

PANTAFLIX

ANNUAL REPORT

2020

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Disclaimer

ABOUT PANTAFLIX AG

PANTAFLIX AG is a media and technology company with a clear growth strategy. Thanks to the efficient interlinking of all corporate divisions, the company achieves a high level of integration in terms of the production, distribution, exploitation and marketing of films and series as well as their associated rights. In addition to the classic film production business PANTALEON Films, music label PantaSounds, brand integration unit March & Friends and creative agency Creative Cosmos 15, the cloud-based video-on-demand platform (VoD) PANTAFLIX also forms part of the Group. The VoD platform focuses on providing users with a tailor-made premium-content offering via all relevant access channels.

PANTAFLIX AG cooperates with well-known partners such as Amazon, Disney, Netflix, StudioCanal, Warner Bros. and others. The Group is present in Berlin, Cologne and Munich.

You can find PANTAFLIX AG on the stock exchange under XETRA ticker symbol PAL and ISIN DE000A12UPJ7.

For further information, visit www.pantaflixgroup.com and www.pantaflix.com.



DEAR SHAREHOLDERS,

2020 was a year without historical comparison. The COVID 19 pandemic has presented each and every one of us - including our company - with unprecedented challenges. We reacted swiftly and consistently to the extraordinary conditions and successfully steered PANTAFLIX AG through the Corona crisis in view of the given circumstances. By implementing efficiency and cost optimization measures and securing our financing base, we have contained the economic risks for the Group while at the same time expanding the business opportunity potential of PANTAFLIX AG. The Group is well positioned, both financially and strategically, to continue on the strategic course initiated in previous years in a sector marked by manifold upheavals.

As an agile, digital media group, PANTAFLIX AG achieves a uniquely high level of integration with regard to the creation, production and marketing of films and series for the German and international markets through the efficient interlinking of all its business segments - whether for the cinema, via our cloud-based video-on-demand platform (VoD) PANTAFLIX or for partners as part of commissioned productions. Moreover, the digitization push within the media industry is opening up attractive opportunities for us in marketing our powerful streaming technology solution as part of our B2B2C business model.

RAPID AND FLEXIBLE ADJUSTMENTS TAKE EFFECT

In particular, our film and series production activities were significantly impacted by the Corona pandemic and its repercussions.

Work on film projects had to be interrupted or postponed indefinitely due to authorities' orders to contain the virus. We responded to this situation with a clearly defined catalog of measures, including home office and short-time working, adjusted liquidity management and the recourse to state aid. All efforts that have been both planned and undertaken address employee health and the securing of the company's medium and long-term performance and success.

The PANTAFLIX Group generated sales revenues of EUR 7.8 million in the 2020 fiscal year, following on from EUR 28.7 million in the previous year. Total operating performance plus other operating income amounted to EUR 22.8 million in the reporting year (2019: EUR 24.5 million). In addition to two completed projects, the total output also includes a larger, not yet completed project (portfolio increase) of EUR 13.7 million (2019: EUR -7.1 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -5.4 million in the fiscal year (2019: EUR 3.3 million). Earnings before interest and taxes improved to EUR -7.1 million from EUR -8.6 million in the prior year, despite a pandemic-related decline in sales. With EUR 7.2 million in cash and cash equivalents (December 31, 2019: EUR

7.2 million), the PANTAFLIX Group has a solid financial basis to pursue its growth strategy with the necessary financial flexibility.

Adhering to strict hygiene standards and health and safety measures, our film production subsidiary PANTALEON Films completed three high-quality cinema productions in 2020. These include OSKARS KLEID featuring Florian David Fitz, WOLKE UNTERM DACH as well as GENERATION BEZIEHUNGSUNFÄHIG, in which Frederick Lau will feature in the leading role. While GENERATION BEZIEHUNGSUNFÄHIG is scheduled to debut in 2021, OSKARS KLEID and WOLKE UNTERM DACH will be released in 2022. Co-produced by PANTALEON Films exclusively for Netflix, the prequel to ARMY OF THE DEAD titled ARMY OF THIEVES - directed by and starring Matthias Schweighöfer - also wrapped shooting in 2020 and is set for release on Netflix this year. This will deepen the successful collaboration with the streaming provider, which began with the six-part Netflix series THE LAST WORD. The broadcast of the series with Anke Engelke started in September 2020. With TAKEOVER - VOLL VERTAUSCHT, a film for the entire family celebrated its cinema debut in July 2020.

PANTAFLIX Studios has produced the creator series DAS INTERNAT for the streaming service Joyn, which brings the crème de la crème of the local social media scene on board. The first season met with very positive response on Joyn. The second season is currently airing on Joyn. In order to strengthen the team of PANTAFLIX Studios we have succeeded in gaining Sebastian Lang as additional managing director to Manuel Uhlitzsch. Sebastian Lang is well connected in the content creator community and is the creative mind behind the format DAS INTERNAT.

ENTERTAINMENT AS A SERVICE - PANTAFLIX WINS PROFESSIONAL USERS

To an increasing extent, PANTAFLIX is succeeding in establishing itself in the market as a streaming solution for professional users. With our streaming platform technology, we are benefiting from the digitization push in the business customer segment. The demand for state-of-the-art video streaming solutions is increasing significantly, continuously and across sectors and industries. Our streaming technology is finding use as a white label solution by renowned corporate customers as an entertainment-as-a-service application, so to speak. In addition to the SZ-Cinemathek and the book retailer Weltbild, several film festivals as well as Airbus for the German Armed Forces are already using PANTAFLIX technology for their streaming services. In the future, we will be penetrating the B2B sector to an increasing extent.

At our subsidiary and creative agency Creative Cosmos 15 (CC15), Nico Buchholz took over as managing director in November 2020. The expert, who is exceedingly well networked in the sector, has already developed wide-reaching, innovative and tailor-made campaigns for Mercedes-Benz and, most recently, XXXLutz. Matthias Schweighöfer, for example, has been active as a brand ambassador for the XXXLutz furniture brand in Germany since 2020. The cooperation includes TV spots as well as online, print and radio campaigns.

FORECAST 2021: SUBSTANTIAL GROWTH ANTICIPATED

The PANTAFLIX Group is well diversified and all our divisions are strategically well positioned. We are confident that with the revitalization of public life as well as overall economic activity, we will be able to put the temporary burdens of the COVID 19 pandemic behind us and resume our strategic planning. With a look to the 2021 financial year, we anticipate a significant year-on-year increase in revenue to at least EUR 30 million. At the same time, EBIT is expected to improve significantly to an order of magnitude of EUR -2.5 million up to the operating breakeven point. These expectations are subject to further pandemic conditions.

I would like to take this opportunity to thank our entire team for their continuous and tireless efforts. Thanks to the passion, know-how and flexibility of our employees, we have succeeded in remaining an important partner for filmmakers, business customers and avid cineasts under adverse conditions and in consolidating our market position. Likewise, our sincere thanks are due to you, dear shareholders. Your trust and commitment form our foundation for leading PANTAFLIX AG into a successful future and creating the conditions for further growth in an agile, digitally driven industry environment.

Yours sincerely,



Nicolas Paalzow

DEAR SHAREHOLDERS,

In the following report, the Supervisory Board would like to inform you about its activities in the 2020 financial year. In particular, the report discusses the ongoing dialog with the Management Board, the main topics of consultations at Supervisory Board meetings, and the review of the 2020 annual and consolidated financial statements.

SUPERVISORY BOARD ACTIVITY IN THE 2020 FINANCIAL YEAR

The past fiscal year of 2020 was dominated by the effects of the COVID-19 pandemic. The pandemic itself as well as the measures implemented to contain it posed major operational challenges to PANTAFLIX AG which were mainly felt in the realization of new productions. For example, the following steps were taken in 2020 due to the COVID-19 pandemic: Short-time work for the majority of employees, compulsory redundancies, and review of whether the government aid on offer was being taken up on a federal and state level. Naturally, the situation with regard to the COVID-19 pandemic was kept under constant review and is still ongoing. This relates both to projects and scheduled shoots and to the health of all employees in the Company.

The Supervisory Board actively supported these processes through consultations and discussions with the Management Board. In the 2020 financial year, the Supervisory Board also concerned itself with the Company's business performance, results of operations and financial position on an ongoing basis in accordance with the tasks and responsibilities incumbent upon it according to the law and the articles of association. It regularly advised the Management Board on its intended business policy and other fundamental issues and supervised its management of the Company. Standards for such supervision included the legality, compliance, functionality, and efficiency of the Management of the Company. The Supervisory Board received information on key business transactions both verbally and in writing as part of regular reporting in accordance with Section 90 of the German Stock Corporation Act (AktG).

In fiscal 2020, the Supervisory Board met on a total of 13 occasions in order to perform its duties – on 22 January, 24 February, 16 March, 15 May, 28 May, 9 June (meeting to review the balance sheet for fiscal 2019), 14 July, 30 July, 11 August, 15 September, 21 October, 5 November, and 14 December. One of these meetings was held face to face. The remaining 12 meetings were held by video or telephone conference. The Supervisory Board also adopted urgent decisions by circulation.

At these meetings, the Supervisory Board discussed in detail the company's position, its annual financial statements, the Management Board's strategy, and the risk management system, as well as the human resources situation. Consultations in the year under

review focused on the reporting of sales and earnings trends, risk management, as well as the strategic and operational development of the Company, including the financing of the Company and its main subsidiaries. Resolutions focused among other things on the completion of various film productions, capital and finance measures, matters concerning the Management Board and other human resource issues, the Annual General Meeting and budget planning. All meetings were attended by all of the members of the Supervisory Board. For individual items of the Supervisory Board meetings, the Management Board and other employees were invited as guests to present issues and answer any questions that arose.

In addition, the Supervisory Board was in regular contact with the Management Board outside the scope of Supervisory Board meetings and ensured that it was comprehensively informed about the current course of business and significant business transactions. The Supervisory Board also examined key individual business transactions and passed resolutions on matters requiring its approval. All decisions and measures requiring approval were discussed extensively and resolutions passed on the basis of such consultations and the resultant proposals of the Management Board.

As a consequence, the Supervisory Board performed the tasks incumbent upon it according to the law and the articles of association. No conflicts of interest were declared or arose with regard to the Management Board and members of the Supervisory Board in the past financial year.

As the Supervisory Board consists of three members as prescribed by the articles of association, it has not formed any committees. In the course of their activities, all of the Supervisory Board members were involved in all the Supervisory Board's tasks.

COMPOSITION OF THE SUPERVISORY BOARD

Pursuant to the provisions of the articles of association of PANTAFLIX AG, the Supervisory Board was composed of three members. The current members of the Supervisory Board are Mr. Marcus Machura (Chairman of the Supervisory Board), Mr. Marc Schönberger (Deputy Chairman of the Supervisory Board) and Mr. Klemens Hallmann.

AUDIT AND ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

VOTUM AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Frankfurt am Main, audited the annual financial statements of PANTAFLIX AG for the year ended 31 December 2020, and the voluntarily prepared consolidated financial statements and Group management report for the year ended 31 December 2020 in accordance with the German Commercial Code

(HGB), and issued each of them with unqualified audit opinions. The consolidated financial statements and Group management report were prepared on a voluntary basis in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The auditor conducted an audit of the accounting-related internal control system as part of the audit of the annual financial statements in order to take account of the findings with respect to the functionality of the risk management system in selecting further audit procedures. The audit did not give rise to any indications of weaknesses in the risk management system.

The Supervisory Board examined the separate annual financial statements as well as the consolidated financial statements and Group management report of PANTAFLIX AG for the year ended 31 December 2020 with a particular view to their legality, compliance, and functionality, and discussed the documents forming the basis for the draft audit report in detail with both the Management Board and the auditor. The auditor of the financial statements reported on the results of their audit in their entirety and on individual priorities of the audit at the Supervisory Board meeting on 14 June 2021, which was held by video conference, and responded in detail to the questions posed by members of the Supervisory Board. The Supervisory Board members took note of, and critically evaluated, the audit reports and the audit opinions, and discussed them with the auditor along with the audits themselves, which included questions on the nature and scope of the audit and its results. The Supervisory Board was satisfied with regard to the proper nature of the audits and audit reports. The Supervisory Board subjected the separate annual financial statements, the consolidated financial statements, and the Group management report to its own comprehensive review. We concur with the results of the audit.

The Supervisory Board conducted a final examination of the separate annual financial statements, the consolidated financial statements, and the Group management report of PANTAFLIX AG for the year ended 31 December 2020, taking the auditor's reports into account, and raised no objections based on the results of its examination. The Supervisory Board approved the separate annual financial statements prepared by the Management Board as part of a video conference meeting with corresponding resolution on 14 June 2021 as a consequence of which they were adopted.

In addition, the Supervisory Board approved the consolidated financial statements and Group management report of PANTAFLIX AG for the 2020 financial year as voluntarily prepared by the Management Board.

The auditor of the financial statements reported in writing on the results of their audit and issued the following unqualified audit opinion:

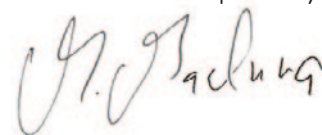
After our dutiful examination and assessment, we confirm that:

- the actual details of the report are correct,
- in the transactions listed in the report, the payments made by the company were not unduly high, or any disadvantages were compensated,
- no circumstances in the measures listed in the report suggest an assessment other than that of the Management Board.

The report by the auditor was issued in good time to all members of the Supervisory Board for examination. The auditor of the financial statements reported on the results of their audit in their entirety and on individual priorities of the audit at the Supervisory Board meeting on 14 June 2021 and answered questions on them. The members of the Supervisory Board noted, critically assessed, and discussed the audit opinion. In particular, the Supervisory Board arrived at the conclusion that the report complied with the legal requirements. The Supervisory Board did not raise any objections to the concluding statement by the Management Board contained in the report and concurs with the results of the audit.

