

PANTAFLIX

ANNUAL REPORT

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2021

# ABOUT PANTAFLIX AG

PANTAFLIX AG is a broad-based entertainment company with its focus on creation and the production of content for films and series. Users can consume this content through all conventional distribution channels – both in traditional movie theaters or on linear TV as well as digitally through streaming. Here PANTAFLIX collaborates with prestigious partners such as Warner Bros., Disney, Netflix, Amazon, StudioCanal, Sky (Studios) or Joyn.

Besides the traditional film production business of PANTALEON Films, the production unit PANTAFLIX Studios, the creative agency Creative Cosmos 15 and the audio production unit Pan-taSounds, PANTAFLIX Technologies also forms part of the Group. This is the tech player behind the video-on-demand platform [pantaflix.com](http://pantaflix.com). PANTAFLIX Technologies is becoming increasingly successful at establishing its streaming solution for professional providers as part of its entertainment-as-a-service approach.

The Group is represented in Munich, Berlin and Stuttgart.

PANTAFLIX AG is listed on the Frankfurt Securities Exchange under the XETRA symbol PAL and the ISIN DE000A12UPJ7.

You can obtain further information at [www.pantaflixgroup.com](http://www.pantaflixgroup.com).

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# DEAR SHAREHOLDERS,

The past financial year was a successful one for us. We had big plans for 2021 and we can now state clearly that we achieved the goals we set ourselves. In spite of persistent turbulence surrounding the coronavirus pandemic, we kept our promise to the capital markets. This pleasing development is the result of our outstanding team: our PANTAFamily. At this juncture, we would like to convey our thanks to all our employees for their passionate commitment in extraordinary times. This special dedication not only unites our team but also shows that we are a reliable partner to all our stakeholders.

After the coronavirus year of 2020, we are back on track in operational terms. In financial year 2021, PANTAFLIX AG generated sales of EUR 42.6 million following on from EUR 7.8 million in the previous year. This significant increase results essentially from the fact that appreciably more film and series projects were completed in the reporting year than in the preceding year. A significant share of the sales is accounted for by the film *ARMY OF THIEVES*, produced exclusively for Netflix. Total operating performance plus other operating income rose accordingly to EUR 32.6 million (2020: EUR 22.8 million). Earnings before interest and taxes (EBIT) improved to EUR -1.9 million following EUR -7.1 million and was thus within the forecast range (EUR -2.5 million to operating break-even).

We continuously evaluate our activities and make any strategic, operational and financial adjustments required. This also includes realigning our subsidiary PANTAFLIX Technologies. Our idea as well as the technology of our VoD platform were promising, and the international roll-out and content offerings from partnerships proceeded encouragingly. Nevertheless, we were not able to meet our growth expectations in spite of targeted investments in marketing and personnel. However, we were able from the outset to win customers for our B2B2C streaming services with our flexible and powerful VoD platform technology. Today, we are generating sales in this attractive niche as a full-service provider of technology, platform operation, customer support and content provision. However, it is also true to say that we will not be able to achieve the sales originally budgeted to the extent or within the time-frame envisaged. For this reason, we decided to recognize non-cash impairment losses of EUR 12 million for our subsidiary PANTAFLIX Technologies in the separate financial statements of PANTAFLIX AG.



Stephanie Schettler-Köhler  
COO

Nicolas Paalzow  
CEO

## REFOCUSING ON STRENGTHS – REFINING OUR VISION

Our strengths lie in the field of entertainment – and here in particular in realizing popular film and series productions. With our content-centric spheres of business, we address the potential of a dynamic overall market and at the same time draw on the strengths of our company DNA.

Refocusing on our strengths puts the potential of our subsidiaries at the heart of our strategy. The concept is to give the greatest possible autonomy to PANTALEON Films, PANTAFLIX Studios, PANTAFLIX Technologies, PantaSounds and Creative Cosmos 15 (CC15). The overarching 360 degree approach will collate the activities of the individual companies, allowing us to cover a large section of the value chain in the entertainment sector.

