note 5). The valuation as of the statement of financial position date was performed at the stock market price as of December 31, 2017 with a value of EUR 5.10 per share or a total of EUR 105,060 thousand. Fluctuations in value are recognized in other comprehensive income directly in equity. From the offsetting of 8 million Highlight Communications AG shares with the Stella loan and the associated disposal of these shares, EUR 3,198 thousand was reclassified from other comprehensive income to financial expenses (see note 7.15).

The investment in Geenee, Inc., Delaware is held by Sport1 GmbH with 5 percent. This investment is held as financial assets available-for-sale and measured at fair value (see note 8.5.1). In the previous reporting year, there resulted a full impairment due to financial difficulties of the Geenee, Inc., which was recognized in the financial expenses.

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the investment Mister Smith Entertainment Ltd., the investment securities and the non-current receivables were derecognized (see note 3.1).

7.7 Inventories

Inventories in EUR '000

Net balance	**12/31/2017**	12/31/2016
Raw materials and supplies	**129**	259
Work in progress	**0**	786
Finished goods and merchandise	**0**	15
Blu-rays/DVDs	**0**	1,516
Total	**129**	2,576

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, work in progress, finished goods, merchandise and Blu-rays/DVDs were derecognized (see note 3.1). As of December 31, 2017, there is no value adjustment on inventories.

7.8 Trade accounts receivable

Trade accounts receivable in EUR '000

	12/31/2017	12/31/2016
Gross balance	**19,520**	68,209
Specific valuation allowances	**-1,053**	-4,770
Total	**18,467**	63,439

Trade accounts receivable contain receivables from percentage-of-completion in the amount of EUR 0 thousand (2016: EUR 6,072 thousand). In respect of receivables not yet due and receivables overdue by up to 90 days, the carrying value corresponds almost to the fair value.

Write-downs 2017 in EUR '000

Balance at January 1	**4,770**
Changes in the group of consolidated companies	**-4,237**
Foreign currency differences	**-4**
Additions	**1,031**
Usage	**-107**
Reversals	**-400**
Balance at December 31	**1,053**

Write-downs 2016 in EUR '000

Balance at January 1	5,616
Changes in the group of consolidated companies	0
Foreign currency differences	1
Additions	276
Usage	-277
Reversals	-846
Balance at December 31	4,770

Maturity overview in EUR '000

			Days overdue				
	Net carrying value	thereof neither impaired nor overdue as of the closing date	less than 90	between 91 and 180	between 181 and 270	between 271 and 365	more than 365
12/31/2017							
Trade accounts receivable	18,467	15,616	2,789	12	9	2	39
12/31/2016							
Trade accounts receivable	63,439	57,202	4,611	252	375	264	735

7.9 Other receivables

Other receivables in EUR '000

	12/31/2017	12/31/2016
Prepaid expenses	**9,876**	14,601
Other taxes	**668**	689
Receivables due from related companies and persons	**508**	27,055
Value added tax receivables	**171**	3,161
Suppliers with debit balances	**63**	527
Advance payments	**22**	827
Loans	**0**	15,784
Receivables from promotion funds	**0**	13,651
Derivative financial instruments	**0**	2,311
Other assets	**3,965**	7,192
Total	**15,273**	85,798

The carrying values of all current financial assets correspond almost to the fair value.

Other assets include deferred income of EUR 2,818 thousand and an amount of EUR 502 thousand arrested by the civil law administration debt enforcement office Basel-Landschaft/ Switzerland.

Maturity overview in EUR '000

	Net carrying value	thereof neither impaired nor overdue as of the closing date	Days overdue: less than 90	between 91 and 180	between 181 and 270	between 271 and 365	more than 365
12/31/2017							
Other receivables	15,273						
thereof not IFRS 7 relevant	10,755						
thereof IFRS 7 relevant	4,518	4,135	36	43	6	12	286
12/31/2016							
Other receivables	85,798						
thereof not IFRS 7 relevant	19,791						
thereof IFRS 7 relevant	66,007	65,879	25	103	0	0	0

7.10 Other financial assets

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the preferred shares in a Canadian partner company were derecognized (see note 3.1).

7.11 Deferred tax assets

Overall, the Group has tax loss carryforwards for corporate income taxes in the amount of EUR 629,727 thousand (2016: EUR 626,626 thousand), for trade taxes in the amount of EUR 362,320 thousand (2016: EUR 362,487 thousand) as well as foreign tax loss carryforwards in the amount of EUR 0 thousand (2016: EUR 22,521 thousand) for which no deferred tax assets have been recognized.

Deferred taxes were calculated at the rates which are applied or are expected to be applied in the future in the individual countries at the time of realization.

Maturity of deferred tax assets in EUR '000

	12/31/2017	12/31/2016
Current deferred tax assets	**274**	364
Non-current deferred tax assets	**0**	2,483
Total	**274**	2,847

Composition of deferred tax assets in EUR '000

	12/31/2017	12/31/2016
Tax loss carryforwards	**585**	6,006
Intangible assets/film assets	**188**	4,134
Property, plant and equipment	**1,107**	1,173
Trade accounts receivable and other receivables	**0**	15
Inventories	**0**	6,476
Pension liabilities	**0**	740
Advance payments received	**0**	3,995
Trade accounts payable and other liabilities	**128**	2,373
Other temporary differences	**394**	793
Total	**2,402**	25,705
Offsetting against deferred tax liabilities	**-2,128**	-22,858
Deferred tax assets, net	**274**	2,847

Expiry of tax loss carryforwards from foreign companies
in EUR '000

	12/31/2017	12/31/2016
Expiry within 1 year	0	0
Expiry between 1 and 5 years	0	5,801
Expiry after 5 years	0	16,720
Total	0	22,521

7.12 Equity

Subscribed capital

The subscribed capital of the ultimate Group parent company, Constantin Medien AG, amounted to EUR 93,600,000 as of December 31, 2017 (2016: EUR 93,600,000) and is divided into 93,600,000 (2016: 93,600,000) bearer ordinary shares with a nominal value of EUR 1.00 per share.

Non-controlling interests

As a result of the deconsolidation of Highlight Communications AG, the non-controlling interests decreased by EUR 55,023 thousand. As of December 31, 2017, the Constantin Medien Group no longer has any non-controlling interests.

Authorized capital

Pursuant to a resolution passed by the General Meeting on June 10, 2015 the authorized capital 2013/I (EUR 11,530,780) has been replaced in favor of the creation of a new authorized capital. Thus, the Management Board, with the approval of the Supervisory Board, is granted the right to raise the share capital within a period until June 10, 2020, by a total of up to EUR 45.0 million through one or multiple issues of new bearer shares against cash or contributions in kind (authorized capital 2015). The new shares' entitlement to a dividend can be specified as deviating from § 60 para. 2 clause 3 AktG. The shareholders may also be granted a legal subscription right according to which the new shares are offered to one or several banks for acquisition or to a company on a par with them according to § 186 para. 5 AktG, with the obligation to offer them to the shareholders for subscription. The Management Board is authorized to exclude the shareholders' subscription right with the Supervisory Board's approval. The resolution concerning the authorized capital 2015 was recorded in the Commercial Register on July 2, 2015.

Conditional capital

Pursuant to a resolution passed by the General Meeting on June 10, 2015 the authorization to issue financial instruments and other instruments as well as the corresponding conditional capitals 2011/I and 2011/II ending on July 19, 2016 were revoked. Furthermore, a resolution was passed, that the Management Board is authorized, up until June 10, 2020 with the consent of the Supervisory Board to issue on one or more occasions bearer and/or registered (i) convertible bonds and/or (ii) warrant bonds and/or (iii) conversion participation rights and/or (iv) option participating rights and/or (v) participation rights and/or (vi) participating bonds (or combinations of these instruments) in the aggregate nominal amount of up to EUR 340.0 million with a maximum term of 15 years and to grant the holders or creditors of financial instruments conversion or option rights to new no-par value bearer shares of the Company representing up to EUR 45.0 million of the nominal capital in accordance with terms of the convertible or option bonds or the terms of the conversion or participating rights. The Management Board is authorized to exclude the shareholders' subscription right with the Supervisory Board's approval. Also a resolution was passed to conditionally increase the nominal capital of the Company by up to EUR 45.0 million by the issue of up to 45,000,000 no-par value bearer shares. The resolution concerning the conditional capital 2015 was recorded in the Commercial Register on July 2, 2015.

Treasury stock

As of December 31, 2017, the balance of directly and indirectly held non-voting treasury shares amounted to 162 Constantin Medien shares with a fair value of EUR 373 (2016: 162 shares; fair value of EUR 335). The Company does not have any rights whatsoever in connection with the treasury stock.

Pursuant to a resolution of the General Meeting on July 30, 2014, the Company is authorized to acquire treasury shares with a computed share of subscribed capital totaling up to 10 percent of the company's share capital. The authorization can be exercised in whole or part, once or several times. The authorization applies until July 30, 2019. The acquisition of shares takes place through the stock exchange or as part of a public repurchase offer. The volume of the offer can be restricted. The Management Board is authorized, subject to the approval of the Supervisory Board, to use the shares acquired as a result of this authorization, in addition to disposing of them through the stock exchange or as part of a public purchase offer to all shareholders, to utilize them to service options or conversion rights to shares in the Company; the subscription rights of shareholders for treasury shares is excluded in this respect. In addition, the Supervisory Board is authorized to grant shares that were acquired as a result of this authorization, to members of the Management Board as a component of remuneration; the subscription rights of shareholders to treasury shares is excluded in this respect.

Other comprehensive income

The tax effects of the changes in other comprehensive income of equity for the reporting year are as follows::

Income and expenses recorded in other comprehensive income 2017 in EUR '000

January 1 to December 31, 2017	Before taxes	Tax effect	After taxes
Unrealized gains/losses from foreign currency translation	-1,459	0	**-1,459**
Reclassification of realized gains/losses from foreign currency translation to the statement of profit or loss	-9,489	0	**-9,489**
Reclassification of realized net gains/losses from a net investment hedge	287	-79	**208**
Unrealized gains/losses of change in the fair value of available-for-sale financial assets	458	-125	**333**
Reclassification of realized gains/losses from the change in the fair value of available-for-sale financial assets to the statement of profit or loss	160	-44	**116**
Unrealized gains/losses from cash flow hedges	-496	63	**-433**
Reclassification of realized gains/losses from cash flow hedges to the statement of profit or loss	1,793	-180	**1,613**
Items that probably will be reclassified to profit or loss in subsequent periods	-8,746	-365	**-9,111**
Result from remeasurement of defined benefit plans	577	-111	**466**
Items that will not be reclassified to profit or loss in subsequent periods	577	-111	**466**
Income/expenses recorded in other comprehensive income	-8,169	-476	**-8,645**

Income and expenses recorded in other comprehensive income 2016 in EUR '000

January 1 to December 31, 2016	Before taxes	Tax effect	After taxes
Unrealized gains/losses from foreign currency translation	231	0	**231**
Reclassification of realized gains/losses from foreign currency translation to the statement of profit or loss	-92	0	**-92**
Unrealized net gains/losses from a net investment hedge	82	-22	**60**
Unrealized gains/losses of change in the fair value of available-for-sale financial assets	87	-23	**64**
Reclassification of realized gains/losses from the change in the fair value of available-for-sale financial assets to the statement of profit or loss	-160	23	**-137**
Unrealized gains/losses from cash flow hedges	295	-84	**211**
Reclassification of realized gains/losses from cash flow hedges to the statement of profit or loss	1,074	-107	**967**
Items that probably will be reclassified to profit or loss in subsequent periods	1,517	-213	**1,304**
Result from remeasurement of defined benefit plans	2,293	-533	**1,760**
Items that will not be reclassified to profit or loss in subsequent periods	2,293	-533	**1,760**
Income/expenses recorded in other comprehensive income	3,810	-746	**3,064**

Disclosures regarding capital management

Constantin Medien AG aims to increase the capital provided on the capital market to the Company and to generate an adequate yield for the shareholders. For this purpose, the parent company of the Group employs equity by acquiring investments and funding their operations as well as its own operations. Moreover, the Constantin Medien Group can decide to pay a dividend, to pay back capital to shareholders, to issue new shares or to dispose of assets with the aim of reducing debt. Management aims to efficiently employ its equity and external capital for purposes of assuring financial flexibility on the basis of a solid capital structure and providing sufficient liquidity.