The Supervisory Board would like to thank the Management Board and all of the Company's employees for their dedication and personal commitment during the past financial year. We would also like to extend our thanks to you, dear shareholders, for your continued support and confidence in PANTAFLIX AG.

On behalf of the Supervisory Board



Marcus Machura
Supervisory Board Chairman

THE PANTAFLIX AG SHARE

PANTAFLIX AG’s shares form part of Deutschen Börse’s select Scale 30 index. PANTAFLIX AG qualified for inclusion based on its order book sales at the Xetra and Frankfurt trading centers. The Scale 30 index tracks the price performance of the 30 most liquid shares in the Scale segment in real time and is available in a price version and a performance version (ISIN: DE- 000A2J0PW5/DE000A2GYJ2).

SHARE PRICE PERFORMANCE IN 2020

The 2020 trading year was decisively influenced by the COVID-19 pandemic. After a positive start to the year, the outbreak of the pandemic and the resulting containment measures in March 2020 sent prices on the international stock markets into a tail-spin.

The DAX opened the year’s trading on 13,234 points on 2 January and reached its high for the year on 29 December at 13,903 points. Germany’s lead index recorded its low for the year on 16 March at 8,256 points. Thanks to extensive government aid, additional support from the central banks and easing of the lockdown measures, the DAX – and other international indices – recovered unexpectedly quickly in the second quarter of 2020. Germany’s lead index was up by 23.9% in the period from April to June. The second coronavirus wave in the third quarter, however, slowed the recovery on the stock markets. Hopes for a COVID-19 vaccine, the Brexit agreement and the result of the US elections caused prices to rise again in the fourth quarter of 2020 and

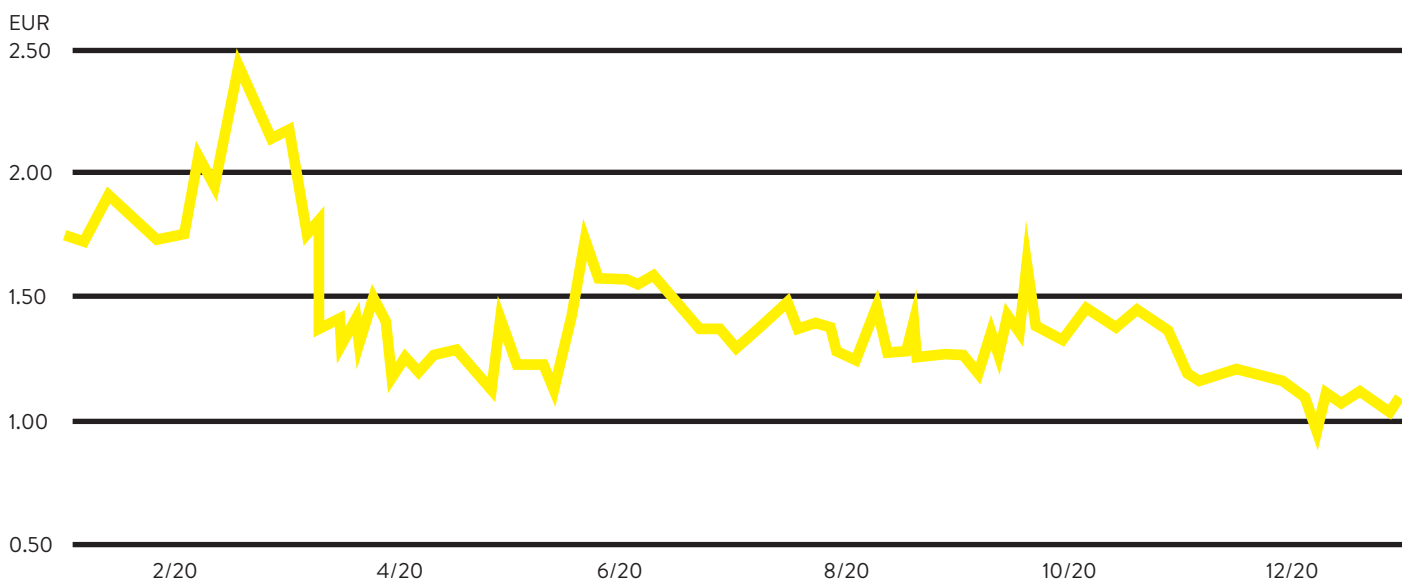
prompted increasing optimism on domestic and international stock markets. The DAX closed 2020 at 13,719 points on 30 December which represented a gain of 3.5% by comparison with the 2019 close. US stocks recorded a year-on-year rise of 19.2% in the reporting year. European stocks posted an increase of 31% in 2020 by comparison with 2019.

The Scale All Share Index in which the PANTAFLIX stock is also listed, ended 2020 with a gain of 35.4% at 1,461.41 points. The Scale 30 index also put in a sound performance, ending the period under review up 32.5% at 1,523 points.

In the 2020 trading year, the restrictive lockdown measures in response to the coronavirus pandemic had a dramatic effect on the operational business of film production and consequently on PANTAFLIX AG’s share price. The PANTAFLIX AG shares opened the 2020 reporting year on 2 January at a price of EUR 1.74. On December 30, the shares ended the 2020 trading year at a price of EUR 1.07, thereby closing 35.8% down on the previous year. The high for the year of EUR 2.60 was reached on 19 February 2020. On 9 December 2020, the PANTAFLIX AG share reached its low for the 12-month period at EUR 0.90 (all data based on Xetra prices).

The average daily trading volume in PANTAFLIX shares on all German stock exchanges fell by 45.5% to 34,181 shares in 2020 compared with 62,726 shares in the previous year.

SHARE PRICE PERFORMANCE IN 2020



On 30 December 2020, market capitalization stood at EUR 18.0 million based on 16,910,355 shares (all figures based on Xetra prices). Market capitalization in the previous year stood at around EUR 25.5 million based on 15,373,050 shares and a closing price of EUR 1.66.

SHARE PRICE PERFORMANCE IN 2020

| | | |
|-------------------------|------------------|-------------------|
| Opening price | 2 January 2020 | EUR 1.74 |
| Low | 9 December 2020 | EUR 0.90 |
| High | 19 February 2020 | EUR 2.60 |
| Closing price | 30 December 2020 | EUR 1.07 |
| Market capitalization | 30 December 2020 | EUR 18.01 million |
| Share price performance | | -35.8% |

As the designated sponsor, Hauck & Aufhäuser Privatbankiers AG issues binding bid and offer prices and thereby ensures adequate fungibility of the PANTAFLIX share. Investors can find more information in the Investor Relations area of the website at pantaflixgroup.com.

SHARE INFORMATION

| | |
|------------------------|-------------------------------------|
| Stock exchange | Xetra, Frankfurt |
| Ticker symbol | PAL |
| Total number of shares | 16,910,355 |
| Share capital | EUR 16,910,355.00 |
| ISIN | DE000A12UPJ7 |
| WKN | A12UPJ |
| Market segment | Open market |
| Transparency level | Scale |
| Index membership | Scale 30, MSCI Germany Index |
| Designated Sponsor | Hauck & Aufhäuser Privatbankiers AG |

INVESTOR RELATIONS

As a listed company, PANTAFLIX AG is subject to numerous disclosure obligations. The PANTAFLIX Group regards this as an opportunity to enter into a transparent, constructive dialog with all stakeholders. In the 2020 reporting year, the PANTAFLIX Management Board once again maintained a consistent, ongoing dialog with the press, investors, and financial analysts.

In addition, the CFO presented the development of the Company's business as part of a virtual event at the Kalliwoda Europe Capital Market Conference on 14 December 2020.

OVERVIEW OF INVESTOR RELATIONS CONFERENCES IN 2020

14 December 2020

4. Dr. Kalliwoda Amsterdam /
Europe Capital Markets Conference, virtual

ANNUAL GENERAL MEETING

Due to the COVID-19 pandemic, the Annual General Meeting of PANTAFLIX AG was held as a virtual event on 10 December 2020. The shareholders approved by large majorities the actions of the Management and Supervisory boards and adopted the management's proposals for all agenda items. The meeting focused on the strategy and measures implemented by the Management Board in response to the coronavirus pandemic, the successful conclusion of shoots for films and series and the expansion of the business customer portfolio with the PANTAFLIX streaming platform. The lockdown measures geared to containing the coronavirus incurred far-reaching consequences for the media sector as a whole and for PANTAFLIX in particular. Nevertheless, thanks to its sound financial resources and the efficiency and optimization measures implemented, PANTAFLIX was able to respond flexibly to the challenging situation and bring its production activities to a successful conclusion in the second half of the reporting year. In addition, PANTAFLIX used the new conditions as an opportunity to expand its content offerings and develop its platform technology for the B2B sector. Furthermore, there was a change of managing director at the agency Creative Cosmos 15 in November 2020: Nico Buchholz took over the post of Managing Director from Nicolas Paalzow who is in turn focusing on his duties as CEO of the overall Group.

The results of the voting at the 2020 Annual General Meeting are available to view and download at pantaflixgroup.com.

CASH CAPITAL INCREASE

On 10 November 2020, the Management Board, with Supervisory Board approval, passed a resolution to increase the company's share capital from EUR 15,373,050 by issuing 1,537,305 new no-par value bearer shares (equivalent to 10% of the previous share capital) against cash capital contributions, making partial use of the existing authorized capital and excluding shareholders' subscription rights, at an issue price of EUR 1.11 per new share, and therefore for a total issue amount of EUR 1,706,408.55.

The capital increase was fully placed. The new shares were included in the existing listing in the Scale segment on the Frankfurt Stock Exchange without a prospectus. The capital increase served to strengthen the balance sheet and to finance the further growth of PANTAFLIX AG. As a consequence, the share capital increased to EUR 16,910,355 in the reporting year with a total of 16,910,355 shares.

SHAREHOLDER STRUCTURE

As at the reporting date of 31 December 2020, the Company is aware of the shares that must be disclosed pursuant to Section 20 (5) of the German Stock Corporation Act (AktG). As a consequence, BlackMars Capital GmbH continues to directly hold more than a quarter of the shares in PANTAFLIX AG. Around 50% of the PANTAFLIX shares are held by the management, BlackMars Capital GmbH and PANTAFLIX founding shareholders Marco Beckmann, Dan Maag and Matthias Schweighöfer. Via Hallmann International Investment GmbH, Klemens Hallmann is a core shareholder of PANTAFLIX AG and holds around 19% of the shares in PANTAFLIX AG. The free float amounts to approximately 31%.

FINANCIAL CALENDAR 2021

24 June 2021

Annual report 2020

26 August 2021

Annual General Meeting, virtual

October 2021

Half-Year Report 2021

SUSTAINABILITY AT PANTAFLIX

"You don't get rid of facts by ignoring them."

Aldous Huxley has a point. The melting of the polar ice caps, the pollution of the oceans and the decline in biodiversity are undeniable facts. We want to act. And we would like to enter into an open and constructive dialog with you about our actions. You are currently witnessing a world premiere: Even though this time it's not about a film as usual, you still hold the script to a special story in your hand. Our first sustainability report. We are aware that our business success depends on and is linked to ecological and social aspects. We not only want to bring innovative and good entertainment products to the market, but we also want to be a part of the change to leave a better planet for future generations. For us, sustainability means: To help shape change for a livable future for all by actively implementing ESG principles in our day-to-day business.

Environment, social and governance (ESG) are increasingly gaining acceptance as terms for the three most important sustainability-related areas of responsibility of a company. We also provide these as guidelines at PANTAFLIX. Our focus is primarily on environmental and social aspects.

ENVIRONMENT

As a company, we are aware of our responsibility to protect the environment.

Our sustainability goal is:

Reducing our carbon footprint and assuming responsibility in our interactions with the environment.

To this end, we are implementing the following measures:

- Saving electricity in offices and tapping green electricity
- Waste separation
- Use of sustainable cleaning agents
- "Digital-first approach" - printing only if absolutely necessary
- Cancellation of print magazine subscriptions
- Digital scripts
- Digital business report
- Sustainable approach to hospitality - water dispenser installation, regional/seasonal fruit instead of candy
- Changeover to predominantly vegetarian dishes in catering
- Avoiding unnecessary travel
- Preference for rail travel over air travel
- Accommodation in hotels that use green electricity
- Vehicle fleet with LPG/CNG and/or E-cars if possible

In order to reduce our carbon footprint, PANTAFLIX participated in 2021 by making appropriate contributions to projects run by various climate protection organizations: atmosfair, PRIMAKLIMA and Klima-Kollekte. In this way, we offset a total of 165 tons of CO₂ greenhouse gases. atmosfair is a climate protection organization dedicated to offsetting travel kilometers by air and sea. It is pushing ahead with its projects in accordance with the rules of the Clean Development Mechanism (CDM) enshrined in the Kyoto Protocol. The projects comply with the established "Gold Standard" of international environmental protection organizations. In this way, climate protection projects in developing and emerging countries are promoted while CO₂ emissions are offset at the same time. This ensures that support reaches the countries that are already most impacted by climate change and not only improves the ecological but also the economic and social situation there. PRIMAKLIMA, as a non-profit association, has been campaigning for the preservation and expansion of forests since 1991 and is actively involved in climate protection. PRIMAKLIMA has already successfully implemented numerous forest projects. The association is active on four continents and focuses on the concept of holistic sustainability. Klima-Kollekte is a CO₂ compensation fund that can be used to offset unavoidable emissions from electricity and heat energy, travel and paper and print products. The compensation payments are invested specifically in projects in countries of the Global South and reduce poverty on the ground by empowering women, protecting health and providing prospects. They also reduce CO₂ emissions and thus protect the climate. CO₂ emissions are offset through climate protection projects run by church organizations or their partners.

SOCIAL

The Corona pandemic has not only changed our private lifestyles, but has also accelerated the emergence of alternative work models. The health as well as the mental and physical well-being of our employees have always been a top priority at PANTAFLIX. That's why we decided, especially during the pandemic, to develop a new concept for the interactions with our colleagues: newwork/newoffice.