This strategic focus will be linked to specific actions – for example, in the reporting structure. The PANTAFLIX Group is reporting in so-called business units for the first time in financial 2021. These business units correspond to the particular markets addressed by our subsidiaries. For example, from now on, the activities in the film and series business of PANTALEON Films, PANTAFLIX Studios and PANTALEON Pictures will be reported in the management report under Production. All the business activities of CC15 and PantaSounds are pooled under Adjacent Business while the business of PANTAFLIX Technologies is reported in the Platform section. The Administration business unit comprises all the activities of PANTAFLIX AG in its function as a holding company. We associate several benefits with reporting in business units.

On the one hand, we are increasing transparency for investors giving them a comprehensive view of the development of PANTAFLIX AG as a whole. On the other, we are establishing a reporting structure with clear lines of responsibility, thereby promoting our focus on performance and results.

Since August 2021, Stephanie Schettler-Köhler has been responsible as the COO for the domains of Films and Series, Finance, HR and Legal on the Management Board alongside Nicolas Paalzow (CEO) in order to drive implementation of the Group's strategy.

With regard to the production business revolving around PANTALEON Films, we are now fully back on track after the coronavirus year of 2020. Our production GENERATION BEZIEHUNGSUNFÄHIG opened in movie theaters on July 29, 2021. We also celebrated a major worldwide hit with ARMY OF THIEVES, the prequel to Zack Snyder's ARMY OF THE DEAD. This film was released by our partner Netflix on October 29, 2021 and made it to No. 1 in the Netflix charts in more than 90 countries. Some of the three projects due to open in movie theaters in the current year with our partner Warner Bros. are films postponed from 2021: OSKARS KLEID and WOLKE UNTERM DACH. DIE GESCHICHTE DER MENSCHHEIT – LEICHT GEKÜRZT will also be re-leased in 2022.

#### **MAJOR SERIES PRODUCTION UNWANTED IN COOPERATION WITH SKY**

There is also a major series production in the pipeline in the shape of UNWANTED. An eight-part series is being created in collaboration with Sky Studios and Indiana Productions which will be available on Sky in Germany, Italy and Great Britain from 2023.

Yoko Higuchi-Zitzmann joined PANTALEON Films as co-CEO on February 1, 2022 to bolster and further expand the film production business. In recruiting her, we have gained an outstandingly well-networked producer with a special nose for high-reach film and series material.

PANTAFLIX Studios also approached 2021 with great elan. The team headed by Manuel Uhlitzsch and Sebastian Lang produced the second season of the series DAS INTERNAT for the streaming service Joyn, and this has been available on demand since April 2021. The launch for the third season was on October 25, 2021 and the fourth season is available on Joyn since May 12, 2022.

For Amazon Prime Video, PANTAFLIX Studios realized a further series with high-reach influencers in the shape of SEX ZIMMER, KÜCHE, BAD. The series MARIO NOVEMBRE – AUCH DAS NOCH! was released on the streaming service Joyn in November 2021.

#### **PANTAFLIX TECHNOLOGIES GAINS FURTHER PROFESSIONAL USERS**

Our subsidiary PANTAFLIX Technologies is gaining ever more traction as an enabler for streaming technology in the B2B2C market. Focusing on the entertainment-as-a-service approach, PANTAFLIX has already won over numerous professional users such as SZ Cinemathek as well as more than 40 film festivals and movie theaters. Outside the reporting period, the newspaper Frankfurter Allgemeine Zeitung (FAZ) also opted for PANTAFLIX in January 2022.

Our creative agency CC15 (Creative Cosmos 15) produced a similarly dynamic performance. In the reporting period, CC15 gained the food provider Flink and realized giant posters in Berlin by way of its first project. Together with and on behalf of the National Paralympic Committee Germany (DBS), the CC15 team created a video campaign to draw attention to elite sport played by people with disabilities in Germany.

