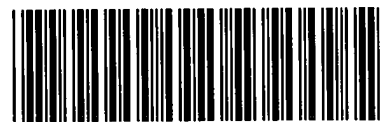


LUNA PICTURES LIMITED
Annual Report and Financial Statements
For the year ended 31 December 2019

Registered no: **3199703**

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COMPANIES HOUSE

LUNA PICTURES LIMITED

Directors

Gabriel Hodes
Yariv Milchan

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

JPMorgan Chase Bank, N.A.
1 Chaseside
Bournemouth
Dorset BH7 7DA

Registered Office

71 Queen Victoria Street
London EC4V 4BE
United Kingdom

Registered no: **3199703**

REGISTERED NO: 3199703
LUNA PICTURES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019 for Luna Pictures Limited (the "Company").

Results and Dividends

The Company's result for the financial year is \$3,000 profit (2018: \$7,000 profit) and it has been transferred to reserves. The directors do not recommend a final dividend (2018: nil).

Principal Activities

In the current and prior periods, the Company focused its principal activities on providing production services to motion pictures produced by group companies and exploitation of distribution rights to motion pictures and television series. The operations of the Company are directly affected by the specific production services needs of group companies, and by the financial well being of the entertainment industry as a whole.

Business Review

The Company is to be used as a vehicle for the production and distribution of motion pictures and television series. During the year ended 31 December 2019, the Company principally engaged in providing production and distribution services to motion pictures produced by group companies.

In January 2014, the Company entered into a service agreement with Monarchy Enterprises S.à r.l. ("MESARL") on an independent contractor basis to provide services in connection with the distribution of various designated productions, whereby MESARL shall reimburse the Company for all costs including overhead incurred directly attributable to the services, plus a service fee equal to 5% of the total costs including overhead.

During the year ended 31 December 2014, the Company also formed two subsidiaries in the United Kingdom for the purpose of producing motion pictures, namely Toom Productions Limited and Piece of Cake Productions Limited. In February 2018, the Company went on to form a third subsidiary, Yaya Productions Limited. During the year ended 31 December 2019, the Company formed two additional subsidiaries in the United Kingdom for the purpose of producing motion pictures, namely Legs Eleven Productions Limited, and Draugr Productions Limited. As of the year ended 31 December 2019, no financial transactions have materialized from these two subsidiaries.

Future Developments

The Company intends to expand its production services activities for motion pictures produced by group companies. To the extent that these developments do not generate any significant turnover, based on the new service agreement with MESARL, it is expected that the Company is guaranteed to earn sufficient turnover. The Company also has sufficient cash and reserves to continue operating for several years. Therefore, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

REGISTERED NO: 3199703
LUNA PICTURES LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Going Concern

The Company has sufficient cash and reserves to continue operating for several years and the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

To confirm this expectation, a letter of support from the directors of Monarchy Enterprises S.a.r.l., the company's immediate parent undertaking, stating that it will provide the company with the necessary funding to ensure that they have adequate resources to meet commitments as they fall due in the 12 months from the date of signing the financial statements and the foreseeable future was obtained. Accordingly, the directors intend to continue the business as a going concern for the foreseeable future.

Due to the size and nature of the Company, the directors do not use key performance indicators, other than the profit and loss for the year, to monitor the performance or position of the Company.

Directors

The names of persons who were directors of the Company during the year and up to the date of this report are set out below:

Gabriel Hodes – Director

Yariv Milchan – Director

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

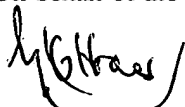
Auditors

The auditors Ernst & Young LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Small companies' exemption

In preparing this report, the directors have taken advantage of the small companies' exemption under section 415(A) of the Companies Act 2006.