Our sustainability goal: Creating a work environment where work-life balance is an important part of the corporate culture and all employees are motivated.

To this end, we are implementing the following measures:

- Introduction of flexible working - home office two days a week
- Further education and training offerings
- Regular feedback meetings with the relevant manager
- Company pension plan with employer subsidy
- Travel allowance
- Vouchers for participation in online fitness programs
- Discounts for online shopping

At PANTAFLIX, we are committed to creating a work environment that is free from discrimination. We treat all employees equally, regardless of gender, age, culture, ethnic origin or sexual identity. The Management Board is committed to upholding the company's values and, together with the managers, the Equal Opportunities Officers and contacts to counteract bullying, is available at all times.

GOVERNANCE

As a media and technology company, we are committed to responsible corporate governance and equitable relations with internal and external stakeholders.

Our sustainability goal: To be an exemplary company in the market.

To this end, we are implementing the following measures:

- Transparent procedures and communication with all stakeholders
- Top priority of data protection and data security
- Stringent implementation and compliance with the law for the protection of minors in the content offered
- Combating corruption and bribery

OUR FUTURE SUSTAINABILITY GOALS

At PANTAFLIX, we perceive sustainability and responsible action as an integral part of our corporate culture. We want to and will continue to develop in this area. We want to live sustainability as a core principle of our corporate strategy, expand our contribution to reducing our carbon footprint through additional climate protection contributions, expand our range of employee incentives and systematically further develop corporate governance.

nachdenken • klimabewusst reisen



Zertifikat

für kompensierte Treibhausgase

PANTAFLIX AG
kompensiert am 18.05.2021 mit atmosfair
55.000 kg CO₂ Treibhausgase.

Was bewirkt Ihr Klimaschutzbeitrag?

Mit Ihrem Klimaschutzbeitrag in Höhe von 1.265,00 Euro unterstützen Sie u.a. folgende Projekte:



Effiziente Kochsysteme für Familien in Nigeria

Mit Ihrem Beitrag können 27 Kochsysteme finanziert werden. Diese sparen 80 % Energie ein.



Stromerzeugung aus Senferresten in Indien

Mit Ihrem Beitrag können 69 Haushalte ein Jahr lang mit erneuerbarem Strom versorgt werden.



Bau von Biogasanlagen für Haushalte in Kenia

Mit Ihrem Beitrag kann der Bau von 4 Biogasanlagen finanziert werden.

atmosfair betreibt seine Projekte nach den im Kyoto-Protokoll verankerten Regeln des Clean Development Mechanism (CDM) und zusätzlich dem von internationalen Umweltorganisationen etablierten „Gold Standard“. Unabhängige, von den Vereinten Nationen zugelassene Organisationen (z.B. TÜV) kontrollieren die tatsächliche CO₂-Minderung der Projekte.



Mehr auf atmosfair.de

URKUNDE

über CO₂-Einbindung

PANTAFLIX AG

hat mit PRIMAKLIMA
CO₂-Emissionen in Höhe von
55 Tonnen kompensiert.

Der Ausgleich erfolgt durch Aufforstungen von Wäldern in unseren nach anerkannten Standards zertifizierten Projekten.

Wir bedanken uns für das Klima-Engagement!

Henriette Coert
Dr. forest. Henriette Lachenit
Vorstandsvorsitzende



Bergisch Gladbach, 18.05.2021

PRIMAKLIMA e.V. | +49 (0) 2204 508 940-0 | info@primaklima.org | www.primaklima.org

VERMEIDEN - REDUZIEREN - KOMPENSIEREN



Berlin, 26. Mai 2021

KLIMASCHUTZZERTIFIKAT

PANTAFLIX AG hat eine Kollekte an die Klima-Kollekte gespendet. Gemäß dem Tonnenpreis von 25 Euro hat die AG 1.375,00 Euro für die Klimaschutzprojekte der Klima-Kollekte zur Verfügung gestellt und damit 55 Tonnen CO₂-Emissionen kompensiert.

Die Klima-Kollekte gGmbH ist ein CO₂-Kompensationsfonds von christlichen Kirchen, über den Organisationen, Institutionen, Unternehmen und Einzelpersonen ihre Emissionen ausgleichen können. Der Kompensationsbeitrag fließt in Klimaschutzprojekte in Schwellen- und Entwicklungsländern in den Bereichen erneuerbare Energien und Energieeffizienz. Die Projekte dienen dabei nicht nur dem Klimaschutz, sondern tragen zur Armutsbekämpfung vor Ort bei sowie zur Umsetzung der Ziele für eine nachhaltige Entwicklung (SDG).



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BASIC INFORMATION ON THE GROUP

PANTAFLIX AG is an integrated media company focusing on the areas of cinema and video-on-demand. The core of PANTAFLIX AG's business activities and those of its subsidiaries are formed by the development and production of films, series and short series of video content, as well as licensing the resulting rights which are normally marketed through leading rental chains and distributors at home and abroad across many stages of the licensing chain. PANTAFLIX AG is now operating its eponymous, innovative cloud-based video-on-demand (VoD) platform PANTAFLIX, which provides the Group with further pillar in one of the fastest-growing market segments of the entertainment industry. With this move, PANTAFLIX is evolving from a media company into a digital company with access to corresponding economies of scale.

PANTAFLIX AG, as the holding company, has the strategic management function of the PANTAFLIX Group. In addition to core functions such as management and controlling, the holding company based in Munich also assumes public and investor relations, as well as additional tasks in the areas of management, business development and administration for its subsidiaries. The basis of the PANTAFLIX Group was created in 2009 with the inception of PANTALEON Entertainment GmbH in Berlin. Today's PANTAFLIX ranks as one of the leading German production companies for films, series and innovative entertainment formats at its locations in Berlin, Munich and Cologne.

PANTALEON Films GmbH develops, finances, produces and licenses films as the rights holder. Domiciled in Munich, the company is a wholly owned subsidiary of PANTAFLIX AG.

PANTALEON Pictures GmbH concentrates on the production of larger, mostly international productions and works closely with its sister company PANTALEON Films. The company, which was founded in 2014 and is domiciled in Munich, is a wholly owned subsidiary of PANTAFLIX AG.

PANTAFLIX Studios GmbH, formerly March & Friends GmbH, based in Munich, will ensure that the PANTAFLIX Group maintains its momentum in the expansion of new content. The focus is primarily on exclusive content, both from and with social media influencers who command extensive reach.

Berlin-based PANTAFLIX Technologies GmbH bundles the innovative activities of the PANTAFLIX Group in the video-on-demand area. The company is a wholly owned subsidiary of PANTAFLIX AG and was founded in November 2015.

The PantaSounds GmbH subsidiary, headquartered in Berlin, pools the PANTAFLIX Group's activities in the music sector. In the reporting period, the company was a 57.5 percent subsidiary of PANTAFLIX AG (since 2021, PANTAFLIX AG has again owned 100 percent). The company was founded in 2016.

Creative Cosmos 15 GmbH (CC15), in which PANTAFLIX AG holds a 56 percent interest, significantly extends the Group's value chain in terms of innovative marketing concepts and media strategies. CC15 realizes concepts for brands such as Mercedes-Benz, eBay, Audi, ARD and XXXLutz. Creative Cosmos 15 was founded in April 2016.

BUSINESS MODEL

FILM AND SERIES PRODUCTION DIVISION

In its Film and Series Production division, the PANTAFLIX Group produces feature films as in-house productions and co-productions, while licensing the resultant rights together with its global partners. The PANTAFLIX Group's in-house productions and co-productions are based on secured production finance. The first pillar is the advance sale of rights of use that are initially limited in terms of time, place and content. In particular, this relates to licensing rights for movie theater, home entertainment, pay TV, free TV and global distribution rights, which are monetized by agreeing guarantee payments in the form of minimum guarantees. Funding provided by institutions in Germany and abroad, most of which takes the form of loans that are repayable only in the event of a successful outcome, forms a second pillar of production finance. Other funding includes so-called reference funds, which are generated by previous film productions achieving certain viewer numbers, as well as successful participations in festivals and film awards, and which PANTAFLIX AG or its subsidiaries can access in order to finance new film projects. PANTAFLIX AG and its subsidiaries organize interim financing to take account of the fact that the financing components for a movie are paid in installments over the entire production period. Although such interim financing is reported in the balance sheet as a financial liability, it does not correspondingly increase the implicit level of indebtedness as other financing components such as minimum guarantees and subsidies are arranged and defined in advance to cover and thus repay the entire amount including interest.

The production of movies and their ownership generates economically relevant rights in the form of a rights library which is marketed via different licensing stages. Depending on a movie's success, income can still be generated years after initial licensing in the movie theater, such as from the sale of remake rights for geographical territories or broadcast rights for free TV.

In addition to the focus on in-house and commissioned film production, the PANTAFLIX Group's established infrastructure enables it to expand its business activities to include VoD series. As a rule, series production is ordered production at present. Contract production is performed for a fixed fee. In cooperation with streaming services such as Amazon, YouTube, Netflix and Joyn, the subsidiaries produce premium content in the form of series and film formats. To date, this has included two seasons of the thriller series YOU ARE WANTED, co-produced with Warner

Bros. Entertainment GmbH and Warner Bros. International Television Production Deutschland GmbH and a season of the series BEAT for Amazon Prime Video. With BULLSPRIT, PANTALEON Pictures produced a series for the premium offerings of the online videoportal YouTube. PANTALEON Films realized the series DAS LETZTE WORT for Netflix. For the Netflix prequel to Zack Snyder's ARMY OF THE DEAD, entitled ARMY OF THIEVES, Matthias Schweighöfer (playing his Army of the Dead character Dieter) directed and starred. The final clapperboard for the PANTALEON Films production activities dropped in December 2020. MAPA, a first series season for the Joyn streaming service, was also produced together with Readymade Film.

With PANTAFLIX Studios, the PANTAFLIX Group has established an innovative production unit for series productions which, thanks to their nature and brevity, can be produced much faster than the high-end productions of the sister companies. The protagonists are high-reach social media influencers and content creators. The successful Joyn original DAS INTERNAT, for example, is part of the portfolio.

VIDEO-ON-DEMAND DIVISION

The Video-on-Demand (VoD) division intermeshes with the overall corporate strategy in an innovative manner. To this end, the cloud-based VoD platform PANTAFLIX offers consumers a wide range of films, series and exclusive video content (originals) on demand. What's more, the platform provides filmmakers and business customers with unique access to the media market in order to offer content or to utilize PANTAFLIX technology for their own offerings as part of a white label solution that can be highly individualized. Numerous users from a wide range of industries and sectors are already relying on PANTAFLIX streaming technology. These include well-known business customers such as the book retailer Weltbild, the Süddeutsche Zeitung with the SZ Cinemathek and Airbus and the German Armed Forces. In this way, PANTAFLIX Technologies has established an innovative Entertainment-as-a-Service approach for professional users who want to digitize and/or broaden their business model. The services are also in demand from cinemas and film festivals. These include the DOK.fest Munich, the Oldenburg Film Festival and the SHIVERS Film Festival. Consumers can use the media library via a transactional (TVoD) or advertising-based (AVoD) access channel.

OTHER DIVISIONS

Thanks to its majority (56%) interest in the creative and production agency Creative Cosmos 15 GmbH (CC15), PANTAFLIX AG has tied its creative potential as well as access to a vital business segment more closely to the Group. The group is extending its value chain in terms of innovative marketing concepts and media strategies. The focus here is on an “Entertainment for Brands” approach. Nico Buchholz has been active as the managing director of CC15 since November 2020. Although the year 2020 was influenced by the pandemic, CC15 was able to realize some projects. The agency produced and developed a holistic campaign with Matthias Schweighöfer. In addition, CC15 developed a campaign for eBay around the brand ambassadors Joko Winterscheidt & Paul Ripke. But not only testimonial campaigns were developed. For example, a ninetieth anniversary campaign was developed for the Fisher-Price brand, which recycles broken toys and develops new ones from them. At the beginning of the pandemic, CC15, with the support of the PANTAFLIX network, collected donations for the charitable institution “The Ark” as part of a non-profit campaign. Numerous actors and creators such as Ruby O’Fee, Tom Beck, Matthias Schweighöfer, Teddy Teclebrhan, Heike and Roman Lochmann and others took part in the “We act for good” campaign by producing their own content and making it available.

In the second half of the year, the course was already set for 2021 by pushing ahead with topics such as the introduction of JOKOLADE or the continuation of the campaign for XXXLutz.

In the music business area, PantaSounds GmbH creates products for digital (streaming and download) and physical utilization. PANTAFLIX exploits the resulting rights with national and international partners, which receive exploitation rights limited in terms of time, space and subject matter under so-called band transfer and license agreements. The exploitation rights comprise the production, distribution and exploitation of music productions in digital and physical form, for which they pay royalties to PANTAFLIX based on revenues. The PANTAFLIX Group also receives non-refundable advance payments, which can, however, be offset against the license revenues from which the productions are financed.

PANTAFLIX AG focuses on the areas of Group management and controlling and business development, as well as performing sub-functions such as administration for its subsidiaries.

Moreover, the business development function is stepping up its efforts to identify new, additional business areas that are emerging to a significant extent within a media market that is currently undergoing rapid change, especially for a technologically advanced platform such as PANTAFLIX.

The PANTAFLIX Group consists of the parent company PANTAFLIX AG, Munich, and its consolidated subsidiaries PANTALEON Films GmbH (Munich), PANTALEON Pictures GmbH (Munich), PANTAFLIX Studios (Munich), PANTAFLIX Technologies GmbH (Berlin), PantaSounds GmbH (Berlin), and Creative Cosmos 15 GmbH (Munich). The parent company holds a 57.5% interest in PantaSounds GmbH. PANTAFLIX AG owns a 56% interest in creative and production agency Creative Cosmos 15 GmbH (CC15), Munich. All other subsidiaries were wholly owned by the parent company at the reporting date.