Liquidity comprises inflows from operating activities, cash on hand and borrowings available.

In addition to equity, external debt is also employed for Group financing in order to raise capital profitability. To ensure that this objective is met, a profitability calculation is generally prepared for every major investment. These procedures are regularly based on a discounted cash flow method (DCF), where the weighted average cost of capital (WACC) method is applied in most cases. This is a way of methodically supporting the further raising of capital employment.

The Constantin Medien Group's liquidity is managed centrally through Constantin Medien AG for the Segment Sports and the division Others. To monitor cash funds, Constantin Medien AG employs a liquidity report and a liquidity plan and for purposes of assessing the liquidity status the key indicator net debt, defined as current and non-current financial liabilities less cash and cash equivalents.

Constantin Medien AG's capital management comprises all statement of financial position items of equity, with treasury stock deducted. In line with Group management, Constantin Medien AG monitors all external debt positions of the Segment Sports and Others.

The debt of Constantin Medien AG consists essentially of the corporate bond 2013/2018. In addition, guarantee facilities exist in the amount of EUR 21,180 thousand (2016: EUR 20,000 thousand). As of December 31, 2017, 3,847,220 Highlight Communications AG shares with a carrying amount of EUR 19,621 thousand had been pledged for the guarantee line of UniCredit Bank AG. For external debt no financial covenants need to be adhered to.

7.13 Share-based payments

The variable remuneration of the former Chief Executive Officer Fred Kogel consists in addition to a variable remuneration according to reasonable dutiful discretion in particular of contractual payment entitlements to stock appreciation rights (hereinafter referred to as "stock appreciation rights"). The stock appreciation rights are based on shares of Constantin Medien AG and Highlight Communications AG and are broken down as shown in the following tables:

Constantin Medien AG shares

	Number	Issue price
	333,334	EUR 1.80
	333,333	EUR 2.10
	333,333	EUR 2.50

Highlight Communications AG shares

	Number	Issue price
	500,000	EUR 5.00

The stock appreciation rights place the former Chief Executive Officer Fred Kogel in such a legal way as if he would actually own the options to the shares of the aforementioned companies, as he would have entitlement to payment of the difference between the respective issuance price and the exercise price. The exercise price is the average stock price of the respective share quoted by the daily closing auction of the XETRA trade over a period of three months before the date of exercise. The exercise of the stock appreciation rights can first be made on the 15th day of each calendar month after a waiting period of three years, which begins on October 1, 2014. After the expiry of this waiting period, the stock appreciation rights can be exercised within a period of two years. Therefore the exercise period began on October 1, 2017. Constantin Medien AG reserves the right, instead of paying out the aforementioned difference amounts to deliver a number of bearer shares of Constantin Medien AG which corresponds to the respective difference amount, valued according to the closing rate of the XETRA trade of the Frankfurt Stock Exchange on the last trading day before the respective exercise date. The stock appreciation rights are not transferable.

As of September 30, 2017, the waiting period has expired. Since then, the 2-year exercise period has been in effect for all stock appreciation rights. The exercise can be carried out monthly on the 15th calendar day. On November 15, 2017, the former Chief Executive Officer Fred Kogel exercised 333,334 stock appreciation rights at an issue price of EUR 1.80 (EUR 90 thousand) and on February 15, 2018 333,333 stock appreciation rights at an issue price of EUR 2.10 (EUR 46 thousand).

Number and weighted average exercise price of the stock appreciation rights

	Constantin Medien AG stock appreciation rights		Highlight Communications AG stock appreciation rights	
2017	Number of stock appreciation rights	Weighted average exercise prices in EUR	Number of stock appreciation rights	Weighted average exercise prices in EUR
Outstanding at January 1	1,000,000	2.13	500,000	5.00
Granted	0	0.00	0	0.00
Exercised	333,334	1.80	0	0.00
Expired	0	0.00	0	0.00
Forfeited	0	0.00	0	0.00
Outstanding at December 31	**666,666**	**2.30**	**500,000**	**5.00**
2016				
Outstanding at January 1	1,000,000	2.13	500,000	5.00
Granted	0	0.00	0	0.00
Exercised	0	0.00	0	0.00
Expired	0	0.00	0	0.00
Forfeited	0	0.00	0	0.00
Outstanding at December 31	**1,000,000**	**2.13**	**500,000**	**5.00**

The fair value of the stock appreciation rights exercised corresponds to the average stock market price of the respective stock in the daily closing auction of XETRA trading over a period of three months prior to the exercise date. The fair value of the stock appreciation rights granted but not yet exercised in the reporting period was determined using the following factors:

Disclosures about the valuation of the stock appreciation rights

	12/31/2017		12/31/2016	
	Constantin Medien AG stock appreciation rights	**Highlight Communications AG stock appreciation rights**	Constantin Medien AG stock appreciation rights	Highlight Communications AG stock appreciation rights
Option pricing model	**Binomial model**	**Binomial model**	Binomial model	Binomial model
Expected volatility	**30.06%**	**21.90%**	39.57%	23.52%
Expected dividend yield	**0.00%**	**2.46%**	0.00%	0.00%
Expected option life	**0.3 years**	**0.3 years**	3 years	3 years
Risk-free interest rate	**-0.65%**	**-0.65%**	-0.84%	-0.84%
Exercise price in EUR	**2.50**	**5.00**	1.80/2.10/2.50	5.00
Weighted average exercise price in EUR	**2.50**	**5.00**	2.13	5.00

In the reporting year, income of EUR 213 thousand (previous year: EUR 233 thousand expense) was accounted for by share-based payment. The carrying amount of the liabilities from share-based payments as of December 31, 2017, was EUR 283 thousand (2016: EUR 496 thousand). All claims of Mr Fred Kogel from the stock appreciation rights are in legal clarification and have not yet been paid.

7.14 Overview of provisions and liabilities

Maturity of provisions and liabilities at December 31, 2017 in EUR '000

	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current liabilities				
Other liabilities	–	83	–	**83**
Deferred tax liabilities	0	846	–	**846**
Total	0	929	0	**929**
Current liabilities				
Financial liabilities	63,870	–	–	**63,870**
Trade accounts payable	22,204	–	–	**22,204**
Other liabilities	16,148	–	–	**16,148**
Provisions	8,843	–	–	**8,843**
Income tax liabilities	221	–	–	**221**
Total	111,286	0	0	**111,286**

Maturity of provisions and liabilities at December 31, 2016 in EUR '000

	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current liabilities				
Financial liabilities	–	63,466	–	**63,466**
Advance payments received	–	14,642	–	**14,642**
Other liabilities	–	449	1,053	**1,502**
Pension liabilities	–	0	6,204	**6,204**
Provisions	–	293	–	**293**
Deferred tax liabilities	0	18,388	–	**18,388**
Total	0	97,238	7,257	**104,495**
Current liabilities				
Financial liabilities	48,750	–	–	**48,750**
Advance payments received	47,311	–	–	**47,311**
Trade accounts payable	41,584	–	–	**41,584**
Other liabilities	113,144	–	–	**113,144**
Provisions	11,861	–	–	**11,861**
Income tax liabilities	4,234	–	–	**4,234**
Total	266,884	0	0	**266,884**

7.15 Trade accounts payable and other liabilities

Trade accounts payable and other liabilities in EUR '000

	12/31/2017	12/31/2016
Trade accounts payable	**22,204**	41,584
Other liabilities	**16,148**	113,144
Total	**38,352**	154,728

Trade accounts payable

The reported trade accounts payable are not further securitized apart from the usual retention rights. They mainly relate to licensing and services.

Overall, trade accounts payable are current and non-interest bearing, and so the carrying value of the IFRS 7 relevant trade accounts payable corresponds almost to the fair value. Trade accounts payable contain EUR 0 thousand payables from percentage-of-completion (2016: EUR 2,674 thousand).

Other liabilities

On September 20, 2017, Constantin Medien AG and Stella Finanz AG signed a repayment and settlement agreement. This agreement regulates the repayment modalities of the loan granted by Stella Finanz AG with a nominal value of EUR 12,250 thousand and CHF 26,000 thousand as well as termination of legal disputes between both companies. The loan including all accrued interest was repaid by means of 8.0 million shares of Highlight Communications AG, which were pledged to Stella Finanz AG (refer to note 5). In exchange, the remaining 16.75 million shares pledged to Stella Finanz AG were released by Stella Finanz AG; insofar, Constantin Medien AG can freely dispose over a total of 20.6 million Highlight Communications AG shares. After executing the agreement with Stella Finanz AG, the investment holding in Highlight Communications AG dropped to about 32.7 percent. Regarding the dividend rights to the repayment shares, the parties agreed that the dividends and further pay-outs for the financial year 2016 and earlier years (especially the dividends or capital distribution) would remain with and should be entitled to Constantin Medien AG. The settlement with Stella Finanz AG represents a material non-cash transaction.

Personnel related liabilities mainly relate to obligations for bonuses, vacation not taken and bonuses for Management Board members.

Other current liabilities in EUR '000

	12/31/2017	12/31/2016
Commissions, licenses and surplus guarantees	**5,968**	23,784
Current interest payable	**3,105**	4,491
Personnel-related liabilities	**3,004**	14,207
Deferred income	**1,599**	7,157
Other taxes and social security	**1,212**	6,433
Value added tax payable	**643**	2,814
Liabilities due to related companies and persons	**286**	36,585
Customers with credit balances	**197**	246
Derivative financial instruments	**37**	3,201
Liabilities for contingently repayable loans (grants)	**0**	10,321
Miscellaneous current liabilities	**97**	3,905
Total	**16,148**	113,144

7.16 Financial liabilities

Non-current financial liabilities

Due to the maturity of the corporate bond 2013/2018 as of April 23, 2018, the bond was reclassified to current liabilities.