On behalf of the Board



Gabriel Hodes

Director

23 JAN, 2021

Registered no: 3199703

LUNA PICTURES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland Section 1A Small Entities). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS102 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUNA PICTURES LIMITED

Opinion

We have audited the financial statements of Luna Pictures Limited for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of Covid-19

We draw attention to Note 15 of financial statements, which describes the economic impact the company may experience as a result of COVID-19. Subsequent to 31 December 2019, COVID-19 has been creating risk factors across the world by supply chains, consumer demand, and financial markets, among other things. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUNA PICTURES LIMITED (CONTINUED)

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LUNA PICTURES LIMITED (CONTINUED)**

the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

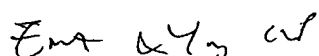
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed



Gordon Cullen (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 February 2021

LUNA PICTURES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019	Year ended 31 December 2018
	Notes	\$'000	\$'000
Turnover	1,3	91	146
Cost of sales		(0)	(0)
Gross profit		91	146
Administrative expenses	3,4	(87)	(139)
Operating profit for the year	3	4	7
Profit on ordinary activities before taxation		4	7
Tax on profit on ordinary activities	11	(1)	(0)
Profit for the financial year		3	7

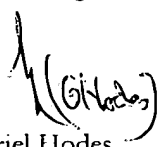
The Company has no recognised gains or losses during the current or prior year other than those reflected in the above profit and loss account and therefore no separate statement of comprehensive income has been presented.

The above results all relate to continuing operations.

LUNA PICTURES LIMITED
BALANCE SHEET
AS AT YEAR ENDED 31 DECEMBER 2019

	Notes	31 December 2019 \$'000	31 December 2018 \$'000
<u>Non-current assets.</u>			
<u>Investments</u>	6	-	-
<u>Current assets</u>			
Debtors	5	2	5
Cash at bank and in hand		60	101
		62	106
Creditors: amounts falling due within one year	7	4	51
Net current assets		58	55
<u>Capital and reserves</u>			
Called up share capital	8	-	-
Profit and loss account	9	58	55
Total shareholder's funds	10	58	55

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland Section 1A Small Entities'. The financial statements on pages 6 to 15 were approved by the board of directors on 28 January 2021 and were signed on its behalf by:


Gabriel Hodges
Director

28 JANUARY 2021

LUNA PICTURES LIMITED
STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2019

	Notes	Called up share capital	Profit and loss account	Total Shareholder's funds
		US\$	US\$	US\$
Balance as at 1 January 2018		-	48	48
Profit for the year		-	7	7
Total comprehensive income		-	7	7
Balance as at 31 December 2018		-	55	55
Balance as at 1 January 2019		-	55	55
Profit for the year		-	3	3
Total comprehensive income		-	3	3
Balance as at 31 December 2019		-	58	58

LUNA PICTURES LIMITED
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Principal Accounting Policies

General information

Luna Pictures Limited is a private company limited by shares. It is registered in England, registration number 3199703. The registered address is 71 Queen Victoria St. London EC4V 4BE.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with and comply with Section 1A Small Entities of Financial Reporting Standard 102. The company has prepared its financial statements under FRS 102 Section 1A.

A summary of the more important accounting policies is set out below. The accounts have been presented in US dollars.

Financial Reporting Standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland”:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Group financial statements

The financial statements contain information about Luna Pictures Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, MEHBV, a company incorporated in The Netherlands.

Investments

Investments are stated at cost less provision for any impairment in value.

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Gross Billings

Gross billings represent the gross value of invoices raised by the Company with respect to the distribution of motion picture and television series rights, in addition to gross billings for production and distribution services to group companies.

LUNA PICTURES LIMITED
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Principal Accounting Policies (Continued)

Turnover

Turnover for motion picture and television series distribution rights represents commission income and is recognised when the Company has completed all of its substantive obligations under relevant agreements and the related rights are available for exploitation by the local distributor. Cash collected in advance of availability is recorded as deferred income.

Turnover for production services represents gross billings from providing production services to group companies.

Tax

The charge for current income tax is based on the result for the period as adjusted for items which are not taxed or disallowed, calculated using tax rates enacted as of the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Debtors

Debtors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the debtor is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit and loss account. When a debtor is uncollectible, it is written off against the allowance account for debtor. Subsequent recoveries of amounts previously written off are credited in the profit and loss account.