OBJECTIVES AND STRATEGY

PANTAFLIX AG derives its strategy from the objective of growing together with its subsidiaries over the coming years in the dynamic European media market, with a focus on film and series production as well as video-on-demand. Against this backdrop, PANTAFLIX AG and its subsidiaries have initiated a range of measures that they consider to be appropriate to achieve this objective.

CONTROL SYSTEM

Despite the burdens arising from the implementation of the dynamic growth strategy – for example, with regard to the Video-on-Demand division and the expansion of the project and development pipeline – the Group aims to grow its operating earnings (EBIT) long-term. Accordingly, it is committed to achieving an appropriate balance between investing in growth and optimizing its cost structure.

The Group is managed using the key performance indicators of revenue and EBIT. Other performance indicators including EBITDA, cash flows and the equity ratio are also applied. Furthermore, controlling is based on qualitative results, such as the development of new film and series projects, the acquisition of new partners and the performance of film and series projects in their various licensing stages.

PROJECT DEVELOPMENT AND PROJECT PIPELINE

FILM AND SERIES PROJECTS

DAS LETZTE WORT (THE LAST WORD)

Following the sudden death of her beloved husband, fun-loving Karla (Anke Engelke) is initially a speechless wreck, who then becomes a highly gifted funeral speaker. However, she becomes so engrossed with her new vocation that she forgets her own sorrow, and particularly that of her children. With *DAS LETZTE WORT*, PANTALEON Films produced for the streaming service Netflix for the first time. The series was released on Netflix in mid-September 2020.

MAPA

MAPA, a first series season for the Joyn streaming service, was also produced together with Readymade Film. In the sadcom MAPA, protagonist Metin Müller (Max Mauff) unexpectedly loses his partner and mother of his one-year-old daughter Lene. From then on, he is left to fend for himself as a single father. For better or worse he struggles to cope with the new situation. But if that wasn't enough, his mother forces her way back into her son's life. On April 16, 2020, the series launched on Joyn's paid subscription video-on-demand service.

GENERATION BEZIEHUNGSUNFÄHIG

PANTALEON Films adapted the eponymous bestseller by Michael Nast for the production. It's all about the commitment-phobic city slickers Micha and Ghost, prominently starring Frederick Lau and Luise Heyer. In the course of the Corona pandemic, shooting had to pause between March and June 2020. In July, PANTALEON Films successfully completed the shootings. The film's cinema debut is scheduled for July 2021.

OSKARS KLEID

Ben (Florian David Fitz), is a stubborn divorced father. In a roundabout way, he comes to terms with his equally stubborn but completely different 9-year-old son Oskar, with whom there is only one real "problem". He's not a son at all. He's a girl. Ben's whole world is coming apart at the seams. Directed by Hüseyin Tabak, Florian David Fitz took on the leading role in *OSKARS KLEID* and provided the idea as well as the screenplay for the film. *OSKARS KLEID* is a PANTALEON Films production in co-

production with Warner Bros. Film Productions Germany and Erfttal Film. PANTALEON Films successfully completed shooting in August 2020. The cinema launch is planned for 2022.

WOLKE UNTERM DACH

PANTALEON Films produced *WOLKE UNTERM DACH*, the touching story of a father-daughter relationship. Inspired by a true story, it places loss and pain, but also hope and happiness, at the heart of the plot. *WOLKE UNTERM DACH* is a production of PANTALEON Films and Warner Bros. Film Productions Germany. Filming was finalized in mid-December 2020. The film is scheduled for release in 2022, distributed by Warner Bros. Pictures.

ARMY OF THIEVES

For the prequel to Zack Snyder's *ARMY OF THE DEAD*, Matthias Schweighöfer (playing his Army of the Dead character Dieter) directed and starred in the leading role. Other cast members include Nathalie Emmanuel, Ruby O'Fee, Stuart Martin, Guz Khan. The Netflix film is produced by The Stone Quarry and PANTALEON Films. The last scenes were taken shortly before the turn of the year.

TAKEOVER – VOLL VERTAUSCHT

PANTALEON has produced a film for the whole family. Last but not least, the two leading actors Heiko and Roman Lochmann (*Die Lochis*), with their many followers on social media channels, are expected to attract the very young target group to the cinemas. The film was shot almost completely in the Europa-Park amusement park. The film debuted in theaters in July 2020.

DAS INTERNAT

PANTAFLIX Studios shot the first season of the innovative series format for the Joyn streaming service in 2020. The cast includes the A-list of German social media stars with a combined reach of nearly eight million followers on Instagram and more than 16 million followers on TikTok. On October 15, 2020, episodes of the first season were continuously released on a weekly basis on Joyn. The success immediately led to the commissioning of the second season, which can already be viewed since April 2021.

MACROECONOMIC AND SECTOR CONDITIONS IN 2020

PROJECT PIPELINE

In 2020, around 70 innovative and commercial movie theater films and series formats were in various stages of development and production within the PANTAFLIX Group. Continuous collaboration with potential commissioning companies such as AMAZON Prime Video, Netflix, Apple, Sky and Joyn is expanding the business of the PANTAFLIX Group in its Film and Series Production area.

PANTALEON Films and PANTAFLIX Studios are constantly working on concepts enabling the realization of the production of these and other planned productions despite the pandemic and its repercussions. Restricted mobility and social distancing regulations continue to hamper production work. Moreover, the company is in contact with clients, partners, city councils and, above all, insurance companies, in order to minimize risk for the company in the event of interrupted shooting.

For PANTAFLIX AG and its subsidiaries, the global economy as well as economic growth in Europe and Germany in relation to the development and production of movie theater films, global licensing of resultant rights as well as sales via the PANTAFLIX video-on-demand platform, are of major significance.

According to the International Monetary Fund (IMF), the global economy contracted by 3.5% in 2020. Especially in the first half of the year, the global economy suffered a historic slump due to the Corona pandemic and the resulting containment measures. However, the global economy has performed 1.4 percentage points better than the IMF had forecast as recently as June 2020. This reflects the more positive than expected economic development in the second half of the year. This was mainly driven by the recovery in global production levels that emerged in the third quarter, but was slowed in the fourth quarter by a rise in infection levels and repeated containment measures. Vaccine approvals in the fourth quarter, fiscal support measures in some major economies and the expansionary monetary policy of central banks all helped to improve the economic outlook for the current year. In April this year, the IMF forecast global growth of 6% for 2021. In March, there was even the prospect of a stronger recovery. The forecast is fraught with uncertainty, however, given that access to vaccines is uneven in both developed and emerging economies.

In the eurozone, the economic contraction in 2020 was comparatively sharp at minus 7.2% (USA: -5.4%; Japan -5.1%; China +2.3%). In October 2020, however, a decline of 8.2% had still been expected. Measures taken by EU member states such as short-time work programs, credit and aid programs for companies, wage subsidies, tax deferrals and a bond-buying program by the European Central Bank (ECB) helped to cushion the economic impact of the pandemic in the third and fourth quarters. With a look to the current year, growth of 4.2% is forecast for the eurozone.

According to the Federal Statistical Office (Destatis), Germany's gross domestic product (GDP) contracted by 4.8% year-on-year in 2020 after price adjustments. Economic activity recovered in the third and fourth quarters, but remained sluggish in the face of a renewed wave of infections and further lockdown measures. A temporary reduction in value-added tax, short-time work, an economic stimulus package from the German government and financial support measures for companies dampened the econo-

mic plunge. With regard to 2021, the IMF is forecasting growth of 3.5% for the Federal Republic.

Some of the sectors and market segments addressed by PANTAFLIX AG benefited from the contact restrictions to contain the Corona pandemic, particularly in the production area for VoD and TV partners, as well as PANTAFLIX's own video-on-demand platform in the B2B area, due to the fact that a pandemic-related digitization boost was experienced among business customers. By contrast, box office revenues, which are essential for film and serial production activities, were burdened by the containment measures in the year under review.

According to consulting firm PwC, the global entertainment and media (E&M) industry has seen its sharpest revenue decline in more than 20 years, at -5.6% in 2020. In 2021, global E&M sales are expected to increase by 6.4%. PwC forecasts overall revenue growth of 2.8% annually for the global media and entertainment industry through 2024. The Corona pandemic has greatly changed the digitization of the industry as well as the media consumption habits of consumers. This has led to a 26% increase in global revenue in the video-on-demand (VoD) sector in 2020. In addition to the Corona pandemic, the sharp increase in consumption of VoD content is also due to the fact that PCs, laptops, tablets and smartphones are increasingly finding use as streaming end devices. In particular, consumption via mobile devices is an important driver of this development. At the same time, the range of streaming services is becoming increasingly differentiated. The market power of established streaming giants is being challenged, for example by the market entry of Apple and Disney. According to PwC, consumers' growing expectations of obtaining all services from a single provider will encourage the integration of different streaming platforms into traditional providers' offerings. This is going hand in hand with increasing budgets for content productions. These developments generate further potential for series and film production for the PANTAFLIX Group, which offers streaming providers corresponding content, in addition to the steadily increasing number of various VoD providers worldwide. According to PwC, revenue in the global VoD market is expected to grow at an average annual rate of 14.5% to around USD 75.1 billion by 2024. With regard to Germany, PwC expects the internet video market to grow at an average rate of 9% through 2024, with revenues from S-VoD providers expected to see the strongest growth at an annual 10.5% per year.

International box office revenues are down as much as 72% to \$12 billion in 2020 due to COVID-19-related theater closures and postponements of film releases. According to the FFA, revenue from cinema ticket sales in Germany fell by 69% to €318 million (2019: 1,024 million). A total of 38.1 million tickets were sold in Germany in 2020, down 67.9% from 2019 (118.6 million). However, the number of cinema companies remained unchanged at 1,227, while the number of cinemas were down by only 6 to 1,728. PwC expects the global cinema market to decline by an average of 2.4% per year to around USD 40 billion by 2024. In order to mitigate the impact of the Corona crisis on the German film and cinema industry, the national film funding agency (FFA) has initiated an aid fund together with the Federal Government Commissioner for Culture and the Media (BKM) and the corresponding state funding agencies. This includes, among other things, the waiver of repayment of subsidies for projects in production, distribution and sales that were canceled due to the pandemic, as well as the deferral of repayments due. In order to promote the German film and cinema landscape, the Federal Government Commissioner for Culture and the Media (BKM) has launched a further investment support program for the cinema sector totaling 40 million euros. The Future Cinema II program supports protective measures against the spread of the Covid 19 pandemic, in addition to future-oriented investments to strengthen the attractiveness of cinemas when they reopen and continue to operate.

According to the German Music Industry Association (BVMI), the music industry in Germany recorded sales growth despite the pandemic-related measures. Revenues from recorded music sales and proceeds from the streaming business amounted to EUR 1.79 billion. This represents a 9% increase over 2019. Online music consumption accounts for 71.5% of revenues. Audio streaming was up by 24.6% on last year's already high level (55.5% market share in 2019) to reach 63.4% of the total market. As a special analysis by GfK Entertainment in cooperation with the German Music Industry Association (BVMI) shows, over 139 billion music streams were generated in Germany last year. Significant momentum in streaming has driven overall digital business growth of 20.3% in 2020. Sales of physical recorded music were down 11.7%.

BUSINESS PERFORMANCE

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Business performance in 2020 was primarily driven by the impact of the Corona pandemic and associated containment measures. Travel and assembly restrictions made it particularly difficult to shoot in the production business and/or caused postponements of theatrical releases. Nevertheless, it has been possible to realize various film and series projects (see also chapter Project pipeline).

Business activities in 2020 focused particularly on sharpening and implementing the overarching corporate strategy. With regard to the VoD platform, further penetration into the B2B2C area is above all at the core of the strategic measures. PANTAFLIX is able to make a significant contribution to the diversification and digitization of the business model for companies active in a wide range of industries. With the multi-channel book retailer Weltbild, the Süddeutsche Zeitung and the German Armed Forces, renowned customers have already opted for PANTAFLIX as their streaming platform.

Further steps were taken in the operating business. Due to the assembly restrictions, cinemas in Germany had to remain closed for much of 2020. PANTAFLIX has established cooperation agreements with numerous theaters and film festivals in order to be able to hold cinema events in a virtual format as live events. These include the FILMSCHOOLFEST MUNICH, the Oldenburg Film Festival and the Systemsprenger Cinema Day.

The activities of the film production division of the subsidiary PANTALEON Films focused on the scheduled completion of the film projects WOLKE UNTERM DACH, GENERATION BEZIEHUNGSUNFÄHIG, ARMY OF THIEVES and OSKARS KLEID. Moreover, PANTAFLIX Studios also produced the first season of the series format DAS INTERNAT for the streaming service Joyn.

In the 2020 business year the PANTAFLIX Group generated revenues of EUR 7,821 thousand (2019: EUR 28,746 thousand) and total operating revenue plus other operating income of EUR 22,787 thousand (2019: EUR 24,532 thousand). In addition to two completed projects, the total output also includes a larger project that has not yet been completed, which has led to a total increase in inventories of EUR 13,693 thousand (2019: EUR -7,071 thousand).

All revenues and income were generated in Germany.

The cost of materials increased to EUR 19,961 thousand (2019: EUR 11,976 thousand). This item comprises expenses for commissioned productions, co-producers' shares in revenues from licensing film rights and follow-up costs for completed projects. Personnel expenses reduced to EUR 4,418 thousand (2019: EUR 5,729 thousand).

Amortization, mainly of internally generated intangible assets (EUR 1,424 thousand), amounted to EUR 1,723 thousand in the year under review (2019: EUR 11,865 thousand). Amortization of purchased intangible fixed assets and depreciation of tangible fixed assets play only a minor role. The licensing profile is not expected to change over time.