Non-current financial liabilities in EUR '000

	12/31/2017	12/31/2016
Corporate bond 2013/2018	**0**	63,466
Total	**0**	63,466

Current financial liabilities

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the current financial liabilities have been derecognized.

Current financial liabilities in EUR '000

	12/31/2017	12/31/2016
Corporate bond 2013/2018	**63,870**	0
Liabilities due to banks	**0**	48,750
Total	**63,870**	48,750

Short-term credit lines

The Constantin Medien Group has no free short-term credit lines as of the balance sheet date. As of the reporting date, guarantee lines amounting to EUR 21,180 thousand (2016: EUR 20,000 thousand) exist. As of December 31, 2017, 3,847,220 Highlight Communications AG shares with a carrying amount of EUR 19,621 thousand had been pledged for the guarantee line of UniCredit Bank AG.

7.17 Reconciliation of debt from financing activities

Reconciliation of financial liabilities in EUR '000

			Non cash changes				
	Balance as of January 1, 2017	Cash flows	Foreign exchange differences	Compounding	Changes in the group of consolidated companies	Reclassification	**Balance as of December 31, 2017**
Current financial liabilities	48,750	18,979	-560	307	-67,169	63,563	**63,870**
Non-current financial liabilities	63,466	0	0	97	0	-63,563	**0**
Total financial liabilities	**112,216**	**18,979**	**-560**	**404**	**-67,169**	**0**	**63,870**

7.18 Advance payments received

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the advance payments received were derecognized (see note 3.1)

7.19 Non-current service productions

Production contracts with a net credit balance towards customers amount to EUR 0 thousand (2016: EUR 6,072 thousand). Production contracts with a net debit balance due to customers amount to EUR 0 thousand (2016: EUR 2,674 thousand). Such amounts are reported in the trade accounts receivable or trade accounts payable position.

The contract revenues for the period amount to EUR 39,216 thousand (2016: EUR 108,965 thousand). The total costs incurred for uncompleted contracts and recognized profits (less any recorded losses) amount to EUR 8,408 thousand (2016: EUR 12,032 thousand).

7.20 Pension liabilities

Defined benefit plans

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the defined benefit plans were derecognized (see note 3.1)

Pension obligation maturity profile in EUR '000

	12/31/2017	12/31/2016
Less than 1 year	–	1,211
Weighted average duration of the defined benefit plan obligation (in years)	–	16.9

Development of the pension liability

The recognized pension liability of defined benefit pension plans in the consolidated statement of financial position is determined as follows:

Pension liabilities in EUR '000

	12/31/2017	12/31/2016
Present value of defined benefit obligation	–	34,787
Fair value of plan assets	–	28,583
Net liability arising from defined benefit obligation	–	6,204

Development of defined benefit obligation in EUR '000

	2017	2016
Present value of defined benefit obligation at January 1	**34,787**	40,099
Changes in the group of consolidated companies	**-34,706**	-5,562
Current service cost (excluding employee contribution and administrative costs)	**886**	2,009
Employee contribution	**417**	834
Interest cost	**106**	261
Benefits paid	**-603**	-1,206
Currency translation effects	**-705**	302
Actuarial (gains)/losses arising from experience adjustments	**-182**	-1,695
Actuarial (gains)/losses arising from changes in financial assumptions	**0**	332
Actuarial (gains)/losses arising from changes in demographic assumptions	**0**	-587
Present value of defined benefit obligation at December 31	**0**	34,787
thereof active insured employees	–	32,373
thereof members in retirement	–	2,414

Development of plan assets in EUR '000

	2017	2016
Fair value of plan assets at January 1	**28,583**	29,958
Changes in the group of consolidated companies	**-28,855**	-4,520
Interest income	**87**	192
Employee contribution	**417**	834
Employer contribution	**600**	2,792
Administrative costs of pension fund	**-39**	-79
Benefits paid	**-603**	-1,206
Currency translation effects	**-585**	269
Actuarial gains/(losses) arising from experience adjustments	**395**	343
Fair value of plan assets at December 31	**0**	28,583

Actual return on plan assets amounted to EUR 482 thousand in the reporting year (2016: EUR 535 thousand).

Pension costs charged to consolidated statement of profit or loss in EUR '000

	1/1 to 12/31/2017	1/1 to 12/31/2016
Current service cost (excluding employee contribution and administrative costs)	**886**	2,009
Administrative costs of pension fund	**39**	79
Net interest expense (income)	**19**	69
Total	**944**	2,157

Allocation of plan assets in EUR '000

	12/31/2017	12/31/2016
Cash and cash equivalents	–	131
Debt instrument based on quoted market prices in active markets	–	13,361
Debt instrument based on unquoted market prices	–	162
Equity instrument based on quoted market prices in active markets	–	2,660
Real estate	–	10,545
Others	–	1,724
Total	–	28,583

Actuarial assumptions

The following assumptions were used in the calculation of the defined benefit obligation. In the context of the actuarial assumptions for mortality, disability and fluctuation, the accounting basis BVG 2015 generation table has been used.

Actuarial assumptions in percent

	2017	2016
Discount rate	–	0.60
Pension trend	–	0.00
Salary trend	–	1.50
Average life expectancy after retirement, men (in years)	–	22.38
Average life expectancy after retirement, women (in years)	–	25.42

Defined contribution plans

Contributions recognized in the statement of profit or loss for defined contribution plans (including government plans) totaled EUR 4,867 thousand in the reporting year (2016: EUR 6,365 thousand).

7.21 Provisions

The provisions for licenses and returns have been recognized for unbilled licenses attributable to licensors and risks from expected returns of goods for Blu-rays and DVDs sold. The provision for returns is based on an analysis of the contractual or statutory obligations as well as historical trends and the Group's own experience. Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the provisions for licenses and returns were derecognized (see note 3.1).

Provisions for litigation risks were recognized to meet various pending or threatening processes. On the current status of the main proceedings we refer to the risk report in the management report (chpater 7).

Personnel provisions contain probable future liabilities arising from the termination of employment contracts in the amount of EUR 1,673 thousand (2016: EUR 1,868 thousand).

Provisions in EUR '000

	Licenses and returns	Litigation costs	Personnel provisions	Provisions for warranties and other obligations	Other provisions	**Total**
Balance at January 1, 2017	3,145	1,549	2,758	942	3,760	**12,154**
Changes in the group of consolidated companies	-3,407	-7	0	0	-1,426	**-4,840**
Foreign currency differences	-12	0	0	0	-5	**-17**
Usage	872	1,095	1,534	0	946	**4,447**
Reversal	205	54	822	0	216	**1,297**
Accretion of discount/change in discount rate	0	0	7	0	0	**7**
Addition	1,351	1,850	1,796	38	2,248	**7,283**
Balance at December 31, 2017	0	2,243	2,205	980	3,415	**8,843**
thereof non-current	0	0	0	0	0	**0**

7.22 Income tax liabilities

Income tax liabilities in EUR '000

	Germany	Rest of the world	**Total**
Balance at January 1, 2017	2,362	1,872	**4,234**
Changes in the group of consolidated companies	-1,109	-616	**-1,725**
Foreign currency differences	0	-19	**-19**
Usage	1,845	2,472	**4,317**
Reversal	0	0	**0**
Addition	809	1,239	**2,048**
Balance at December 31, 2017	217	4	**221**

7.23 Deferred tax liabilities

Maturity of deferred tax liabilities in EUR '000

	12/31/2017	12/31/2016
Current deferred tax liabiities	**0**	0
Non-current deferred tax liabilities	**846**	18,388
Total	**846**	18,388

Composition of deferred tax liabilities in EUR '000

	12/31/2017	12/31/2016
Intangible assets/film assets	**2,556**	30,414
Other financial assets	**169**	0
Trade accounts receivable and other receivables	**0**	2,449
Financial liabilities	**21**	131
Advance payments received	**0**	3,076
Trade accounts payable and other liabilities	**39**	4,754
Other temporary differences	**189**	422
Total	**2,974**	41,246
Offsetting against deferred tax assets	**-2,128**	-22,858
Deferred tax liabilities, net	**846**	18,388

Development of deferred tax liabilities in EUR '000

	2017	2016
Balance at January 1	**18,388**	17,468
Changes in the group of consolidated companies	**-17,778**	0
Foreign currency differences	**-1**	2
Usage	**1,466**	960
Reclassification	**649**	-427
Addition	**1,054**	2,305
Balance at December 31	**846**	18,388

8. Disclosures regarding financial risk management

8.1 Financial instruments according to classes

The next table presents the carrying values and fair values for financial instruments according to the respective classes as well as a classification into the different categories of financial instruments pursuant to IAS 39.

Disclosures under IFRS 7: Classes at December 31, 2017 in EUR '000

	Classi-fication cate-gory under IAS 39	Net carrying value 12/31/2017	Of which not relevant under IFRS 7	(Amortized) at cost	Fair value through equity	Fair value through profit or loss	**Fair value 12/31/2017**
Assets							
Cash and cash equivalents	LaR	20,845		20,845			**20,845**
Cash and cash equivalents with hedging transactions	without category						
Trade accounts receivable	LaR	18,467	-4,041	14,426			**14,426**
Receivables due from associated companies (current and non-current)	LaR	56		56			**56**
Other financial assets (current)							
Available-for-sale financial assets	AfS						
Other receivables (current)							
Financial assets at fair value through profit or loss	FVPL						
Designated derivative financial instruments	without category						
Other assets with hedging transactions	without category						
Miscellaneous other receivables (current)	LaR	15,273	-10,755	4,518			**4,518**
Non-current receivables	LaR						
Other financial assets (non-current)							
Financial assets at fair value through profit or loss	FVPL						
Available-for-sale financial assets	AfS	105,069		9	105,060		**105,060**
Liabilities							
Financial liabilities (current and non-current)	OL	63,870		63,870			**64,320**
Finacial liabilities (current and non-current) with hedging transactions	without category						
Trade accounts payable	OL	22,204	-730	21,474			**21,474**
Other liabilities (current and non-current)							
Financial liabilities at amortized cost	OL	16,194	-4,506	11,688			**11,688**
Financial liabilities at fair value through profit or loss	FLPL	37				37	**37**
Designated derivative financial instruments	without category						
Other liabilities with hedging transcations	without category						

Disclosures under IFRS 7: Classes at December 31, 2016 in EUR '000

	Classification category under IAS 39	Net carrying value 12/31/2016	Of which not relevant under IFRS 7	(Amortized) at cost	Fair value through equity	Fair value through profit or loss	**Fair value 12/31/2016**
Assets							
Cash and cash equivalents	LaR	104,830		104,830			**104,830**
Cash and cash equivalents with hedging transactions	without category	–					**–**
Trade accounts receivable	LaR	63,439	-2,675	60,764			**60,764**
Receivables due from associated companies (current and non-current)	LaR	–					**–**
Other financial assets (current)							
Available-for-sale financial assets	AfS	192		192			**–**
Other receivables (current)							
Financial assets at fair value through profit or loss	FVPL	1,547				1,547	**1,547**
Designated derivative financial instruments	without category	764			70	694	**764**
Other assets with hedging transactions	without category	450	-450				
Miscellaneous other receivables (current)	LaR	83,037	-19,341	63,696			**63,696**
Non-current receivables	LaR	331		331			**331**
Other financial assets (non-current)							
Financial assets at fair value through profit or loss	FVPL	88				88	**88**
Available-for-sale financial assets	AfS	9		9			**–**
Liabilities							
Financial liabilities (current and non-current)	OL	112,216		112,216			**113,710**
Finacial liabilities (current and non-current) with hedging transactions	without category	–					**–**
Trade accounts payable	OL	41,584	-1,278	40,306			**40,306**
Other liabilities (current and non-current)							
Financial liabilities at amortized cost	OL	111,221	-18,021	93,200			**93,200**
Financial liabilities at fair value through profit or loss	FLPL	1,423				1,423	**1,423**
Designated derivative financial instruments	without category	1,778			1,335	443	**1,778**
Other liabilities with hedging transcations	without category	224	-224				

The class of non-current financial assets measured at fair value through profit or loss contains only securities that were designated in past financial years due to the risk management strategy in accordance with IAS 39.9b)ii) as at fair value through profit or loss.