Creditors

Creditors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

LUNA PICTURES LIMITED
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Principal Accounting Policies (Continued)

Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These financial statements are presented in US dollars (“\$”), which is the Company’s functional currency and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

Cash Flow Statement

The Company is a wholly-owned subsidiary of Monarchy Enterprises S.à r.l. (“MESARL”), which in turn is a wholly-owned subsidiary of Monarchy Enterprises Holdings B.V. (“MEHBV”), and is included in the consolidated financial statements of MEHBV, which are publicly available (see note 12). Consequently, the Company has taken advantage of the exemption available under FRS 1 (Revised) and has not prepared a cash flow statement.

Going Concern

The Company has sufficient cash and reserves to continue operating for several years and the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

The directors intend to continue the business as a going concern for the foreseeable future.

2 Directors’ Emoluments

Emoluments received by the two directors, one of which is also an employee, amounted to \$33,000 (2018: \$11,000) for services provided to the Company. There was no pension expense for any of the directors.

The Directors of the company received no other remuneration from the company but were remunerated by virtue of their employment with other group and non-group entities.

3 Turnover and Operating Profit

Turnover, which is stated net of value added tax if applicable, arises solely in the United Kingdom in respect of continuing activities.

LUNA PICTURES LIMITED
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Operating profit is stated after charging \$12,000 (2018: \$27,000) for audit services, and \$75,000 (2018: \$101,000) in administrative expenses which includes employment costs.

4 Employee Information

The Company had one employee during the year, who is also a director of the Company (2018: one). Total employment costs for the year are as follows:

	31 December 2019 \$'000	31 December 2018 \$'000
Wages and salaries	33	11
Social security costs	3	-
Total employment costs	36	11

There were no pension payments made for any of the employees during either the current or prior year.

5 Debtors

	31 December 2019 \$'000	31 December 2018 \$'000
Amounts owing from other group companies	2	5
Total debtors falling due within one year	2	5

6 Investments

	Subsidiary Undertakings \$'000
Costs:	
Balance at 31 December 2019	-

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Country of incorporation	Proportion of voting rights and shares held	Nature of business
Toom Productions Limited	United Kingdom	100%	Trading
Piece of Cake Productions Limited	United Kingdom	100%	Trading

LUNA PICTURES LIMITED
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Legs Eleven Productions Limited	United Kingdom	100%	Trading
Draugr Productions Limited	United Kingdom	100%	Trading

During the year ended 31 December 2014, the Company formed two subsidiaries in the United Kingdom for the purpose of producing motion pictures, namely Toom Productions Ltd and Piece of Cake Productions Ltd. Luna Pictures Limited has an investment of 1 share in each entity each valued at £1. During the year ended 31 December 2019, the Company formed two subsidiaries in the United Kingdom for the purpose of producing motion pictures, Legs Eleven Productions Ltd and Draugr Productions Ltd. Luna Pictures Limited has an investment of 1,000 shares in each entity each valued at £1.

7 Creditors

	31 December 2019 \$'000	31 December 2018 \$'000
Amounts owing to other group companies	4	51
Total creditors falling due within one year	4	51

8 Allotted and issued Share Capital

	31 December 2019 \$'000	31 December 2018 \$'000
Allotted, called up and fully paid 2 ordinary shares of £1 each	-	-

9 Reserves

	Profit and loss account \$'000
Movements on reserves are set out as follows:	
Balance at 1 January 2019	55
Profit for the year	3
Balance at 31 December 2019	58

10 Reconciliation of Movements in Shareholder's Funds

	31 December 2019 \$'000	31 December 2018 \$'000
Opening shareholder's funds	55	48
Retained profit for the year	3	7
Closing shareholder's funds	58	55

LUNA PICTURES LIMITED
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

11 Current Tax Charge for the Year

	31 December 2019 \$'000	31 December 2018 \$'000
Current tax:		
UK corporation tax on profit of the year	1	(0)
Tax on profit on ordinary activities	1	(0)

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	31 December 2019 \$'000	31 December 2018 \$'000
Profit on ordinary activities before taxation	3	7
Profit on ordinary activities multiplied by the standard rate in the UK of 19.00% (2018: 19.00%)	1	1
Effects of:		
Profit carried forward	-	-
Prior period adjustment	-	-
Current tax charge for the year	1	1

The UK corporation tax rate was reduced from 20% to 19% effective 1 April 2017. Any deferred tax expected to reverse in the year to 31 December 2017 has been re measured using the rates substantively enacted at 31 December 2016. In the 2016 budget a tax rate of 17% was announced and substantively enacted in September 2016, therefore the deferred tax has been calculated at 17%.