As a consequence, EBITDA amounted to EUR -5,410 thousand in the fiscal year under review (2019: EUR 3,314 thousand).

EBIT improved to EUR -7,133 thousand (2019: EUR -8,551 thousand) despite a pandemic-related decline in revenue in the fiscal year due to efficiency and optimization measures.

Taxes on income and earnings in the 2020 business year amounted to EUR -7 thousand in the 2020 fiscal year. In particular, deferred tax liabilities on internally generated intangible assets and deferred tax assets on loss carryforwards were offset.

Total consolidated assets increased to EUR 45,651 thousand in fiscal year 2020 (31 December 2019: EUR 21,107 thousand). With fixed assets increasing to EUR 19,942 thousand (31 December 2019: EUR 5,994 thousand), current assets were up to EUR 25,614 thousand (31 December 2019: EUR 14,625 thousand).

The increase in fixed assets mainly relates to advance payments made for current co-productions of EUR 18,259 thousand (31 December 2019: EUR 3,224 thousand), while internally generated intangible assets decreased to EUR 953 thousand (31 December 2019: EUR 2,103 thousand).

Current assets increased to EUR 25,614 thousand (31 December 2019: EUR 14,625 thousand) mainly due to inventory buildup in connection with commissioned productions. In contrast, receivables and other assets decreased to EUR 3,334 thousand (31 December 2019: EUR 6,018 thousand). At EUR 7,195 thousand, cash and cash equivalents were at the same level as the previous year (31 December 2019: EUR 7,215 thousand).

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

Equity was down to EUR 6,688 thousand in 2020 (31 December 2019: EUR 12,128 thousand) and, as a result of the increase in total assets, corresponds to an equity ratio of 15% (31 December 2019: 57%).

In 2020, liabilities to banks amounted to EUR 9,402 thousand due to film projects still in production and projects concluded but not yet invoiced (31 December 2019: EUR 2,650 thousand) and advance payments received on orders to EUR 25,325 thousand (31 December 2019: EUR 2,844 thousand). By contrast, trade payables decreased to EUR 1,525 thousand (31 December 2019: EUR 1,769 thousand). Other liabilities, in particular from revenue sharing, payroll/church tax and film subsidy loans, increased to EUR 2,222 thousand (31 December 2019: EUR 1,063 thousand).

LIQUIDITY

The increase in cash flow from operating activities from EUR 2,075 thousand in the prior year to EUR 8,994 thousand, with a consolidated net loss for the year of EUR 7,147 thousand, is mainly due to advance payments received and film subsidy loans. In addition, the build-up of inventories and non-cash scheduled depreciation of capitalized fixed assets had an impact on cash flow.

Cash flow from investing activities amounted to EUR -15,975 thousand (2019: EUR -9,432 thousand) and was attributable in 2020 to the capitalization of production costs for in-house co-productions, in particular investments in fixed assets.

Cash flow from financing activities amounted to EUR 3,686 thousand in 2020 (2019: EUR 2,889 thousand). In November of the fiscal year under review, the company received further capital through an increase in the share capital by EUR 1,706 thousand with partial utilization of the existing authorized capital by issuing 1,537,305 new no-par value bearer shares (equivalent to 10% of the previous share capital) in return for cash contributions, excluding shareholders' subscription rights.

FINANCIAL PERFORMANCE INDICATORS

The Group's aim is to continuously advance its total operating performance and operating profit. Above and beyond this, the PANTAFLIX Group seeks to grow its operating cash flow and to utilize its net working capital as efficiently as possible.

NON-FINANCIAL PERFORMANCE INDICATORS, EMPLOYEES

The average number of employees at the 31 December 2020 balance sheet date was 143 (2019: 113 employees). The number of employees includes not only permanent employees, but also project-related employees.

OUTLOOK, OPPORTUNITY AND RISK REPORT

FUTURE ECONOMIC AND SECTOR TRENDS

In April of this year, the International Monetary Fund (IMF) updated its forecast for the global economy and now anticipates growth of 6% for 2021. The forecast was raised by 0.5 percentage points compared to January. Global GDP is expected to increase by 4.4% in 2022. Taking fiscal stimulus in the major economies into account, as well as continued vaccination measures, this forecast reflects an overall optimistic scenario. According to the IMF's own statements, these assumptions are beset with risks and associated with a high degree of uncertainty. Economic recoveries are running different courses in individual countries and sectors. In addition, it is currently uncertain whether and how the economic and monetary policy measures of the states and central banks will be able to effectively limit the economic damage associated with the containment measures of the pandemic.

According to the updated outlook, the IMF anticipates growth of 4.4% for 2021 and 3.8% for 2022 for the eurozone. In each case, this is 0.2 percentage points higher than in the January 2021 forecast. With the Corona pandemic still rampant, the EU Commission lowered its growth expectations for 2021 in February. The European Commission projects an increase of 3.8% for 2021 and 2022. The Commission argued that the economic recovery is being delayed in view of delays in vaccination campaigns and continued lockdowns. With a look to the EU as a whole, the Commission expects the economy to return to pre-crisis levels in 2022. In 2021, the EU economy is expected to grow by 3.7%. Growth of 3.9% is anticipated in 2022. The Commission has adopted a cautious forecasting approach, excluding a possible boost to the economy from the EUR 750 billion Corona reconstruction fund.

With regard to the current year, the German government is forecasting an increase in price-adjusted gross domestic product (GDP) of 3.0%. Employment is expected to stagnate in 2021, while the number of registered unemployed will decline slightly. Economic output is not anticipated to return to pre-crisis levels until mid-2022. Economic development will continue to be significantly impacted by the course of the pandemic and the containment measures. Beyond the acute stabilization, the Federal Ministry for Economic Affairs and Energy (BMWi) would like to put digitization, the energy transition and the shortage of skilled workers at the center of its future activities.

The Corona pandemic has an impact on the sectors and market segments targeted by the PANTAFLIX Group. According to the Global Entertainment & Media Outlook 2020 - 2024 produced by the consulting firm PwC, the COVID-19 pandemic has accelerated changes in consumer behavior, particularly increasing the digitization of the entertainment and media (E&M) industry through containment measures and mobility restrictions. The medium-term growth path of the sector remains intact. According to PwC, the entertainment and media industry can expect global E&M revenues to grow by 6.4% in 2021, thereby outpacing the global economy. PwC forecasts overall annual revenue growth of 2.8% for the global media and entertainment industry through 2024.

The Corona pandemic has accelerated the consumer transition to digital media consumption and triggered disruptive changes - both positive and negative - in many media forms and market segments across the sector as a whole. PwC expects revenues in the global VoD market to be more than twice the size of international box office revenues by 2024. It can be assumed that the dynamic development of the VoD market will continue apace and that competition between providers will remain high. In addition, further market entries by TV stations and film studios can be expected. The importance of VoD providers' own productions is likely to increase further as a differentiating feature. With regard to the production activities of the PANTAFLIX Group, this spells attractive economic potential, as PANTAFLIX commands extensive expertise in the production of series and films, as well as experience in working with streaming providers such as Netflix and Amazon.

During the Corona pandemic, it became apparent that national and international production companies were bypassing the cinema debuts of finished productions and marketing them directly to VoD providers. If this distribution channel continues towards "straight to home", this will entail losses for the international cinema market. PwC expects cinema revenues worldwide to contract by an average of 2.4% per year until 2024. According to forecasts, revenues on the German cinema market will decline by approximately 2.6% per year until 2024. Visits to cinemas, however, are likely to remain a popular leisure activity. The cinema hall with a wide screen and excellent sound quality is lived and appreciated by moviegoers as a communal leisure activity. Modernization measures on the part of cinema operators are also to be expected in order to boost their competitive strengths. In its first meeting of 2021, the FFA Cinema Commission approved EUR 1,110,360 for 27 projects in March, including 25 expansions and modernizations for German cinemas.

The music, podcast and radio industry continues to expand. The global market revenue is expected to reach USD 119.4 billion in 2024, with North America remaining the largest global music market during the forecast period. Latin America is set to experience the fastest growth. Streaming is the most important growth driver in this market segment. This development is likely to continue due to the increasing number of corresponding platforms, the distribution of smart speakers in smart homes and the steadily increasing popularity of the podcast medium. Due to the coronavirus pandemic, the live music market has ground to a halt and has also shifted to streaming solutions over the Internet. This development provides PANTAFLIX AG with growth potential in the area of B2B marketing for its own innovative VoD platform in which PANTAFLIX acts as a full-service provider with regard to technology, platform operation, customer support and content provision.

FUTURE DEVELOPMENT OF THE PANTAFLIX GROUP – OUTLOOK

In the opinion of its Management Board, the PANTAFLIX Group is promisingly positioned to steadily expand its market position and significantly improve its future profitability. With PANTAFLIX, the Group is targeting the global growth sector of video-on-demand.

In addition to ongoing consistent work geared to establishing and expanding the video-on-demand segment, the PANTAFLIX Group will focus in 2021 and the following years on further scaling the production of potential hit movies and series, not only in the cinema market but also in areas such VoD and TV. This is to be accompanied by internationalizing production operations as well as broadening the Group's positioning along the value chain.

With the majority interest held in Creative Cosmos 15 GmbH (CC15), PANTAFLIX AG has made a clear commitment to this creative and production agency's innovative marketing approach. The Group will further expand its value chain and benefit from opportunities by networking various business areas such as content production, product placement and entertainment for brands. Marketing strategies for renowned customers have already been successfully implemented to date. These include Mercedes-Benz, eBay, Audi, ARD and XXXLutz.

The PANTAFLIX Group is benefiting both from the high demand for productions in its existing core business area of film production and from the growing global demand for VoD productions.

The Group's positive and continuously expanded market positioning in the 2020 fiscal year in all key business areas establishes a sound foundation for further growth. Once again, the Company succeeded in celebrating major successes in its film and series production business and significantly expanding its production pipeline. These include optimistic, elaborate productions across all genres and forms of portrayal.

The focus of activities relating to the VoD platform PANTAFLIX was on its further establishment and technical diversification, expansion of the content catalog, as well as the evaluation of new revenue and distribution opportunities and channels. Progress was made in opening up the platform in the direction of B2B. The Company sees major potential for growth and further establishing its presence, particularly in this segment. B2B2C solutions were also developed in the spring in order to achieve synergy effects with prestigious partners.

In the wake of the coronavirus pandemic, the major trend of digitization received a further boost. Numerous sectors are facing the challenge of having to adapt their business models to the new environment. For professional users, PANTAFLIX technology opens up new opportunities to provide their own streaming services. In this area, PANTAFLIX is benefiting as a technology partner with a dedicated Entertainment-as-a-Service offering.

This opens up a wide range of opportunities in various areas of the media market. The closely interlinked structure of all Group divisions enables this high synergy potential to be leveraged in a dynamically growing market.

The global market environment in the present fiscal year continues to be dominated by the COVID-19 pandemic and associated developments. Nevertheless, this year's forecast reflects a comparatively high degree of certainty, as it includes an above-average number of projects already underway.

According to current project planning for the PANTAFLIX Group, the Management Board expects a significant year-on-year increase in revenue to at least EUR 30 million (2020: EUR 7.8 million) for the 2021 financial year. At the same time, EBIT is expected to improve significantly to a level of EUR -2.5 million up to the operating break-even point (2020: EUR -7.1 million). These expectations are subject to further pandemic developments.

OPPORTUNITIES AND RISK REPORT

RISK MANAGEMENT

The Group has a risk management system tailored to the needs, requirements and individual risks of film productions. The measures forming part of the internal control system aimed at ensuring proper and reliable accounting guarantee that transactions are recorded in full, in a timely manner and in accordance with statutory provisions and the Company's bylaws, as well as internal rules and regulations (compliance). Corresponding instructions and processes are in place to ensure that assets and liabilities are accurately recognized, reported and measured. The Management Board is closely involved in these processes.

OPPORTUNITIES AND RISKS IN VIDEO-ON-DEMAND (VOD):

After the company entered the digital film distribution market by establishing the video-on-demand platform PANTAFLIX in 2016, additional sector-specific risks were added. The VoD sector is fast-growing but also highly competitive. Here, too, the PANTAFLIX Group in part faces companies that have greater financial resources, a longer history, more advanced company structures, greater marketing resources and/or better human resources. This can lead to lower sales and/or rising costs. In order to position itself successfully within this competitive environment, PANTAFLIX Technologies GmbH needs to feature enough attractive content and must win and retain a sufficient number of consumers. This latter aspect, in particular, has a not insignificant impact on expenses and entails a risk of rising costs.

The following risks, varying greatly in their significance, are also encountered:

FILM CONTENT RISKS:

Firstly, it is important to ensure that film content is released on PANTAFLIX sufficiently frequently and in sufficient quantity. Secondly, steps must be taken to ensure that the film content released is of high quality and copyright infringement is prevented. A content quality assurance system has been established for this purpose, and in this context, PANTAFLIX Technologies GmbH also participates in the FSK youth protection program.

CURRENCY RISKS:

As all costs at PANTAFLIX are incurred in euros, whereas streams are sometimes paid in local currencies, currency risks exist in the event of significant currency fluctuations against the euro. However, this risk can be regarded as limited, as PANTAFLIX Technologies GmbH regularly reviews the prices set when a film is released, and also has the exclusive right to make price adjustments if necessary.

IT RISKS:

The operational reliability and performance of the technical infrastructure, including data centers and billing systems, are very important factors for successful business performance. For its development and operation, PANTAFLIX Technologies GmbH has set up a highly qualified team of employees and collaborates with renowned, quality-certified partners. Nonetheless, it is not possible to completely rule out the possibility that service problems arising from system errors and failures can lead to a loss of customers, with corresponding negative financial implications. To minimize such risks, the systems are subject to continuous maintenance, and updates ensure that security precautions are kept state-of-the-art. To prevent the loss of sensitive data, backups are made at regular intervals and certain data moved to a different location.