Disclosures under IFRS 7: Categories in EUR '000

	Classi-fication cate-gory under IAS 39	Net carrying value	Of which not relevant under IFRS 7	(Amortized) at cost	Fair value through equity	Fair value through profit or loss	**Fair value**
December 31, 2017							
Aggregated by category							
Loans and receivables	LaR	54,641	-14,796	39,845			**39,845**
Available-for-sale financial assets	AfS	105,069		9	105,060		**105,060**
Financial assets at fair value through profit or loss	FVPL						
Financial liabilities at amortized costs	OL	102,268	-5,236	97,032			**97,482**
Financial liabilities at fair value through profit or loss	FLPL	37				37	**37**
December 31, 2016							
Aggregated by category							
Loans and receivables	LaR	251,637	-22,016	229,621			**229,621**
Available-for-sale financial assets	AfS	201		201			**–**
Financial assets at fair value through profit or loss	FVPL	1,635				1,635	**1,635**
Financial liabilities at amortized costs	OL	265,021	-19,299	245,722			**247,216**
Financial liabilities at fair value through profit or loss	FLPL	1,423				1,423	**1,423**

8.2 Offsetting

In the case of derivative financial instruments, all existing derivatives with positive or negative fair value with the relevant counterparty will be netted in the event of insolvency in accordance with the contractual agreements and it only remains the net amount as a receivable or liability. As a set-off is legally only enforceable in the event of insolvency and the Group at present time neither has a legal title to set off the amounts nor intents to settle on a net basis, the derivative financial instruments are presented in the consolidated statement of financial position on a gross basis.

Disclosure on receivables and liabilities due from/to associated companies are partly presented as net amount in the statement of financial position as an unconditional and legally enforceable right exists and the intention is to settle on a net basis.

Cash and cash equivalents and financial liabilities are presented on a net basis, provided that an unconditional and legally enforce able right exists and the intention is to settle on a net basis.

The following tables show an overview of the offsetting made or contractually provided:

Offsetting at December 31, 2017 in EUR '000

Offsetting financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position	Net amount
Financial assets at fair value through profit or loss	0	0	0	0	**0**
Derivative financial instruments with hedging transactions	0	0	0	0	**0**
Receivables due from associated companies (current and non-current)	56	0	56	0	**56**
Cash and cash equivalents	20,845	0	20,845	0	**20,845**
Total	20,901	0	20,901	0	**20,901**

Offsetting financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position	Net amount
Financial liabilities at fair value through profit or loss	37	0	37	0	**37**
Derivative financial instruments with hedging transactions	0	0	0	0	**0**
Liabilities due to associated companies (current and non-current)	0	0	0	0	**0**
Financial liabilities (current and non-current)	63,870	0	63,870	0	**63,870**
Total	63,907	0	63,907	0	**63,907**

Offsetting at December 31, 2016 in EUR '000

Offsetting financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position	**Net amount**
Financial assets at fair value through profit or loss	1,547	0	1,547	-145	**1,402**
Derivative financial instruments with hedging transactions	764	0	764	-135	**629**
Receivables due from associated companies (current and non-current)	0	0	0	0	**0**
Cash and cash equivalents	104,830	0	104,830	0	**104,830**
Total	107,141	0	107,141	-280	**106,861**

Offsetting financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position	**Net amount**
Financial liabilities at fair value through profit or loss	1,423	0	1,423	-145	**1,278**
Derivative financial instruments with hedging transactions	1,778	0	1,778	-135	**1,643**
Liabilities due to associated companies (current and non-current)	0	0	0	0	**0**
Financial liabilities (current and non-current)	112,216	0	112,216	0	**112,216**
Total	115,417	0	115,417	-280	**115,137**

8.3 Net results

The net results of the respective categories of financial instruments are shown in the following overview:

Net results for the categories under IFRS 7 in EUR '000

	From interests	From subsequent measurement			Others	Net result
2017		Change in fair value	Foreign currency translation	Impairment		
Loans and receivables (LaR)	27		117	-846		**-702**
Available-for-sale financial assets (AfS)		-2,740			7,353	**4,613**
Financial assets at fair value through profit or loss (FVPL)						
Designated						
For trading		-565				**-565**
Financial liabilities (OL)	-8,605		834		4,303	**-3,468**
Financial liabilities at fair value through profit or loss (FLPL)		-1,227				**-1,227**
2016						
Loans and receivables (LaR)	154		602	-5,870		**-5,114**
Available-for-sale financial assets (AfS)			-4	-2,451		**-2,455**
Financial assets at fair value through profit or loss (FVPL)						
Designated						
For trading		1,188	10			**1,198**
Financial liabilities (OL)	-10,176		-2,444		7,486	**-5,134**
Financial liabilities at fair value through profit or loss (FLPL)		-2,138				**-2,138**

Impairment losses on loans and receivables (LaR) also include income from appreciations. The line item others under financial liabilities mainly relates to the effects from the reversal of accrued liabilities.

8.4 Management of financial risks

The Group is exposed to various financial risks arising from ordinary business activities and financing activities. Financial risks are sub-classified into liquidity risks, credit risks and market risks (including currency risks, interest risks and price risks). These risks are centrally monitored within the Constantin Medien Group. The risk situation is identified by the risk manager in standardized risk reports prepared on the basis of a risk management guideline in effect for the entire Group and reported to the Management Board of Constantin Medien AG. The risk presentation is also outlined in the risk report, which forms a part of the Group management report (chapter 7).

8.4.1 Liquidity risks

A liquidity risk arises if future payment obligations of the Group cannot be covered by liquidity on hand or corresponding credit facilities. To limit this risk, appropriate processes are in place within the Constantin Medien Group that continuously monitor and control cash inflow, outflow and maturities. Constantin Medien AG and the Constantin Medien Group had sufficient liquidity reserves taking into account available short-term credit facilities as of the balance sheet date. Further we additionally refer to chapter 7.2.8 and 7.6 in the combined Group management and management report.

The liquidity risk tables show the maturity structure of non-derivative financial liabilities and present an analysis of cash outflows for derivative financial liabilities and assets. These are undiscounted cash flows.

Liquidity risk at December 31, 2017 in EUR '000

December 31, 2017	Net carrying value	Cash flow 2018 Interest fixed	Cash flow 2018 Interest variable	Cash flow 2018 Repayment	Cash flow 2019 Interest fixed	Cash flow 2019 Interest variablel	Cash flow 2019 Repayment
Non-derivative financial liabilities							
Financial liabilities	**63,870**	4,480		64,000			
Other non-interest-bearing liabilities	**33,162**			33,162			
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	**37**			1,037			
Currency derivatives under fair value hedges							
Other derivatives (cash flow-hedges)							
Derivative financial assets							
Derivatives without a hedge relationship							
Currency derivatives under fair value hedges							
Other derivatives (cash flow-hedges)							

December 31, 2017	Net carrying value	Cash flow 2020-2022 Interest fixed	Cash flow 2020-2022 Interest variable	Cash flow 2020-2022 Repayment	Cash flow 2023-2027 Interest fixed	Cash flow 2023-2027 Interest variable	Cash flow 2023-2027 Repayment
Non-derivative financial liabilities							
Financial liabilities	**63,870**						
Other non-interest-bearing liabilities	**33,162**						
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	**37**						
Currency derivatives under fair value hedges							
Other derivatives (cash flow-hedges)							
Derivative financial assets							
Derivatives without a hedge relationship							
Currency derivatives under fair value hedges							
Other derivatives (cash flow-hedges)							

In general, the Group companies each manage their liquidity autonomously, including current deposits of liquidity surpluses and procurement of loans to bridge liquidity shortages. Constantin Medien AG in part supports its subsidiaries and in part acts as a coordinator with banks for purposes of maintaining the most cost-effective coverage of financial requirements. In addition, the Group's creditworthiness enables the efficient use of capital markets for financing activities. This also includes the ability to issue equity and debt instruments on the capital market. Accordingly, other financing activities such as the purchase of non-controlling interests and the acquisition of treasury shares can affect the liquidity over time to a varying extent.

Liquidity risk at December 31, 2016 in EUR '000

		Cash flow 2017			Cash flow 2018		
December 31, 2016	**Net carrying value**	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment
Non-derivative financial liabilities							
Financial liabilities	**112,216**	4,480	350	48,750	4,480		64,000
Other non-interest-bearing liabilities	**133,506**			133,506			
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	**1,423**			16,194			1,412
Currency derivatives under fair value hedges	**443**			3,387			4,712
Other derivatives (cash flow-hedges)	**1,335**			19,001			9,565
Derivative financial assets							
Derivatives without a hedge relationship	**1,547**			31,972			17,710
Currency derivatives under fair value hedges	**694**			6,563			
Other derivatives (cash flow-hedges)	**70**			2,889			

		Cash flow 2019-2021			Cash flow 2022-2026		
December 31, 2016	**Net carrying value**	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variablel	Repayment
Non-derivative financial liabilities							
Financial liabilities	**112,216**						
Other non-interest-bearing liabilities	**133,506**						
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	**1,423**			17,649			
Currency derivatives under fair value hedges	**443**						
Other derivatives (cash flow-hedges)	**1,335**						
Derivative financial assets							
Derivatives without a hedge relationship	**1,547**			4,982			
Currency derivatives under fair value hedges	**694**						
Other derivatives (cash flow-hedges)	**70**						

The borrowing of third-party capital through the capital market or credit institutions can be used to refinance existing liabilities and to finance new projects. Therefore, there is the risk that a deterioration of the economic situation could lead to financing funds not being available or not being available to the extent needed or only being available at distinctly unfavorable conditions. From today's perspective, the extent and conditions of potential third-party sources of financing that might be available are uncertain.