12 Related Party Transactions

The Company is a wholly owned subsidiary of Monarchy Enterprises S.A.R.L. ("MESARL"), which in turn is a wholly-owned subsidiary of Monarchy Enterprises Holdings B.V. ("MEHBV"), and is included in the consolidated financial statements of MEHBV, which are publically available. Consequently, the Company has taken advantage of the exemption available under Section 33 Related Party Disclosures of FRS 102 and has not disclosed any transactions within the MEHBV group.

13 Ultimate Parent Company

The Company is a wholly-owned subsidiary of MESARL, a company incorporated in Luxembourg, which in turn is a wholly-owned subsidiary of MEHBV. The directors regard MEHBV, a company incorporated in The Netherlands, as the ultimate controlling party. The consolidated financial statements of MEHBV are available at Rapenburgerstraat 175-I, 1011 VM Amsterdam, The Netherlands (P.O. Box 990, 1000 AZ Amsterdam).

LUNA PICTURES LIMITED
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

14 Commitments and Contingencies

In June 2017, MEHBV, MESARL and REUSA (the “Borrowers”) entered into a Sixth Amended and Restated Credit, Security, Guaranty and Pledge Agreement (the “Amended Credit Agreement”) with JP Morgan Chase Bank, N.A. as Administrative Agent and Issuing Bank. The Amended Credit Agreement provides the Borrowers with a revolving line of credit of up to \$500,000,000, subject to defined borrowing base limitations, to be used to finance the production, acquisition and distribution of feature length motion pictures and television programming and for general corporate purposes. Substantially all of the assets of the Borrowers are pledged as collateral, and the Amended Credit Agreement requires that certain covenants be met related to maximum annual unutilized development cost spending, liquidity ratio projections, and maximum annual overhead spending. Each of the Borrowers is jointly and severally liable for all obligations under the Amended Credit Agreement, which terminates in June 2022. In addition, the Amended Credit Agreement includes a 5.5 year term loan facility not in excess of \$125,000,000 and the proceeds of which shall be used to repay indebtedness and fund lawful corporate purposes.

15 Subsequent Events

The recent outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating disruption in supply chains and economic activity, and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. The impact of COVID-19 also led to volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue.

No films were in the middle of production nor did the Company have any films scheduled for theatrical release upon the outbreak of COVID-19, and as such, did not experience any immediate adverse effects on its operations and results. However, the Company is actively evaluating principal photography start dates for its upcoming films as a result of COVID-19. In fact, two films which had been scheduled to commence principal photography in March and April of 2020, have now had their start dates formally postponed. The Company is currently exploring starting principal photography on one or both of these projects in the late summer or fall of this year, depending on the measures taken by local, regional and national governing bodies to combat COVID-19 along with other production factors. In the same respect, the Company continues to monitor the impact of COVID-19 on its films in post-production, and depending on the aforementioned measures taken by the respective governing bodies to combat COVID-19, the release of these films may be delayed.

LUNA PICTURES LIMITED
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Subsequent Events (continued)

In addition to the above identified effects of COVID-19 on the Company, there are already and will likely be other adverse impacts on the Company. For example, remote working by the Company's employees and the employees of the multiple parties with whom the Company deals – as mandated by governmental orders – may continue to make it more challenging to conduct the Company's usual business. Additionally, while the Company expects to recover certain sums from insurance regarding delays on its productions, such recoveries will likely not cover the full costs caused by the delays attributable to COVID-19.

The duration of COVID-19 and the measures employed to address its effects by government and business enterprises and the behavior of consumers themselves may have both short-term and long-term adverse effects on the Company and on its operations and results. Although the Company currently believes it is reasonably well-positioned to mitigate and minimize the adverse effects of COVID-19 based on current assessments of how it will be controlled in the upcoming months, the Company cannot predict or estimate the on-going significance of these effects and any changes to its operations, results, projections and forecasts thereof.