OPPORTUNITIES AND RISKS OF FILM PRODUCTION:

The development of the Group's net assets, financial position, and results of operations depends on various opportunities and risks customary for the industry, the effects of which on the net assets, financial position and results of operations are not quantified internally as the probability of their occurrence is hard to forecast.

The opportunities and risks entailed in film production are described in more detail below. Here, the risk exists that a deterioration in overall conditions or the actual restriction or abolition of the practice for awarding public-sector film funding in Germany could have a negative impact on conditions for film production in Germany. The financing of film budgets is dependent in part on public subsidies. Specifically, the Federal Republic of Germany and its individual federal states support local film production, as such activities have a wide range of positive effects on the local economy.

Depending on the film project and the subsidy program, a large portion of the film budget can be financed by subsidies of this nature, mostly on favorable terms. The restriction or abolition of German public-sector film subsidies would have a major detrimental effect on the entire sector and could lead to a situation with respect to the funding of the PANTAFLIX Group's film projects in which film projects can only be realized at a higher risk and with higher costs or, in the worst of all worlds, not at all.

Any deterioration in the overall conditions of German film subsidy policy could therefore have an adverse effect on the net assets, financial position and results of operations of PANTAFLIX AG and its subsidiaries.

In the film sector, competition for the subsidiaries operating in this area – particularly PANTALEON Films and PANTALEON Pictures – largely exists in the area of in-house film production. The main challenge facing market participants is securing access to promising film material and screenplays, signing up successful directors and actors, concluding contracts with film studios and film teams on favorable terms and finding suitable partners for the successful marketing of completed films.

In all of these areas, the PANTAFLIX Group is in competition with companies that have greater financial resources, a longer history, more advanced company structures, greater development and distribution resources and/or better human resources.

The Company is also in competition with other film companies for moviegoers both for its in-house films and for films in which it has acquired the exploitation and licensing rights. The possibility of the simultaneous release of the Company's own productions and those of competitors adversely affecting their success, cannot be ruled out.

Competition for moviegoers is exacerbated by a trend in which a generally rising number of new cinema releases is matched by a roughly constant number of moviegoers. This could have the effect of increasing the requirements for film marketing and associated expenses while, at the same time, films are withdrawn more quickly by cinema operators due to greater supply, thus reducing overall revenues from the distribution of cinema films. The rising number of film productions could also intensify competition in the further exploitation of film rights, above all in the sale of DVDs and Blu-rays, TV rights and in video-on-demand. These circumstances could also lead to rising costs and declining revenues. Ultimately, an increasing number of film companies and film productions could have a negative impact on the allocation of public funding, make it more difficult to obtain funding from other sources or worsen the terms on which such funding can be obtained.

Existing competition and the intensifying competitive situation could have an adverse effect on the net assets, financial position, and results of operations as well as the general business performance of PANTAFLIX AG.

Last but not least, the coronavirus pandemic, which is still ongoing, thus represents a further risk factor that is likely to have a negative impact on the number of moviegoers and the modalities of film and series productions for the foreseeable future.

FINANCIAL RISKS:

Besides their holding function, financial instruments are exposed to credit risks, liquidity risks as well as market risks from changes in interest rates and exchange rates.

LIQUIDITY AND TAX RISKS:

There are risks from changes in exchange rates and interest rates as well as risks from future tax audits and legal disputes.

The ability of PANTAFLIX AG to obtain fresh capital from investors depends to a large extent on capital market conditions. The procurement of fresh capital through the capital market could prove to be difficult, particularly in globally volatile capital markets. In addition, PANTAFLIX AG may require additional financing if its subsidiaries fail to generate profits.

Financial planning instruments are used throughout the Group to monitor and control liquidity. PANTAFLIX AG manages liquidity risks by continuously monitoring the Group's forecast and actual cash flows.

OVERALL RISK:

As of the date of the preparation of the consolidated financial statements for 2020, the Management and Supervisory boards were not aware of any risk that could jeopardize the company as a going concern due to insolvency or overindebtedness.

Munich, 4 June 2021

The Management Board



Nicolas Paalzow

CONSOLIDATED BALANCE SHEET

as at 31 December 2020

| ASSETS | 31/12/2020 | 31/12/2019 |
|--|---------------|---------------|
| | EUR | EUR |
| A. FIXED ASSETS | | |
| I. Intangible assets | | |
| 1. Internally generated industrial property rights and similar rights and assets | 953,232.00 | 2,102,953.00 |
| 2. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets | 461,306.48 | 343,079.48 |
| 3. Goodwill | 141,535.43 | 159,306.48 |
| 4. Advance payments | 18,258,791.96 | 3,224,232.20 |
| | 19,814,865.87 | 5,829,571.16 |
| II. Tangible fixed assets | | |
| 1. Technical equipment and machinery | 14,728.00 | 31,819.00 |
| 2. Other equipment, operating and office equipment | 112,881.00 | 133,086.00 |
| | 127,609.00 | 164,905.00 |
| | 19,942,474.87 | 5,994,476.16 |
| B. CURRENT ASSETS | | |
| I. Inventories | | |
| 1. Work in progress | 15,084,581.92 | 1,391,451.97 |
| | 15,084,581.92 | 1,391,451.97 |
| II. Receivables and other assets | | |
| 1. Trade receivables | 2,696,374.95 | 4,987,929.77 |
| 2. Other assets | 637,962.00 | 1,030,411.71 |
| | 3,334,336.95 | 6,018,341.48 |
| III. Cash-in-hand, bank balances | 7,194,767.29 | 7,215,361.63 |
| | 25,613,686.16 | 14,625,155.08 |
| C. PREPAID EXPENSES | 95,049.70 | 487,805.03 |
| | 45,651,210.73 | 21,107,436.27 |

| EQUITY AND LIABILITIES | 31/12/2020 | 31/12/2019 |
|--|----------------------|----------------------|
| | EUR | EUR |
| A. EQUITY | | |
| I. Subscribed capital | 16,910,355.00 | 15,373,050.00 |
| II. Capital reserves | 18,164,770.80 | 17,995,667.26 |
| III. Revenue reserves | | |
| Legal reserve | 14,268.80 | 14,268.80 |
| IV. Consolidated unappropriated net loss | -27,955,234.51 | -20,854,536.50 |
| | 7,134,160.09 | 12,528,449.56 |
| V. Non-controlling interests | -446,336.36 | -399,975.63 |
| | 6,687,823.73 | 12,128,473.93 |
| B. PROVISIONS | | |
| 1. Tax provisions | 4,189.00 | 8,003.11 |
| 2. Other provisions | 485,061.35 | 645,148.90 |
| | 489,250.35 | 653,152.01 |
| C. LIABILITIES | | |
| 1. Liabilities to banks | 9,401,713.83 | 2,650,132.93 |
| 2. Advance payments received on orders | 25,325,389.19 | 2,844,118.40 |
| 3. Trade payables | 1,525,313.62 | 1,768,839.76 |
| 4. Other liabilities | 2,221,720.01 | 1,062,719.24 |
| - of which taxes EUR 420,445.35 (previous year: EUR 366,443.29) | | |
| | 38,474,136.65 | 8,325,810.33 |
| | 45,651,210.73 | 21,107,436.27 |

CONSOLIDATED INCOME STATEMENT

for the period from 1 January to 31 December 2020

| | 01/01-31/12/2020 | 01/01-31/12/2019 |
|--|-----------------------|-----------------------|
| | EUR | EUR |
| 1. Revenue | 7,821,452.21 | 28,745,965.27 |
| 2. Increase or decrease in finished goods and work in progress | 13,693,129.95 | -7,070,992.35 |
| 3. Other own work capitalized | 763,695.22 | 214,464.44 |
| 4. Other operating income | 508,736.88 | 2,642,935.25 |
| 5. Cost of materials | | |
| Cost of purchased services | 19,960,671.09 | 11,975,724.95 |
| 6. Personnel expenses | | |
| a) Wages and salaries | 3,755,981.11 | 4,973,216.52 |
| b) Social security, post-employment and other employee benefit costs | 662,306.58 | 755,591.74 |
| - of which from post-employment benefit costs | | |
| EUR 11,803.44 (previous year: EUR 11,919.75) | | |
| | 4,418,287.69 | 5,728,808.26 |
| 7. Depreciation, amortization and extraordinary write-downs | 1,723,012.20 | 11,864,909.73 |
| 8. Other operating expenses | 3,818,216.28 | 3,514,167.91 |
| 9. Other interest and similar income | 2.01 | 0.00 |
| 10. Interest and similar expenses | 21,031.74 | 2,696.71 |
| 11. Taxes on income | -7,144.00 | -666,828.70 |
| - of which deferred taxes | | |
| EUR 0.00 (previous year: EUR 693,930.00) | | |
| 12. Earnings after taxes | -7,147,058.73 | -7,887,106.25 |
| 13. Consolidated net loss for the year | -7,147,058.73 | -7,887,106.25 |
| 14. Non-controlling interests in net result | 46,360.72 | 158,436.48 |
| 15. Consolidated net loss | -7,100,698.01 | -7,728,669.77 |
| 16. Consolidated net loss carried forward | -20,854,536.50 | -13,125,866.73 |
| 17. Consolidated unappropriated net loss | -27,955,234.51 | -20,854,536.50 |

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2020

| | 2020 | 2019 |
|--|----------------|---------------|
| | EUR thousand | EUR thousand |
| Operating activities | | |
| 1. Consolidated net loss for the year | -7,147 | -7,887 |
| 2. + Depreciation, amortization and extraordinary write-downs of fixed assets | 1,723 | 11,865 |
| 3. + Increase in provisions (not including tax provision) | -160 | -208 |
| 4. - Decrease in inventories, trade receivables and other assets not attributable to investing or financing activities | -10,616 | 9,996 |
| 5. + Increase in trade payables and other liabilities not attributable to investing or financing activities | 24,872 | -11,594 |
| 6. + Loss on fixed asset disposals | 304 | 61 |
| 7. +/- Interest result | 20 | 3 |
| 8. +/- Taxes on income | -7 | -7 |
| 9. - Income tax payments | 5 | -154 |
| 10. = Cash flow from operating activities | 8,994 | 2,075 |
| Investing activities | | |
| 11. + Proceeds from disposals of intangible assets | 0 | 2 |
| 12. - Payments for investments in intangible fixed assets | -15,971 | -9,419 |
| 13. + Payments for investments in tangible fixed assets | -4 | -15 |
| 14. = Cash flow from investing activities | -15,975 | -9,432 |
| Financing activities | | |
| 15. + Receipts from additions to equity by shareholders | 1,706 | 2,893 |
| 16. - Disbursements for the acquisition of minority interests | 0 | -1 |
| 17. + Proceeds from the issuance of debt | 2,000 | 0 |
| 18. - Interest paid | -20 | -3 |
| 19. = Cash flow from financing activities | 3,686 | 2,889 |
| 20. Net change in cash and cash equivalents | -3,295 | -4,468 |
| 21. Cash and cash equivalents at start of period | 4,565 | 9,033 |
| 22. Cash and cash equivalents at end of period | 1,270 | 4,565 |
| Composition of cash and cash equivalents at end of fiscal year | | |
| Cash-in-hand, bank balances | 7,195 | 7,215 |
| Bank overdrafts repayable at any time | -5,925 | -2,650 |
| Cash funds at end of fiscal year | 1,270 | 4,565 |

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

as at 31 December 2020

EUR

| | Balance carried forward 01/01/2020 | Additions | Disposals |
|--|--|----------------------|-------------------|
| FIXED ASSETS | | | |
| I. Intangible assets | | | |
| 1. Internally generated industrial property rights and similar rights and assets | 60,116,468.45 | 273,898.66 | 0.00 |
| 2. Acquired concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets | 1,355,311.20 | 358,226.54 | 0.00 |
| 3. Goodwill | 177,710.47 | 0.00 | 0.00 |
| 4. Advance payments on internally generated industrial rights and similar rights and assets | 3,224,232.20 | 15,338,563.51 | 304,003.75 |
| - of which interest on loans | 25,711.69 | 0.00 | 0.00 |
| Total intangible assets | 64,873,722.32 | 15,970,688.71 | 304,003.75 |
| II. Tangible fixed assets | | | |
| 1. Technical equipment and machinery | 170,797.81 | 3,560.51 | 0.00 |
| 2. Other equipment, operating and office equipment | 250,994.21 | 765.44 | 765.44 |
| Total tangible fixed assets | 421,792.02 | 4,325.95 | 765.44 |
| Total fixed assets | 65,295,514.34 | 15,975,014.66 | 304,769.19 |

| Cost | Depreciation, amortization and extraordinary write-downs | | | | Carrying amounts | |
|----------------------|--|--|---------------|----------------------|---------------------|----------------------|
| | As at 31/12/2020 | Balance carried forward 01/01/2020 | Additions | Disposals | As at 31/12/2020 | As at 31/12/2019 |
| 60,390,367.11 | 58,013,515.45 | 1,423,619.66 | 0.00 | 59,437,135.11 | 2,102,953.00 | 953,232.00 |
| 1,713,537.74 | 1,012,231.72 | 239,999.54 | 0.00 | 1,252,231.26 | 343,079.48 | 461,306.48 |
| 177,710.47 | 18,403.99 | 17,771.05 | 0.00 | 36,175.04 | 159,306.48 | 141,535.43 |
| 18,258,791.96 | 0.00 | 0.00 | 0.00 | 0.00 | 3,224,232.20 | 18,258,791.96 |
| 25,711.69 | 0.00 | 0.00 | 0.00 | 0.00 | 25,711.69 | 25,711.69 |
| 80,540,407.28 | 59,044,151.16 | 1,681,390.25 | 0.00 | 60,725,541.41 | 5,829,571.16 | 19,814,865.87 |
| 174,358.32 | 138,978.81 | 20,651.51 | 0.00 | 159,630.32 | 31,819.00 | 14,728.00 |
| 250,994.21 | 117,908.21 | 20,970.44 | 765.44 | 138,113.21 | 133,086.00 | 112,881.00 |
| 425,352.53 | 256,887.02 | 41,621.95 | 765.44 | 297,743.53 | 164,905.00 | 127,609.00 |
| 80,965,759.81 | 59,301,038.18 | 1,723,012.20 | 765.44 | 61,023,284.94 | 5,994,476.16 | 19,942,474.87 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2020