Liquidity risks arise if payment obligations of the Group cannot be covered by liquidity on hand or from corresponding credit facilities. The full, timely repayment of the corporate bond 2013/2018 plus interest on April 23, 2018, is ensured by the sale of 12,417,482 shares in Highlight Communications AG at a price of EUR 5.20 per share, in the total amount of EUR 64,570,906 to Highlight Event and Entertainment AG under the contract from March 22, 2018. Interest in the amount of approx. EUR 4.55 million will be paid from available liquid funds. With this payment, the Constantin Medien Group will become entirely debt-free. However, further liquidity risks apply from the operative business of Constantin Medien AG and its subsidiaries. Due to the seasonal nature of operative business, a liquidity shortfall in the range of very low single-figure millions could result at the end of the third quarter 2018/start of the fourth quarter 2018, according to current liquidity planning. However, Constantin Medien AG still holds 8,182 million shares in Highlight Communications AG in the value of approx. EUR 41.7 million (market price as at March 22, 2018). Of these, 4,182 million shares in Highlight Communications AG in the value of approx. EUR 21.3 million (market price as at March 22, 2018) are available to be sold and as such can be used for the refinancing. It is not possible to sell a high volume of Highlight Communications AG shares on the stock market because trading of this share is limited. Consequently, only an over-the-counter block trade, possibly at less than market price, can be executed. The Management Board is checking the following measures to secure future liquidity:

- Conclusion of a sale-and-leaseback transaction to finance key investments in the Sports Segment
- Agreement of an operating credit line with banks (if applicable using assets as security)
- Arrangement of a loan from the main shareholder
- Sale of liquid assets
- Monitoring of liquidity through active Working Capital Management

The combination of measures outlined above also ensures liquidity. In spite of the measures mentioned above, there is the risk that, if the Group's economic situation deteriorates, no further financing, only insufficient financing, or financing at unfavorable conditions, might be available, or that assets might have to be sold below market value. If one of the above measures takes effect, there is no risk that could result in significant uncertainty in relation to the company's going concern. Significant uncertainty in relation to the company's going concern only applies if none of the above measures to ensure liquidity is successful, and in addition, if the 4,182 million shares in Highlight Communications AG in the amount of approx. EUR 21.3 million (market rate as at March 22, 2018) available for sale can only be sold in an over-the-counter block trade at a value unusually below the market rate.

Given the risk classification in the early risk detection system of Constantin Medien AG, liquidity risks are considered to be major risks if the Management Board does not take measures and if the 4,182 million shares in Highlight Communications AG available for sale in the amount of approx. EUR 21.3 million (market rate as at March 22, 2018) can only be sold in an over-the-counter block trade at a value unusually below the market rate. Since the Management Board continuously monitors the liquidity of Constantin Medien AG and its subsidiaries, the Management Board is able to take the above measures on time if the economic situation deteriorates and liquidity suffers accordingly. Given the measures taken by the Management Board, liquidity risk is only classified as medium in contrast to the previous year. Last year, this risk was classified as substantial.

8.4.2 Credit risks

A credit risk exists when the debtor is unable to meet a repayment obligation for a receivable at all or on time or there is a loss in the value of assets received as collateral and thereby causes a financial loss. The credit risk includes the direct counterparty risk and the risk of credit deterioration.

Financial institutions with which the Constantin Medien Group conducts business must have good credit ratings. Moreover, possible risks on liquid funds are minimized by allocating bank deposits among several financial institutions. Furthermore, potential default risks on customer receivables are regularly evaluated and, if required, valuation allowances for bad debt are recognized. Also the default risks of key customers of the Constantin Medien Group are continuously monitored. In addi tion, the Company insures the risk of default caused by insolvency of a debtor by obtaining credit checks in material cases. Therefore the Group assesses the credit quality of receivables that are neither overdue nor impaired to be satisfactory. Risks from the international distribution of film licenses are minimized by only entering into transactions with counterparties with reliable credit ratings, rights are only transferred to the counterparty upon payment and/or transactions are entered into with appropriate collaterals (e.g. letters of credit).

The maximum credit risk of the Constantin Medien Group is equal to the carrying amounts of the financial assets

8.4.3 Market risks

Currency risk

The Constantin Medien Group is exposed to currency risks as part of its ordinary business activities. This primarily relates to the US dollar, the Swiss franc and, due to the subsidiary with their functional currency denominated in the Swiss franc, the Euro.

Exchange rate fluctuations can give rise to undesired and unforeseeable profit and cash flow volatility. Each subsidiary is subject to risks associated with exchange rate fluctuations when it transacts with international contractual partners and as a result incurs future cash flows that do not correspond to the functional currency of the respective subsidiary. The Constantin Medien Group does not transact business activities in currencies that are classed as particularly high risk.

In the reporting year, foreign currency translation differences of EUR +952 thousand (2016: EUR -2,911 thousand) have been recognized in the operating and financial result of the statement of profit or loss.

Interest risk

Interest risk generally arises when market interest rates fluctuate, which could improve or deteriorate the proceeds from deposits or payments for money borrowed. Furthermore, an interest fluctuation risk arises from the mismatching of maturities; this risk is actively monitored by the Group, especially through observation of the trend of the interest yield curve.

The interest fluctuation risk for the Group relates predominantly to financial liabilities. At the present time, the Constantin Medien Group has fixed interest-bearing financial liabilities. The Group currently does not utilize financial instruments to hedge the interest fluctuation risk.

In times of rising interest rates, fixed interest agreements offer a corresponding hedge against additional costs. However, in times of falling interest rates they have the disadvantage that the Company cannot profit from that development. In the case of financial liabilities without flexible arrangements for drawing and repayment, fixed interest conditions provide adequate planning assurance. By contrast, for credit agreements with high flexibility variable interest rate agreements allow to take into account future fluctuations in credit drawing. There is also the option of establishing a fixed interest base through interest hedges where necessary.

Other price risks

Other price risks are defined as the risk that the fair value or future payments of a financial instrument may fluctuate due to changes in the market value, which has not already been incurred from interest risk or currency risk. Other price risks arise for financial assets measured at fair value through profit or loss and for available-for-sale financial assets. There is no hedging of such financial assets.

8.5 Fair value

The following table presents an allocation of financial assets and liabilities measured at fair value, or fair values to be disclosed in the notes, according to the three-level fair value hierarchy:

Fair value hierarchy at December 31, 2017 in EUR '000

		Fair value			
	Net carrying value	Level 1	Level 2	Level 3	**Total**
Financial assets					
Derivative financial instruments					
Cash and cash equivalents with hedging transaction					
Financial assets at fair value through profit or loss					
Non-current receivables					
Available-for-sale financial assets	105,060	105,060		0	**105,060**
Financial liabilities					
Non-current financial liabilities	63,870	64,320			**64,320**
Financial liabilities with hedging transaction					
Derivative financial instruments	37		37		**37**
Non-current trade accounts payable					

For the determination of the fair value the own credit risk and the credit risk from the counterparty have been taken into account according to the Group's accounting and valuation principles (see note 4.3).

There have been no reclassifications between the individual categories of the fair value hierarchy. If circumstances arise which require a different classification, those are reclassified at each reporting date.

Fair value hierarchy at December 31, 2016 in EUR '000

	Net carrying value	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Derivative financial instruments	2,311		2,311		**2,311**
Cash and cash equivalents with hedging transaction					
Financial assets at fair value through profit or loss	88	88			**88**
Non-current receivables					
Available-for-sale financial assets					
Financial liabilities					
Non-current financial liabilities	63,466	64,960			**64,960**
Financial liabilities with hedging transaction					
Derivative financial instruments	3,201		3,201		**3,201**
Non-current trade accounts payable					

Disclosures on level 3 financial instruments at December 31, 2017 in EUR '000

	2017	2016
Investment Geenee, Inc.		
Fair value at January 1	**0**	2,525
Acquisitions	**–**	0
Impairment recognized in the statement of profit or loss	**–**	-2,451
Foreign currency exchange differences directly recognized in equity	**–**	-74
Fair value at December 31	**0**	0

8.5.1 Fair value of financial assets and liabilities

Financial assets measured at fair value through profit or loss, which are included in level 1 are determined by quoted prices. Derivative financial instruments included in level 2 are measured at current market prices. To determine the fair value of derivative financial instruments in level 2, a discounted cash flow method has been applied. For the unlisted equity instrument measured at fair value (level 3) resulted in the previous year a full impairment due to financial difficulties of Geenee, Inc., which was recognized in financial expenses. The fair value as at December 31, 2017 is EUR 0 thousand (December 31, 2016: EUR 0 thousand).

8.5.2 Financial assets and liabilities measured at amortized cost

Due to the short maturity at the balance sheet date, the carrying amounts of current financial assets or liabilities correspond almost to the fair value.

The fair value of the corporate bond 2013/2018 accounted for at amortized cost is equivalent to the closing rate of the Frankfurt Stock Exchange at the balance sheet date, and is therefore included in level 1.

8.5.3 Fair value of non-financial assets and liabilities

As of December 31, 2017 no non-financial assets and non-financial liabilities have been measured at fair value.

8.6 Use of hedging instruments

Regarding material transactions, mainly in US dollar and Swiss franc, the Group aims to minimize the currency risk through the use of appropriate derivative and non-derivative financial instruments. Derivative financial instruments are entered into with credit institutions. The financial instruments largely relate to future foreign currency cash flows for projects and license purchases. The Group monitors to ensure that the amount of the hedging does not exceed the underlying transaction.

8.6.1 Fair values of hedging instruments in hedge relationship

Hedging instruments and derivative financial instruments with hedging relationship in EUR '000

	12/31/2017		12/31/2016	
	Asset	Liability	Asset	Liability
Foreign exchange – fair value hedges (derivatives as hedging instruments)				
Hedging instrument – forward exchange transaction	0	0	694	443
Foreign exchange – cash flow hedges (derivatives as hedging instruments)				
Hedging instrument – forward exchange transaction	0	0	70	1,335
Foreign exchange – fair value hedges (original financial instruments as hedging instruments)				
Hedging instrument – financial liabilities denominated in foreign currency	0	0	0	0
Hedging instrument – cash and cash equivalents denominated in foreign currency	0	0	0	0
Total	**0**	**0**	**764**	**1,778**

Fair value hedges
As of December 31, 2017, no derivatives were designated as hedging instruments in fair value hedges (2016: EUR 14,662 thousand). The hedged items in the previous year primarily related to pending purchases and sales of rights (firm commitments) in US dollar. Further cash and cash equivalents and financial liabilities in foreign currency are used as hedging instrument to hedge foreign exchange risks. They are used to hedge off-balance sheet firm commitments in US dollars and are presented as fair value hedges.

The effect of changes in the fair values of the hedged item and the hedging instrument are shown in the same line item of the in the statement of profit or loss in case of an effective hedging relationship.

The net gains and losses from these hedging instruments and the net gains and losses of the associated hedged items are shown in the following table:

Gains and losses from fair value hedges in EUR '000

	1/1 to 12/31/2017		1/1 to 12/31/2016	
	Gain	Loss	Gain	Loss
Foreign exchange – fair value hedges (derivatives as hedging instruments)				
Hedging instrument	0	0	1,008	753
Hedged item	0	0	753	1,008
Foreign exchange – fair value hedges (original financial instruments as hedging instruments)				
Hedging instrument	0	0	0	0
Hedged item	0	0	0	0
Total	**0**	**0**	**1,761**	**1,761**

Cash flow hedges
As of December 31, 2017, no derivatives were designated as hedging instruments in cash flow hedges (2016: EUR 31,455 thousand) to hedge against the risk of fluctuating cash flows. The hedged items in the previous year mainly related to expected and highly probable future transactions.

The unrealized results before tax from the measurement of derivatives, which were recorded in other comprehensive income, are shown in the following table:

Unrealized gains/losses from cash flow hedges in EUR ‘000

	Gain	Loss
1/1 to 12/31/2017		
Unrealized gains and losses before taxes	0	496
1/1 to 12/31/2016		
Unrealized gains and losses before taxes	295	0

The following gains/losses before taxes were transferred from equity to the income statement In the reporting period.

Gains/losses before taxes transferred from equity to the statement of profit or loss in EUR ‘000

	Gain	Loss
1/1 to 12/31/2017		
Financial expenses	0	427
Other operating income	0	1,366
1/1 to 12/31/2016		
Financial expenses	0	1,074

8.6.2 Derivative financial instruments without hedging relationship

Derivatives that are not or are no longer included in a hedging relationship, continue to be used to hedge a financial risk arising from operations. The hedging instruments are settled if the operative hedged item no longer exists or is expected. The nominal amounts and the fair values of derivative instruments held as of December 31, 2017 which are not designated in hedge relationships are as follows:

Derivate financial instruments without hedging relationship in EUR ‘000

	12/31/2017		12/31/2016	
	Nominal value	Fair value	Nominal value	Fair value
Forward exchange transactions sale				
PLN	0	0	448	-3
USD	0	0	28,865	-1,302
ZAR	0	0	663	35
USD/ZAR-Swap	0	0	3,306	-102
Forward exchange transactions buy				
USD	1,037	-37	32,638	1,277
CHF/EUR-Swap	0	0	23,999	218

8.7 Sensitivities

Sensitivity analysis as of December 31, 2017 in EUR '000

			Currency risk											
	Interest rate risk		EUR/USD		CHF/EUR		EUR/CHF		EUR/CAD		**Total**		**Other price risks**	
	-1%	+1%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%
Financial assets														
Cash and cash equivalents	-208	208	34	-28	-34	27	15	-12			15	-13		
Trade accounts receivable							54	-44			54	-44		
Receivables due from asoociated companies														
Other financial assets													-10,506	10,506
Other receivables without forward exchange transactions			90	-73			56	-46			146	-119		
Forward exchange transactions														
Financial liabilities														
Trade accounts payable			-53	44			-65	53			-118	97		
Payables due to asoociated companies														
Other liabilities without forward exchange transactions					1	-1					1	-1		
Financial liabilities														
Forward exchange transactions			111	-91							111	-91		
Total increase/decrease	**-208**	**208**	**182**	**-148**	**-33**	**26**	**60**	**-49**			**209**	**-171**	**-10,506**	**10,506**
through equity													-10,506	10,506
through statement of profit or loss	-208	208	182	-148	-33	26	60	-49			209	-171		

The sensitivity analysis shows the impact of possible changes in market rates of interest on earnings or equity. Changes in the market rates of interest affect interest income and interest expense for variable interest-bearing financial instruments. The interest sensitivity analysis has been prepared on the assumption of a change in the market rate of interest by plus 100 base points or minus 100 base points.

The currency sensitivities were calculated from the Group's perspective for the major currency pairs EUR/USD, CHF/EUR, EUR/CHF and EUR/CAD on the assumption that the exchange rate underlying the currency pair would change by 10 percent upwards or downwards and all other parameters would remain unchanged. Translation risks are not part of the sensitivity analysis. The following table presents the impact of changes in the exchange rate by 10 percent. The closing rate was used in the sensitivity analysis.

Sensitivity analysis as of December 31, 2016 in EUR ‘000

	Interest rate risk		Currency risk											
			EUR/USD		CHF/EUR		EUR/CHF		EUR/CAD		**Total**		**Other price risks**	
	-1%	+1%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%
Financial assets														
Cash and cash equivalents	-1,048	1,048	33	-28	-757	619	19	-15	4	-3	-701	573		
Trade accounts receivable			1,619	-1,325	-70	58	56	-46			1,605	-1,313		
Receivables due from asoociated companies														
Other financial assets									21	-17	21	-17	-9	9
Other receivables without forward exchange transactions			243	-198	-2,948	2,412			1,305	-1,068	-1,400	1,146		
Forward exchange transactions			4,190	-3,429			2,695	-2,205			6,885	-5,634		
Financial liabilities														
Trade accounts payable			-537	440	66	-54	-58	48			-529	434		
Payables due to asoociated companies														
Other liabilities without forward exchange transactions			-1,450	1,186	26	-21	-2,797	2,289			-4,221	3,454		
Financial liabilities	488	-488	-42	35					-1,363	1,115	-1,405	1,150		
Forward exchange transactions			-3,005	2,458	3,174	-2,597					169	-139		
Total increase/decrease	**-560**	**560**	**1,051**	**-861**	**-509**	**417**	**-85**	**71**	**-33**	**27**	**424**	**-346**	**-9**	**9**
through equity			294	-241	3,174	-2,597					3,468	-2,838		
through statement of profit or loss	-560	560	757	-620	-3,683	3,014	-85	71	-33	27	-3,044	2,492	-9	9

9. Segment reporting

The following segment information presented is based on the management approach. Segment identification and segment reporting are conducted on the basis of the internal reporting of the organizational units to the chief operating decision maker with respect to the allocation of resources and assessment of performance. The Company's Management Board, as the chief operating decision maker, makes decisions about the allocation of resources to the segments and still assesses their success on the basis of key indicators for sales and segment result. The Management Board does not assess the segments on the basis of assets and liabilities.

The Group consists of the Segment Sports and until June 12, 2017 of the segments Film as well as Sports- and Event-Marketing. Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, the reporting on the Segments Film and Sports- and Event-Marketing covers the period from January 1, 2017 to June 12, 2017.

The Group management functions of Constantin Medien AG are shown as Others, which is not an operative segment. These include Group management itself, Corporate Finance, IT, Investor Relations, Controlling, Legal, Group Accounting, Corporate Communications, Internal Audit and Human Resources. Segment result is defined as profit from operations (EBIT) as this figure is used internally for performance measurement.

The Segment Sports primarily comprises activities in the areas TV and digital under the umbrella brand SPORT1 and the activities of the PLAZAMEDIA group in the production, content solution services and content marketing areas. Marketing is conducted by Sport1 Media GmbH.

Until June 12, 2017, the Segment Film consisted of the activities of Constantin Film AG and its subsidiaries as well as the Highlight Communications' subsidiaries Rainbow Home Entertainment, which are summarized, since they have similar economic characteristics and are comparable with regard to the nature of products, services, processes, customers and the methods of distribution. The business activities cover the development, production and exploitation of in-house productions and acquired film rights. Furthermore, fictional and non-fictional productions are produced for German and foreign TV-channels.

Until June 12, 2017, the Segment Sports- and Event-Marketing consisted of the activities of Team Holding AG, which markets, through its subsidiaries, as its main project the UEFA Champions League. Further marketing projects are the UEFA Europa League and the UEFA Super Cup.

Sales and services transacted between business segments are generally rendered at prices that would have been agreed with third parties.

The following table shows the eliminations of intersegment relations in the reconciliation column.

Segment reporting 2017 in EUR '000

	Sports	Film	Sports- and Event-Marketing	Other Business Activities	Others	Recon-ciliation	**Group**
External sales	139,097	100,320	24,369	0	0	0	**263,786**
Intercompany sales	220	274	0	0	0	-494	**0**
Total sales	139,317	100,594	24,369	0	0	-494	**263,786**
Other segment income	6,405	70,923	64	0	54,001	-4,312	**127,081**
Segment expenses	-143,782	-176,263	-14,554	0	-24,350	4,806	**-354,143**
thereof scheduled amortization and depreciation	-4,691	-39,409	-398	0	-111	0	**-44,609**
thereof impairments	-1,182	-1,171	0	0	0	0	**-2,353**
Segment result	1,940	-4,746	9,879	0	29,651	0	**36,724**
Non-allocated items							
Earnings from investments in associated companies							**-315**
Financial income							**11,669**
Financial expenses							**-17,002**
Profit before taxes							**31,076**

Segment reporting 2016 in EUR '000

	Sports	Film	Sports- and Event-Marketing	Other Business Activities	Others	Recon-ciliation	**Group**
External sales	160,711	350,947	53,801	210	0	0	**565,669**
Intercompany sales	142	227	0	0	0	-369	**0**
Total sales	160,853	351,174	53,801	210	0	-369	**565,669**
Other segment income	7,816	121,430	2,419	4,152	6,654	-4,664	**137,807**
Segment expenses	-153,631	-463,590	-34,882	-3,147	-13,769	5,033	**-663,986**
thereof scheduled amortization and depreciation	-4,951	-161,341	-814	-1	-124	0	**-167,231**
thereof impairments	-641	-8,226	0	0	-15	0	**-8,882**
Segment result	15,038	9,014	21,338	1,215	-7,115	0	**39,490**
Non-allocated items							
Earnings from investments in associated companies							**39**
Financial income							**3,887**
Financial expenses							**-22,769**
Profit before taxes							**20,647**

Segment information by geographical region 2017 in EUR '000

	Germany	Rest of Europe	Rest of the world	Total
External sales	147,926	74,709	41,151	**263,786**
Non-current assets	14,986	0	0	**14,986**

Segment information by geographical region 2016 in EUR '000

External sales	290,895	155,976	118,798	**565,669**
Non-current assets	154,909	53,838	0	**208,747**

In the reporting year, the Constantin Medien Group generated more than 10 percent of total sales with no customers (2016: two customers).

Sales with customers

	1/1 to 12/31/2017		1/1 to 12/31/2016	
	in EUR '000	in percent	in EUR '000	in percent
Sales with customer A (Segment Sports- and Event-Marketing/Segment Sports)	0	0.0	56,501	10.0
Sales with customer B (Segment Film/Segment Sports)	0	0.0	60,368	10.7
Sales with other customers	263,786	100.0	448,800	79.3
Total sales	**263,786**	**100.0**	**565,669**	**100.0**

10. Financial commitments, contingent liabilities, other financial commitments and contingent assets

10.1 Overview

An overview of the financial commitments, contingent liabilities and other financial commitments is presented in the table below.

Financial commitments, contingent liabilities and other financial commitments in EUR '000

	Financial commitments	Contingent liabilities	Acceptance obligations for licenses	Other financial commitments	Rental and lease obligations	Total
Balance at December 31, 2017						
Due within 1 year	0	0	26,790	16,184	3,717	**46,691**
Due between 1 and 5 years	0	0	56,996	16,985	7,709	**81,690**
Due after 5 years	0	0	0	1,950	0	**1,950**
Total	0	0	83,786	35,119	11,426	**130,331**
Balance at December 31, 2016						
Due within 1 year	9,000	0	39,678	22,734	8,538	**79,950**
Due between 1 and 5 years	0	0	59,670	34,542	13,712	**107,924**
Due after 5 years	0	0	1,810	2,607	12,634	**17,051**
Total	9,000	0	101,158	59,883	34,884	**204,925**

10.2 Financial commitments

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, no guarantees exist to various TV stations for service productions as of December 31, 2017 (2016: EUR 9,000 thousand).