| | Subscribed capital | Reserves | | |
|---------------------------------------|----------------------|----------------------|------------------|----------------------|
| | | Capital reserves | Legal reserves | Total reserves |
| Balance as at 1 January 2019 | 13,975,500.00 | 16,499,606.84 | 14,268.80 | 16,513,875.64 |
| Capital increase in cash | 1,397,550.00 | 1,495,378.50 | 0.00 | 1,495,378.50 |
| Acquisition of shares | 0.00 | 681.92 | 0.00 | 681.92 |
| Consolidated net loss for the year | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as at 31 December 2019 | 15,373,050.00 | 17,995,667.26 | 14,268.80 | 18,009,936.06 |
| Balance as at 1 January 2020 | 15,373,050.00 | 17,995,667.26 | 14,268.80 | 18,180,436.06 |
| Capital increase in cash | 1,537,305.00 | 169,103.55 | 0.00 | 169,103.55 |
| Other adjustments | 0.00 | -0.01 | 0.00 | -0.01 |
| Consolidated net loss for the year | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as at 31 December 2020 | 16,910,355.00 | 18,164,770.80 | 14,268.80 | 18,179,039.60 |

| Parent Company | | Minority shareholders• | | | Consolidated equity |
|------------------------|---|-------------------------------------|--|---------------------------------|----------------------|
| Result carried forward | Equity attributable to the parent company | Non-controlling interests in equity | Losses attributable to non-controlling interests | Total non-controlling interests | |
| -13,125,866.72 | 17,363,508.92 | -192,956.26 | -46,650.98 | -239,607.24 | 17,123,901.68 |
| 0.00 | 2,892,928.50 | 0.00 | 0.00 | 0.00 | 2,892,928.50 |
| 0.00 | 681.92 | -1,931.92 | 0.00 | -1,931.92 | -1,250.00 |
| -7,728,669.78 | -7,728,669.78 | 0.00 | -158,436.48 | -158,436.48 | -7,887,106.26 |
| -20,854,536.50 | 12,528,449.56 | -194,888.18 | -205,087.46 | -399,975.64 | 12,128,473.92 |
| -20,854,536.50 | 12,528,449.56 | -194,888.18 | -205,087.46 | -399,975.64 | 12,128,473.92 |
| 0.00 | 1,706,408.55 | 0.00 | 0.00 | 0.00 | 1,706,408.55 |
| 0.00 | -0.01 | 0.00 | 0.00 | 0.00 | -0.01 |
| -7,100,698.01 | -7,100,698.01 | 0.00 | -46,360.72 | -46,360.72 | -7,147,058.73 |
| -27,955,234.51 | 7,134,160.09 | -194,888.18 | -251,448.18 | -446,336.36 | 6,687,823.73 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

GENERAL DISCLOSURES

The company is entered under the corporate name of PANTAFLIX AG ("PANTAFLIX" or the "PANTAFLIX Group") in the commercial register of the Munich District Court under commercial register sheet number 235252. Its address is: PANTAFLIX AG, Holzstraße 30, 80469 Munich, Germany.

In preparing its consolidated financial statements, PANTAFLIX observes the provisions in recognition, measurement and disclosure set out in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

Where there is an option to make disclosures in the balance sheet or in the notes to the financial statements, the option was taken to disclose in the notes to the financial statements.

The income statement was prepared using the nature of expense method.

The company's shares have been listed in Deutsche Börse's "Scale" segment since 1 March 2017.

In accordance with Section 293 HGB, PANTAFLIX AG is exempt from the obligation to prepare consolidated financial statements. These consolidated financial statements are prepared on a voluntary basis.

CONSOLIDATION METHODS AND CONSOLIDATED GROUP

The consolidated group encompasses all subsidiaries in which PANTAFLIX AG holds a majority of the voting rights, either directly or indirectly.

FULLY CONSOLIDATED COMPANIES

The consolidated financial statements include the parent company PANTAFLIX AG and the following subsidiaries:

| COMPANY | EQUITY INTEREST IN % |
|--|----------------------|
| PANTALEON Films GmbH, Munich | 100.00 |
| PANTAFLIX Studios GmbH, Munich, Berlin, Stuttgart (formerly March & Friends GmbH, Munich) | 100.00 |
| PANTALEON Pictures GmbH, Munich | 100.00 |
| PANTAFLIX Technologies GmbH, Berlin | 100.00 |
| PantaSounds GmbH, Berlin | 57.50 |
| Creative Cosmos 15 GmbH, Munich, Berlin | 56.00 |
| The Special Squad UG* | 100.00 |

*wholly-owned subsidiary of PANTALEON Films GmbH

CONSOLIDATION METHODS

The fiscal year of the Group and all its consolidated entities is the calendar year, as a consequence of which the reporting date of the separate financial statements of all entities included in the consolidated financial statements is the same as the reporting date of the consolidated financial statements.

Capital is consolidated applying the revaluation method. Accordingly, the acquisition costs of investments are offset against the fair value of the acquired assets and liabilities under disclosure of all hidden reserves, including those attributable to non-controlling interests, at the date of the acquisition of the shares. Increases or decreases in interests in subsidiaries are recognized directly in equity.

Receivables, liabilities, and other obligations between consolidated entities are offset against each other. Internal revenues and other income from relationships between consolidated entities are offset against attributable expenses, unless these are of only subordinate importance for the presentation of a true and fair view of the Group's results of operations.

Profits from intra-Group business relationships and services are eliminated, unless they are of subordinate importance for the Group.

NOTES TO THE BALANCE SHEET

The financial statements of the companies included in the consolidated financial statements of the parent company were prepared in accordance with uniform accounting policies. The separate financial statements included in consolidation were prepared in euros.

The accounting policies applied to the consolidated financial statements were retained unchanged from the previous year.

Deferred tax assets and liabilities are recognized on differences between the measurement of assets and liabilities for consolidation and their tax bases, provided the differences can be classified as temporary and are not only of subordinate importance.

FIXED ASSETS

Fixed assets are carried at cost less depreciation and amortization in accordance with the useful lifespan of the respective assets.

The Company's own films and co-productions completed during the year reported are capitalized at cost within internally generated industrial rights and similar rights and assets, provided the probability of the actual creation of an asset is at least high as of the reporting date. In particular, cost includes the individually attributable costs of the use of goods and services. In addition, interest is recognized for borrowings that are utilized in order to finance production, provided the interest is attributable to the production period. Internally generated industrial rights and similar rights and assets are amortized applying the unit of production method.

Intangible fixed assets purchased from third parties are capitalized at cost and amortized straight-line according to their expected useful lives (pro rata temporis in the year of acquisition). Purchased IT programs are amortized over a normal useful operating life of three years. When the fair values of individual intangible fixed assets are lower than their carrying amounts, impairment is recognized if it is expected to be permanent.

Advance payments for internally generated industrial rights and similar rights and assets comprise co-productions that are not yet complete. These are capitalized at cost of production. In particular, cost includes the individually attributable costs of the use of goods and services.

Tangible fixed assets are measured at cost less straight-line depreciation. Depreciation on acquisitions of tangible fixed assets is recognized pro rata temporis. The useful lives of technical equipment and machinery and operating and office equipment range between two and 13 years. When the fair values of individual assets are lower than their carrying amounts, impairment is recognized if it is expected to be permanent.

The first-time consolidation of Creative Cosmos 15 GmbH in 2018 resulted in goodwill of EUR 178 thousand. This goodwill arises from the offsetting of the acquisition costs for the shares in Creative Cosmos 15 GmbH against the fair value of the assets and liabilities assumed at the time of initial consolidation, and represents the Management's ability to realize appreciation potential, expand the sales network and capitalize on the resulting enhanced exploitation opportunities for the Group. As the expected useful life cannot be sufficiently determined, it is amortized over a useful life of ten years in accordance with the provisions of German commercial law.

The attached statement of changes in fixed assets shows the changes in individual items of fixed assets and the depreciation and amortization for the fiscal year.

INVENTORIES

Work in progress is measured at cost in accordance with the German Commercial Code (HGB). Production costs and ancillary production costs include directly attributable material and production costs, overheads, general administrative expenses, and social security benefits. In addition, interest is recognized for borrowings that are utilized in order to finance production, provided the interest is attributable to the production period.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets are measured at the lower of their nominal value or fair value on the reporting date, including all identifiable risks. Current receivables and liabilities denominated in foreign currencies are translated at the mid spot exchange rate on the reporting date.

CASH ON HAND AND CREDIT BALANCES WITH BANKS

Cash-in-hand and bank balances are reported at their nominal amount.

PREPAID EXPENSES

Prepaid expenses are payments made before the reporting date that constitute expenditure for a certain period after this date.

EQUITY

The Company's share capital is carried at nominal value.

PROVISIONS

Provisions are formed for contingent liabilities and take all identifiable, reportable risks into account. They are carried at the settlement amount deemed necessary by prudent business judgment. The term of each provision is less than one year, so provisions are not discounted.

LIABILITIES

Liabilities are carried at their settlement amount.

DEFERRED TAXES

Deferred taxes result from differences between the carrying amounts in the trade accounts and the tax accounts as well as from tax loss carryforwards, provided they are expected to reverse

in subsequent fiscal years. Deferred taxes are calculated on the basis of an effective tax rate of 31.54% (15.825% for corporation tax including solidarity surcharge and 15.715% for trade tax), which is expected to arise on the date when the differences reverse. Deferred tax assets and liabilities are offset against each other. Due to loss carryforwards existing as of 31 December 2020, a surplus of deferred tax assets exists which is not recognized in accordance with the option under Section 274 (1) of the German Commercial Code (HGB).

DISCLOSURES AND NOTES ON INDIVIDUAL ITEMS OF THE CONSOLIDATED BALANCE SHEET

Intangible assets include borrowing costs of EUR 117 thousand (2019: EUR 126 thousand) capitalized as costs of production in the reporting year.

All receivables and other assets are due within one year, as in the previous year.

Other provisions relate mainly to outstanding invoices. Furthermore, costs for the preparation and auditing of the financial statements as well as holiday accruals are reported.

The liabilities report the following remaining terms:

| 2020 in EUR (2019 in EUR thousand) | Total | less than 1 year | 1 - 5 years | more than 5 years |
|------------------------------------|------------------------------------|------------------------------------|-------------------------------|--------------------------|
| Liabilities to banks | 9,401,714 (2019: 2,650) | 7,401,714 (2019: 4,870) | 2,000,000 (2019: 0) | 0.00 (2019: 0) |
| Prepayments received on orders | 25,325,389 (2019: 2,844) | 24,325,389 (2019: 2,844) | 1,000,000 (2019: 0) | 0.00 (2019: 0) |
| Trade payables | 1,525,314 (2019: 1,769) | 1,525,314 (2019: 1,769) | 0.00 (2019: 0) | 0.00 (2019: 0) |
| Other liabilities | 2,221,720 (2019: 1,063) | 2,221,720 (2019: 1,063) | 0.00 (2019: 0) | 0.00 (2019: 0) |
| Total | 38,474,137 (2019: 8,326) | 35,474,137 (2019: 8,326) | 3,000,000 (2019: 0) | 0.00 (2019: 0) |

Bank balances of EUR 100 thousand are restricted as of 31 December 2020.

NOTES TO THE INCOME STATEMENT

The Group's revenues are generated primarily from the exploitation and sale of copyrights to film titles.

The following overview includes a reconciliation between the tax expense calculated applying German tax rates, and the tax expense in these financial statements:

| EUR thousand | 2020 |
|--|--------|
| Result before income taxes | -7,154 |
| Expected income taxes | -2,282 |
| Reconciliation | |
| Non-deductible expenses | 9 |
| Non-capitalized deferred taxes on temporary differences and loss carryforwards | 2,266 |
| Reported tax income | -7 |

The Group income tax rate is 31.9%.

DISCLOSURES ON CAPITAL SUBSCRIBED CAPITAL

The Company's subscribed capital was increased by EUR 1,537,305.00 in the year under review from EUR 13,373,500.00

to EUR 16,910,355.00 through a capital increase and is divided into 16,910,355 bearer shares in the form of no-par value shares.

CONTINGENT CAPITAL

The Annual General Meeting on 10 December 2020 passed a resolution to partially cancel Contingent Capital 2017/I and Contingent Capital 2018/II, and to increase Contingent Capital 2019/I. By resolution of the Annual General Meeting on 19 July 2017, and cancellation by resolution of 10 December 2020, the Company's share capital was conditionally increased by EUR 55,000 (Contingent Capital 2017/I).

The Company's share capital was conditionally increased by EUR 6,149,220.00 by resolution of the Annual General Meeting on 25 July 2018, and by resolution of 23 July 2019 (Contingent Capital 2018/I).

By resolution of the Annual General Meeting on 25 July 2018, and cancellation by resolution of 10 December 2020, the company's share capital was conditionally increased by EUR 896,000.00 (Contingent Capital 2018/II).

By resolution of the Annual General Meeting on 23 July 2019, and increase by resolution of 10 December 2020, the Company's share capital was conditionally increased by EUR 586,305.00 (Contingent Capital 2019/I).

AUTHORISED CAPITAL

On 10 December 2020, the Annual General Meeting resolved to cancel Authorized Capital 2019 and create Authorized Capital 2020.

By resolution of the Annual General Meeting on 10 December 2020, the Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions in the period up to 9 December 2025 by a total of up to EUR 78,455,177 in return for cash capital contributions and/or non-cash capital contributions (Authorized Capital 2020/I), and in doing so can exclude shareholders' subscription rights.