10.3 Acceptance obligations for licenses

Acceptance obligations for licenses include EUR 83,786 thousand (2016: EUR 92,843 thousand) for broadcasting and transmission rights of Sport1 GmbH.

Due to the deconsolidation of Highlight Communications AG as of June 12, 2017, there are no future financial obligations for the future from the purchase of film rights or from pre-productions (2016: EUR 8,315 thousand).

10.4 Other financial commitments

Other financial commitments include obligations primarily from distribution costs and other service agreements.

10.5 Rental and lease obligations

The Constantin Medien Group rents and leases office space, storage space, vehicles and equipment. Total rental and lease expenses amounted to EUR 6,092 thousand for the reporting year (2016: EUR 10,523 thousand). The following minimum lease payments exist as of December 31, 2017, calculated based on the non-cancellable duration of the respective contracts.

Obligations under operating leases in EUR '000

	Rent for buildings and office space	Vehicle leases	Others	**12/31/2017**	12/31/2016
Due within 1 year	3,166	214	337	**3,717**	8,538
Due between 1 and 5 years	7,519	163	27	**7,709**	13,712
Due after 5 years	0	0	0	**0**	12,634
Total	10,685	377	364	**11,426**	34,884

10.6 Contingent assets

There were no contingent assets as of the balance sheet date.

11. Relationships with related companies and persons

As related persons and companies pursuant to IAS 24 to be considered for Constantin Medien AG, are persons and companies that control the Constantin Medien Group or have a significant influence over the Group or are controlled by the Constantin Medien AG or are significantly influenced.

From an agreement with Houlihan Lokey GmbH consulting fees of EUR 0 thousand were incurred (2016: EUR 205 thousand) until August 23, 2017. Liabilities (including for services not yet billed) amount to EUR 0 thousand as of December 31, 2017 (December 31, 2016: EUR 25 thousand).

Constantin Medien AG is part of the civil rights association of former shareholders of the Formel Eins GbR ("civil rights association"). Constantin Medien AG has indirectly commissioned the co-partner, KF 15 GmbH, as a part of an agency agreement, making claims out of court and/or in court resulting from a debtor warrants as part of an agreement from February 17, 2003 with BayernLB Motorsport Ltd. and Bayerische Landesbank about the sale of the investment in Speed Investments Ltd. Between the shareholders of the civil rights association it was agreed that the costs of proceedings in this regard will be covered by Constantin Medien AG and KF 15 GmbH. In the event of a successful recovery of claims an arrangement for the distribution of proceeds after deducting the costs of asserting the rights was concluded between the shareholders of the civil rights association. The previous legal proceedings in London against Mr Ecclestone and others were terminated in 2014. In May 2017, all legal disputes in this regard were settled by means of a settlement. Until August 23, 2017, expenses of EUR 9,467 thousand (previous year: EUR 304 thousand) were recorded from the aforementioned shared-cost arrangement of the civil rights association. As of the balance sheet date, the receivables and liabilities to KF 15 GmbH amounted to EUR 0 thousand (December 31, 2016: receivables of EUR 25 thousand).

Sport1 GmbH generated sales of EUR 297 thousand with an associated company in the reporting period. As of December 31, 2017, there is a receivable of EUR 56 thousand.

Since August 23, 2017, Constantin Medien AG has been included as an associated company with Highlight Event and Entertainment AG. Accordingly, the transactions between the Constantin Medien Group and the Highlight Event and Entertainment Group are to be classified as related party transactions. Sales and other operating income totaled EUR 359 thousand and cost of materials and licenses and other operating expenses EUR 134 thousand. As of December 31, 2017, there are receivables in the amount of EUR 508 thousand and liabilities in the amount of EUR 280 thousand.

The total remuneration of the Management Board of Constantin Medien AG recognized in the reporting period amounted to EUR 2,586 thousand (2016: EUR 2,443 thousand).

The fixed base compensation granted to the Members of the Management Board totaled EUR 1,403 thousand in the reporting period (2016: EUR 1,583 thousand). For fringe benefits, EUR 30 thousand (2016: EUR 26 thousand) were granted.

In the reporting period, long-term and short-term variable and fixed bonuses of EUR 167 thousand (2016: EUR 400 thousand) were recognized as expenses for the Members of the Management Board.

In the reporting year, income of EUR 213 thousand (2016: expense of EUR 233 thousand) has been recognized from share-based payment (stock appreciation rights for Mr Fred Kogel).

Expenses for severance payments amounting to EUR 1,200 thousand (2016: EUR 200 thousand waiting allowance) were recognized in profit or loss for Members of the Management Board, who left during the reporting period. All claims of Mr Fred Kogel and Dr Peter Braunhofer, for whom provisions have been recorded, are in judicial and extrajudicial clarification.

The remuneration of the Members of the Supervisory Board for the fixed basic compensation as well as the additional remuneration for committee activities in the reporting period amounted to EUR 210 thousand (previous year: EUR 237 thousand).

Individualized information on the remuneration of the Management Board and the Supervisory Board of Constantin Medien AG can be found in the remuneration report (see chapter 5), which is part of the combined Group management and management report.

12. Subsequent events after the balance sheet date

On January 8, 2018, a new guarantee credit agreement for EUR 7,000 thousand was signed between Constantin Medien AG, Sport1 GmbH and PLAZAMEDIA GmbH as well as with Commerzbank Aktiengesellschaft. 4,000,000 shares of Highlight Communications AG were deposited as collateral.

On February 28, 2018, the guarantee credit agreement with UniCredit Bank AG expired as scheduled. The guarantee credit lines used up to this date were transferred to Commerzbank and the pledged Highlight Communications AG shares were returned.

On November 27, 2017, Highlight Communications AG and Studhalter Investment AG announced a voluntary public takeover bid to the shareholders of Constantin Medien AG. The takeover bid was successfully completed on February 5, 2018 and finally executed on February 13, 2018. 48.39 percent of the Constantin Medien AG shares were tendered to Highlight Communications AG and Studhalter Investment AG. Together with a 29.99 percent stake of Highlight Event and Entertainment AG in Constantin Medien AG, the Highlight Group thus holds a total of a 78.38 percent in Constantin Medien AG. At the Highlight Group level, the shares held by Constantin Medien AG in Highlight Communications AG are now classified as treasury shares in the consolidated financial statements according to the International Financial Reporting Standards (IFRS). The dividend entitlement for the 32.7 percent of shares in Highlight Communications AG still remains with Constantin Medien AG. Due to the attribution of the voting rights of Highlight Event and Entertainment AG to Highlight Communications AG following the execution of the takeover bid, there is a complete loss of the loss carryforwards of Constantin Medien AG existing as of the balance sheet date. Consequently, the deferred tax assets for the loss carryforwards in the amount of EUR 585 thousand are to be released to profit or loss in the financial year 2018. In addition, a special reserve must be recognized from the accumulated gain/loss in the amount of the net carrying value of the investment in Highlight Communications AG. This deals with a reclassification within equity with no effect on profit or loss. Moreover, an acting-in-concert obligation exists in the framework agreement (in effect since February 13, 2018) between Bernhard and Rosmarie Burgener, Highlight Event and Entertainment AG and Highlight Communications AG. According to this obligation, the parties stipulated in the framework agreement must agree on the exercise of their voting rights to those shares held in Constantin Medien AG before each shareholders' meeting.

On February 15, 2018, Fred Kogel exercised 333,333 stock appreciation rights to Constantin Medien AG shares at an issue price of EUR 2.10. The value of these stock appreciation rights amounts to EUR 46 thousand.

On March 7, 2018, Constantin Sport Holding GmbH purchased a shelf company with share capital of EUR 25 thousand and renamed it to Magic Sports Media GmbH. The company's business activities include comprehensive marketing activities for all types of companies, in particular for media companies of all kinds, for events and for persons.

The special representative of Constantin Medien AG filed a lawsuit with Munich Regional Court I on March 16, 2018 in order to claim damages for the Company against the former Chairman of the Supervisory Board Dr Dieter Hahn and the companies, KF 15 GmbH and DHV GmbH, controlled by him, because of violation of duties in connection with previous Annual General Meetings (AGM) of Constantin Medien AG. The context behind this is the resolution of the Company's AGM dated August 23, 2017 as per Section 147 (1) clause 1 AktG (German Stock Corporation Act) to examine and claim damages due to violation of duties in connection with the Company's AGM held on July 6, 2016 and November 9/10, 2016, respectively. To examine and enforce the claims, the AGM of August 23, 2017 voted to appoint a special representative pursuant to Section 147 (1) clause 1 AktG. The subject of the claim is the assertion of claims for damages with a preliminary amount in dispute of at least EUR 1,000 thousand.

The full repayment of the corporate bond 2013/2018 with a nominal value of EUR 65,000 thousand and a 7.0 % coupon, due to expire on April 23, 2018, is guaranteed. With the approval of the Group Financing Special Committee of the Supervisory Board, the Management Board voted on March 22, 2018 to sell a total of 12,417,482 Highlight Communications AG shares in its own portfolio at a price of EUR 5.20 per share to Highlight Event and Entertainment AG; and a total value of EUR 64,571 thousand. The corresponding purchase agreement was signed by both parties on March 22, 2018. Thus, the repayment of the existing corporate bond 2013/2018 is guaranteed. The interest totaling approx. EUR 4.55 million will be paid from existing liquidity.

13. Other information and disclosures

13.1 Audit fees

Other operating expenses include expenses due to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as the Group auditor according to the following table:

Audit fees in EUR '000

	2017	2016
Audit of statutory and consolidated financial statements	**451**	500
Audit-related services	**8**	0
Tax consulting fees	**26**	25
Total	**485**	525

Expenses are estimated to be incurred in the additional amount of EUR 24 thousand (2016: EUR 26 thousand). The audit-related services relate to the EMIR audits.

13.2 German Corporate Governance Code

The Management Board and the Supervisory Board of Constantin Medien AG have agreed to apply the German Corporate Governance Code applicable to listed companies. Only a few exceptions were noted to the recommendations for compliance. The declaration of compliance pursuant to § 161 AktG (Stock Corporation Act) is published on the Company's homepage under www.constantin-medien.de.

13.3 Number of employees

The average annual number of employees within the Group developed as follows.

Number of employees

	2017	2016
Salaried employees	**726**	1,142
Freelancer	**355**	416
Total	**1,081**	1,558

The average number of employees was determined including the Highlight Communications group, which was deconsolidated on June 12, 2017

13.4 Executive bodies of the Company

Management Board

– Olaf G. Schröder, Munich (Chief Executive Officer since August 25, 2017)
– Dr Matthias Kirschenhofer, Grünwald (Chief Officer Legal and Finance since September 11, 2017)
– Fred Kogel, Munich (Chief Executive Officer until August 25, 2017)
– Dr Peter Braunhofer, Gilching (Chief Financial Officer until September 11, 2017)

Dr Matthias Kirschenhofer is member in the following Supervisory Board, Board of Directors or Advisory Board:

– Member of Supervisory Board of VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH, Berlin

Mr Olaf G. Schröder is not active in any other Supervisory Board, Board of Directors or Advisory Board.

Supervisory Board

– Dr Paul Graf, Businessman, Highlight Communications AG (currently exempt from all operational business functions), Rheinfelden/Switzerland (Chairman since August 24, 2017)
– Thomas von Petersdorff-Campen, Lawyer, Law office Petersdorff, Munich (Deputy Chairman since August 24, 2017)
– Andreas Benz, Author and Director, Spark Productions AG, Ziegelbrücke/Switzerland (since August 24, 2017)
– Edda Kraft, Managing Director, Saxonia Entertainment GmbH, Leipzig (since August 24, 2017)
– Dr Gero von Pelchrzim, Lawyer, Law office von Pelchrzim, Frankfurt am Main (since August 24, 2017)
– Markus Prazeller, Lawyer, Law office Wagner Prazeller Hug AG, Basel/Switzerland (since August 24, 2017)
– Dr Dieter Hahn, Managing Director, KF 15 GmbH, Munich (Chairman until August 23, 2017)
– Andrea Laub, Director Finance and Head of Shared Services Burda Style Group, Munich (Deputy Chairman until August 23, 2017)
– Jan P. Weidner, Consultant, Houlihan Lokey GmbH, Frankfurt am Main (until August 23, 2017)
– Jean-Baptiste Felten, Managing Director, Felten & Cie AG, Wilen b. Wollerau/Switzerland (until August 23, 2017)
– Stefan Collorio, Tax Advisor, German Public Auditor, M-Audit GmbH, Munich (until August 23, 2017)
– Jörn Arne Rees, Strategy Advisor, New York/USA (until August 23, 2017)

Ismaning, March 26, 2018
Constantin Medien AG

Olaf G. Schröder
Chief Executive Officer

Dr Matthias Kirschenhofer
Chief Officer Legal and Finance

Responsibility Statement

Responsibility Statement
"To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Constantin Medien Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Constantin Medien Group, together with a description of the principal opportunities and risks associated with the expected development of the Constantin Medien Group."

Ismaning, March 26, 2018
Constantin Medien AG

Olaf G. Schröder
Chief Executive Officer

Dr Matthias Kirschenhofer
Chief Officer Legal and Finance

Independent Auditor's Report

"Independent Auditor's Report

To Constantin Medien AG, Ismaning

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of Constantin Medien AG, Ismaning, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Constantin Medien AG, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2017. We have not audited the content of the group statement on corporate governance pursuant to § [Article] 315d HGB [Handelsgesetzbuch: German Commercial Code].

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to [§ 315e paragraph 1 HGB 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 2017, and of its financial performance for the financial year from January 1 to December 31, 2017, and

– the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group 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 audit opinion on the group management report does not cover the content of the group statement on corporate governance referred to above.

Pursuant to § 322 Abs. 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 group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Material uncertainty regarding going concern

We refer to note 8.4.1 of the notes to the consolidated financial statements as well as to chapter 7.2.8 of the combined group management and management report, in which the legal representatives disclose that going concern of the company is dependent on the conclusion of contracts regarding the sale of financial instruments required for the timely repayment of the bond. In addition, the realization of certain measures in order to manage certain liquidity risks arising from the operating business need to be addressed to secure going concern. In the notes and the management report, the executive directors elaborates on the measures that can be taken and that the company owns, amongst others, 4.182 million unpledged share of Highlight Communications AG, which are however not readily able to sell or can only be sold with a discount. As set out in note 8.4.1 of the notes to the consolidated financial statements and in chapter 7.2.8 of the combined group management and management report, these circumstances indicate that a material uncertainty relating to going concern exists in the meaning of § 322 paragraph 2 sentence 3 HGB. Our audit opinion on the consolidated financial statements and combined management report however is not modified.

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 January 1 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ **Settlement of Stella Finanz AG loan agreement**
❷ **Deconsolidation and subsequent accounting treatment of shares in Highlight Communications AG**

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matter[s]:

❶ **Settlement of Stella Finanz AG loan agreement**

① Under the agreement dated August 25/28, 2015, Stella Finanz AG granted Constantin Medien AG a loan amounting to CHF 26.0 million and another loan amounting to EUR 12.25 million. Constantin Medien AG pledged 24,752,780 shares in Highlight Communications AG to Stella Finanz AG as collateral. The pledged shares were deposited in a securities account held by Stella Finanz AG.

Following Constantin Medien AG's termination of the loan in financial year 2016, the parties have disputed the repayment of the loan and the retransfer of the pledged shares in Highlight Communications AG in several legal proceedings.

In an out-of-court settlement dated September 20, 2017, Constantin Medien AG and Stella Finanz AG agreed on the terms for settling the loan (including accrued interest). Under the settlement agreement, Constantin Medien AG will transfer 8,000,000 shares to Stella Finanz AG in lieu of payment. In return, the remaining 16,752,780 pledged shares were transferred back to Constantin Medien AG. The dividend rights for the 8,000,000,000 shares for the years 2015 and 2016 and earlier years remained with Constantin Medien AG. Furthermore, Stella Finanz AG and Constantin Medien AG agreed to withdraw any and all legal action.

The settlement of the loan with Highlight Communications AG shares resulted in a financial expense of EUR 3.2 million (including recycling from other comprehensive income) in the consolidated financial statements of Constantin Medien AG.

In our view, this matter was of particular importance for our audit due to the material impact on the financial position, cash flows and financial performance of the Constantin Medien AG Group as well as the considerable uncertainties arising from the aforementioned legal disputes.

② As part of our audit, we reviewed the presentation with respect to the settlement of the Stella loan on the basis of the settlement agreement dated September 20, 2017. In particular, we assessed the settlement agreement and its impact on the consolidated financial statements. Furthermore, an external valuation memorandum was reviewed for the purposes of assessing the appropriateness of the valuation of the shares transferred to repay the loan, including accrued interest. This also involved evaluating the professional qualifications of the external experts. We also reviewed, amongst others, the specific particularities of the measurement as well as the measurement models and inputs used.

Furthermore, we assessed the correct calculation of financial expense resulting from the settlement of the loan and verified the correct presentation of the disposal loss in the consolidated statement of profit or loss.

On the basis of our audit procedures, we were able to gather sufficient evidence that the settlement agreement was correctly presented and that the estimates and assumptions made by the executive directors are justified and adequately documented.

③ The Company's disclosures relating to settlement of Stella Finanz AG loan agreement are contained in number 3.1 and 7.15 in the notes to the consolidated financial statements.

❷ **Deconsolidation and subsequent accounting treatment of shares in Highlight Communications AG**

① As of December 31, 2016, Constantin Medien AG held a 60.53% interest in Highlight Communications AG, which was consolidated in Constantin Medien AG's consolidated financial statements. On June 12, 2017, Highlight Communications AG announced that its executive directors had resolved to use authorized capital to increase the company's share capital to a total of CHF 63.0 million by issuing 15.75 million new shares. On June 12, 2017, Constantin Medien AG objected to the entry of the capital increase in the commercial register. On September 28, 2017, the Cantonal Court (Kantonsgericht) of Basel-Landschaft ordered that the ban on the entry of the new shares created on 12 June 2017 be overturned. With this sentence the Cantonal Court (Kantonsgericht) of Basel-Landschaft confirmed the ruling of the first instance of civil district court (Zivilkreisgericht) Basel-Landschaft dating Mai 16, 2017. Constantin Medien AG resigned from continuing the trial on the federal court of Lausanne. Based on the assessment of the legal advisors, in accordance with the Swiss Code of Obligations [Schweizer Obligationenrecht] the newly created shares inter se (and thus also at a general shareholder's meeting) already had full voting rights on June 12, 2017 despite the objection against their entry in the commercial register. After the end of the legal disputes with Stella AG (see the "Settlement of Stella Finanz AG loan agreement" key audit matter), the executive directors of Constantin Medien AG resolved to withdraw their objection to the entry of the capital increase in the commercial register.

Following the increase in share capital, Constantin Medien AG's interest in Highlight Communications AG amounts to approximately 45.6%, meaning that Constantin Medien AG has lost the majority of the voting rights in and thus control of Highlight Communications AG. Therefore, Constantin Medien AG deconsolidated Highlight Communications AG as of June 12, 2017. The deconsolidation led to disposal gain of EUR 38,3 million.

Following the deconsolidation of Highlight Communications AG, Constantin Medien AG accounts for the shares in Highlight Communications AG in accordance with IAS 39 as financial assets and classified them in accordance with the applicable criteria as "available for sale". The presumption of significant influence in accordance with IAS 28.6 in the case of a shareholding of more than 20% is refuted by the Company.

In our view, this matter was of particular importance for our audit due to the complexity of the accounting treatment of the shares in Highlights Communications AG and the material impact on the financial position and financial perform-ance of Constantin Medien AG.

② As part of our audit, we assessed, amongst others, whether and when the conditions for the deconsolidation of Highlight Communications AG were met. We also assessed the estimates made by the executive directors of Constantin Medien AG in particular with respect to the voting rights of the new shares, taking into consideration the objection of Constantin Medien AG against the entry in the commercial register as well as the decision of Cantonal Court dated September 28, 2017. In this connection, we held regular meetings with the Company's legal department in order to receive updates on current developments and the reasons for the estimates made by the executive directors. As of the balance sheet date, we also obtained external legal conformations that support the executive directors' assessments with regard to the loss of the majority of voting rights.

We have assessed the determination of the deconsolidation date of loss of control, the correct presentation and the calculation of the disposal gain. Furthermore, we also reviewed the subsequent accounting treatment of the shares in Highlight Communications AG. In particular, we reviewed the Company's grounds for rebutting the presumption of significant influence in accordance with IAS 28.6.

We were able to gather sufficient evidence that the recognition and presentation of the deconsolidation of Highlight Communications AG as well as the subsequent accounting treatment of the remaining shares held in this company were systematically documented and the recognized effects on profit and loss were properly calculated.

③ The Company's disclosures relating to the investments are contained in number 3.1 in the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the [group statement on corporate governance pursuant to § 315d HGB. The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit 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 group management report or 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 Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and 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 German Legally Required Accounting Principles. In addition the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, 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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group 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 group 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 group 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 group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group 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 group 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 audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit 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 group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit 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 group management report or, if such disclosures are inadequate, to modify our respective audit 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 Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group 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 audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on August 23, 2017. We were engaged by the supervisory board on November 2, 2017. We have been the group auditor of the Constantin Medien AG, Ismaning, without interruption since the financial year 1997.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Klaus Bernhard."

Munich, March 26, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Klaus Bernhard	**Christoph Tübbing**
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Finance Calendar 2018

March 26, 2018
Annual Report 2017

May 8, 2018
Annual General Meeting (AGM) for the financial year 2017

May 2018
Quarterly Statement for the first quarter of 2018

August 2018
Interim Financial Report 2018

November 2018
Quarterly Statement for the third quarter of 2018

December 11, 2018
Münchner Kapitalmarkt Konferenz
(Capital Market Conference, Munich)

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