CAPITAL RESERVES

The capital reserves increased from EUR 17,995,667.26 to EUR 18,164,770.80 in the year under review due to a capital increase.

OTHER DISCLOSURES**MANAGEMENT BOARD**

■ NICOLAS SEBASTIAN PAALZOW, businessman, Munich

With reference to Section 286 (4) of the German Commercial Code (HGB), the total remuneration of the Management Board is not disclosed.

SUPERVISORY BOARD

■ MARCUS BORIS MACHURA, attorney, self-employed, Chairman of the Supervisory Board

■ MARC SCHÖNBERGER, attorney/partner in the law firm and notary's office of Schönberger & Dielmann, Deputy Chairman

■ KLEMENS HALLMANN, Managing Director of HALLMANN HOLDING International Investment GmbH

The total remuneration of the members of the Supervisory Board for 2020 amounts to EUR 89,062.50.

NUMBER OF EMPLOYEES

The average number of employees in the year under review was 143 (2019: 113).

EMPLOYEE OPTIONS

As at 31 December 2020, the Company had issued 1,209,000 options from the 2017, 2018 and 2019 stock option programs for the acquisition of no-par value shares in the Company. The options can be exercised for the first time after a vesting period of four years from the respective issue date. The options issued under the stock option program can only be exercised within five years of first becoming exercisable.

TOTAL FEE FOR THE AUDITOR OF THE FINANCIAL STATEMENTS

The total auditor's fee for the past fiscal year amounts to EUR 43 thousand and includes all audit services.

OTHER FINANCIAL OBLIGATIONS

Other financial obligations exist amounting to EUR 412 thousand, particularly from rental agreements, of which EUR 221 was due in 2021.

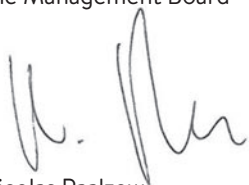
PROPOSAL FOR THE APPROPRIATION OF PROFITS

The Management Board proposes to carry forward the parent company's result to a new account.

Events of particular significance after the end of the fiscal year (Section 285 No. 33 HGB)

The global market environment in the 2021 fiscal year is once again characterized by the COVID-19 pandemic and associated developments. At this point in time, an end to this uncertainty cannot be reliably determined.

Munich, 4 June 2021
The Management Board

A handwritten signature in black ink, appearing to read 'N. Paalzow', written over a light blue horizontal line.

Nicolas Paalzow

AUDIT OPINION OF THE INDEPENDENT AUDITORS

AUDIT OPINION

We have audited the consolidated financial statements of PANTAFLIX AG; München, consisting of the consolidated balance sheet, the consolidated income statement, the notes to the consolidated financial statements, which provide a summary of significant accounting policies, the consolidated statement of cash flows and the consolidated statement of changes in equity for the business year from January 1 to December 31, 2020. Further we have audited the group management report of PANTAFLIX AG, München, for the business year from January 1 to December 31, 2020.

The inclusion of the accounting records in the audit of the consolidated financial statements in accordance with § 317 (1) sentence 1 HGB and the audit of the group management report are additional legal requirements that go beyond those of the International Standards on Auditing.

Our audit conducted in accordance with § 317 HGB has not led to any objectives.

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the group as of December 31, 2020 and of its results of operations for the fiscal year from January 1, 2020 to December 31, 2020 in accordance with generally accepted accounting principles and
- the attached group management report overall gives a true and fair view of the position of the group. In all material respects this group management report is consistent with the consolidated financial statements, complies with the legal provisions and suitably presents the opportunities and risks of future development.

In accordance with § 322 III 1 HGB, we hereby declare that our audit did not give rise to any objections to the consolidated financial statements and the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the group management report in accordance with § 317 HGB and international auditing standards (ISA). Our responsibility in accordance with these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" of our audit opinion. We are independent of the group company in accordance with German commercial law and professional regulations and have performed our other German professional duties in accordance with these requirements. 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 the group management report.

OTHER INFORMATION

The legal representatives of the parent company are responsible for the other information.

The other information includes

- The other parts of the annual report, with the exception of the audited consolidated financial statements and on the group management report as well as our auditor's report.

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 LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The legal representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with German generally accepted accounting principles and in all material respects comply with the requirements of German commercial law applicable to corporations, and for the presentation of a true and fair view of the net assets, financial position and results of operations of the group in accordance with German

generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles 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 legal representatives are responsible for assessing the group's ability to continue as a going concern. They also have a responsibility to report matters relating to the continuing operation of the group, if relevant. In addition, they are responsible for accounting for the continuation of operations on the basis of the accounting principle, unless there are factual or legal grounds to the contrary.

Furthermore, management is 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.

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.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objective is to obtain reasonable assurance 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 financial position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the 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 International Standards (ISA) will always detect a material misstatement. Misstatements may result from fraud or error and

are considered material if it is reasonably expected that they will affect, individually or in aggregate, the economic decisions of users made on the basis of these consolidated financial statements and the group management report.

As part of our audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism.

In addition

- we identify and evaluate the risks of material misstatement, whether intentional or not, of the consolidated financial statements and of the group management report, plan and perform audit procedures in response to those risks and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements will not be detected is greater in the case of violations than in the case of inaccuracies, as violations may involve fraudulent interaction, falsification, intentional incompleteness, misrepresentation or the termination of internal control.
- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of accounting estimates made, and related disclosures made.
- we draw conclusions about the appropriateness of the accounting principles applied by the legal representatives for the continuation of the group's activities and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances that could raise significant doubts about the group's ability to continue as a going concern. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may lead the company not being able to continue as going concern.

- we evaluate, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, as well as whether the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German generally accepted accounting principles, are appropriate.
- we 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.
- we perform procedures on the prospective information presented by management in the group management report. On the basis of sufficient audit evidence, we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings of the audit, including any significant deficiencies in the internal control system, that we identify during our audit.”

Frankfurt am Main, June 4, 2021

VOTUM AG
Wirtschaftsprüfungsgesellschaft (Accounting Firm)
Steuerberatungsgesellschaft (Tax Consulting Firm)

gez. Lehnert
Auditor

gez. Leoff
Auditor

SEPARATE FINANCIAL STATEMENTS OF PANTAFLIX AG

as at 31 December 2020

| ASSETS | | 31/12/2020 | 31/12/2019 |
|--|---------------|----------------------|----------------------|
| | EUR | EUR | EUR |
| A. FIXED ASSETS | | | |
| I. Intangible assets | | | |
| 1. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets | | 84,399.48 | 90,847.48 |
| II. Tangible fixed assets | | | |
| 1. Technical equipment and machinery | 7,452.00 | | 12,106.00 |
| 2. Other equipment, operating and office equipment | 73,839.00 | 81,291.00 | 88,521.00 |
| III. Financial assets | | | |
| 1. Shares in affiliated companies | | 12,804,731.32 | 12,804,731.32 |
| B. CURRENT ASSETS | | | |
| I. Receivables and other assets | | | |
| 1. Trade receivables | 42,038.59 | | 44,947.77 |
| 2. Receivables due from affiliated companies | 11,176,031.13 | | 8,728,137.73 |
| 3. Other assets | 83,061.35 | 11,301,131.07 | 80,069.16 |
| II. Cash on hand, Bundesbank balances, bank balances and cheques | | 1,876,683.84 | 3,663,209.43 |
| C. PREPAID EXPENSES | | 63,711.24 | 111,730.04 |
| | | 26,211,947.95 | 25,624,299.93 |

| EQUITY AND LIABILITIES | EUR | 31/12/2020 EUR | 31/12/2019 EUR |
|---|------------|----------------------|----------------------|
| A. EQUITY | | | |
| I. Subscribed capital | | 16,910,355.00 | 15,373,050.00 |
| II. Capital reserves | | 18,118,982.05 | 17,949,878.50 |
| III. Revenue reserves | | | |
| 1. Legal reserve | | 14,268.80 | 14,268.80 |
| IV. Loss carried forward | | -8,109,408.26 | -5,962,580.54 |
| V. Net loss incurred for the year | | -1,104,826.11 | -2,146,827.72 |
| B. PROVISIONS | | | |
| 1. Other provisions | | 151,662.00 | 111,696.00 |
| C. LIABILITIES | | | |
| 1. Liabilities to banks | 1,694.04 | | 9,651.21 |
| 2. Trade payables | 112,905.49 | | 95,449.86 |
| 3. Verbindlichkeiten gegenüber verbundenen Unternehmen | 406.42 | | 77,892.60 |
| 3. Liabilities due to affiliated companies | 115,908.52 | 230,914.47 | 101,821.22 |
| - of which from taxes EUR 65,565.37 (previous year: EUR 40,425.75) | | | |
| | | 26,211,947.95 | 25,624,299.93 |

INCOME STATEMENT

for the period from 1 January to 31 December 2020

| | EUR | <u>01/01 – 31/12/2020</u> | <u>01/01 – 31/12/2019</u> |
|---|-------------------|---------------------------|---------------------------|
| | | EUR | EUR |
| 1. Revenue | | 1,822,320.21 | 1,301,787.29 |
| 2. Other operating income | | 17,954.88 | 28,735.41 |
| 3. Cost of materials | | | |
| Cost of purchased services | | 90,761.65 | 158,987.46 |
| 4. Personnel expenses | | | |
| a) Wages and salaries | 1,471,853.35 | | 1,915,471.56 |
| b) Social security contributions and expenses for pensions and other employee benefits | <u>208,334.80</u> | 1,680,188.15 | 190,252.17 |
| 5. Depreciation, amortization and extraordinary write-downs | | 27,803.43 | 37,777.99 |
| 6. Other operating expenses | | 1,438,405.06 | 1,383,289.74 |
| 7. Other interest and similar income | | <u>292,057.09</u> | <u>208,428.50</u> |
| - of which from affiliated companies | | | |
| EUR 292,057.09 (previous year: EUR 208,428.50) | | | |
| 8. Earnings after taxes | | <u>-1,104,826.11</u> | <u>-2,146,827.72</u> |
| 9. Net loss incurred for the year | | <u>1,104,826.11</u> | <u>2,146,827.72</u> |

AUDIT OPINION OF THE INDEPENDENT AUDITORS

AUDIT OPINION

We have audited the annual financial statements of PANTAFLIX AG; München, consisting of the balance sheet, the income statement, the notes to the annual financial statements, which provide a summary of significant accounting policies, for the business year from January 1 to December 31, 2020.

The inclusion of the accounting records in the audit of the annual financial statements in accordance with § 317 (1) sentence 1 HGB are additional legal requirements that go beyond those of the International Standards on Auditing.

Our audit conducted in accordance with § 317 HGB has not led to any objectives.

In our opinion, based on the findings of our audit,

- the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the company as of December 31, 2020 and of its results of operations for the fiscal year from January 1, 2020 to December 31, 2020 in accordance with generally accepted accounting principles.

In accordance with § 322 III 1 HGB, we hereby declare that our audit did not give rise to any objections to the annual financial statements.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements in accordance with § 317 HGB and international auditing standards (ISA). Our responsibility in accordance with these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements" of our audit opinion. We are independent of the company in accordance with German commercial law and professional regulations and have performed our other German professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements.

OTHER INFORMATION

The legal representatives of the company are responsible for the other information.

The other information includes

- The other parts of the annual report, with the exception of the audited annual financial statements and on the company management report as well as our auditor's report.

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 annual financial statements or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS

The legal representatives are responsible for the preparation and fair presentation of the annual financial statements in accordance with German generally accepted accounting principles and in all material respects comply with the requirements of German commercial law applicable to corporations, and for the presentation of a true and fair view of the net assets, financial position and results of operations of the company in accordance with German generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They also have a responsibility to report matters relating to the continuing operation of the company, if relevant. In addition, they are responsible for accounting for the continuation of operations on the basis of the accounting principle, unless there are factual or legal grounds to the contrary.

The supervisory board is responsible for overseeing the company's financial reporting process for the preparation of the annual financial statements.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our objective is to obtain reasonable assurance whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with § 317 HGB and International Standards (ISA) will always detect a material misstatement. Misstatements may result from fraud or error and are considered material if it is reasonably expected that they will affect, individually or in aggregate, the economic decisions of users made on the basis of these annual financial statements.

As part of our audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism.

In addition

- we identify and evaluate the risks of material misstatement, whether intentional or not, of the annual financial statements and of the company management report, plan and perform audit procedures in response to those risks and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements will not be detected is greater in the case of violations than in the case of inaccuracies, as violations may involve fraudulent interaction, falsification, intentional incompleteness, misrepresentation or the termination of internal control.
- we obtain an understanding of the internal control system relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the company management report, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.

- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of accounting estimates made, and related disclosures made.

- we draw conclusions about the appropriateness of the accounting principles applied by the legal representatives for the continuation of the company's activities and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances that could raise significant doubts about the company's ability to continue as a going concern. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may lead the company not being able to continue as going concern.

- we evaluate, the overall presentation, structure and content of the annual financial statements, including the disclosures, as well as whether the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German generally accepted accounting principles, are appropriate.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings of the audit, including any significant deficiencies in the internal control system, that we identify during our audit."

Frankfurt am Main, June 4, 2021

VOTUM AG
Wirtschaftsprüfungsgesellschaft (Accounting Firm)
Steuerberatungsgesellschaft (Tax Consulting Firm)

gez. Lehnert
Auditor

gez. Leoff
Auditor

FINANCIAL CALENDAR 2021

24 June 2021

Annual report 2020

26 August 2021

Annual General Meeting, virtual

October 2021

Half-Year Report 2021

NOTE ON LIABILITY

PANTAFLIX

PUBLISHED BY
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This is a translation of the German “Geschäftsbericht 2020“ of PANTAFLIX AG. Sole authoritative and universally valid version is the German language document.