Our subsidiary PantaSounds is being continuously expanded to form a unit for podcast and audio productions. One of our newest PANTAFamily members, Tristan Lehmann, is driving this transformation as the CEO. He has been responsible for the operational development of PantaSounds since the start of 2022. The first audio productions are to be published in the course of this year, namely MITTEN AM TAG and FARBLOS, GERUCHLOS, UNSICHTBAR. We are thereby entering an attractive growth segment.

#### **SIGNIFICANT SALES INCREASE EXPECTED IN FINANCIAL YEAR 2023**

The Group's strategy is based on diversification and synergies. Our aim is to reinforce the autonomy of every single subsidiary, unleash its potential and pool its strengths by means of a 360 degrees approach. In this way, we are addressing an entertainment market rich in opportunities with a business model focused on the future.

The particular way in which invoices are issued in the film and series production business as well as project business in general and the lower visibility and higher volatility that result from it,

will continue to mark PANTAFLIX's future growth in sales and earnings. The two financial years of 2020 and 2021 were special years for PANTAFLIX's sales and earnings in both directions. For reasons of comparability, our current forecast for 2022 therefore relates to the comparative figures from the pre-coronavirus financial year of 2019.

According to our current project planning, we expect sales of at least EUR 22 million for the PANTAFLIX Group in the 2022 financial year. The decline in sales by comparison with the 2019 financial year (EUR 28.7 million) is essentially due to a series production which is already being shot but which will probably only impact sales and earnings in the 2023 financial year. As a result, we are budgeting a significant increase in sales in the 2023 financial year by comparison with the current one. With respect to earnings before interest and taxes (EBIT) in 2022, we expect a marked improvement over the pre-coronavirus level in financial year 2019 (EUR -8.6 million) to a range of EUR -4.5 million to EUR -2.5 million.

The project-driven business areas which are subject to temporary fluctuations, have the potential to generate disproportionately high revenue growth in the coming financial years. We would like to take this opportunity to thank you, our shareholders, for the trust you have shown in us. We would be delighted if you continue to support us on our journey in the future.

Kindest regards



Nicolas Paalzow  
CEO



Stephanie Schettler-Köhler  
COO

# DEAR SHAREHOLDERS,

In the following report, the Supervisory Board would like to inform you about its activities in the 2021 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 audit of the 2021 annual and consolidated financial statements.

## **SUPERVISORY BOARD ACTIVITY IN THE 2021 FINANCIAL YEAR**

The financial year 2021 once again posed challenges for PANTAFILIX AG with its wide range of issues. Nevertheless, the clearly positive aspects predominate by comparison with 2020. This includes the waning influence of the coronavirus and the easing of the lockdown measures caused by the pandemic. As in the previous year, the Management Board acted resolutely, showed foresight and steered the company through these choppy waters. Specifically, the Group succeeded in initiating and finalizing important film projects. Better still, PANTALEON Films together with The Stone Quarry Production celebrated a major international success for the streaming service Netflix with ARMY OF THIEVES. Since its release on October 29, 2021, the film has climbed to No. 1 in the Netflix charts in more than 90 countries. Added to this success is the steady growth of the entire company. One good example is the opening up of new business areas. The subsidiary PantaSounds is being expanded to become an audio and podcast production unit.

The work of the Supervisory Board was marked by an active monitoring process. In the reporting year, the Supervisory Board actively supported these processes through consultations and discussions with the Management Board. In the 2021 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. The standard for such supervision included the legality, compliance, functionality and efficiency of the company's management. 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 2021, the Supervisory Board met on a total of 7 occasions in order to perform its duties – on January 27, February 25, June 14 (meeting to review the balance sheet for the 2020 financial year), June 29, August 2, September 22 and November 8. All the meetings were held by video or telephone conference. The Supervisory Board also took 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 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. At the meeting held on August 2, 2021, Ms. Stephanie Schettler-Köhler was appointed to the Management Board of PANTAFILIX AG. Further 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. In addition, Mr. Tristan Lehmann was appointed CEO of PantaSounds GmbH at the meeting on September 22, 2021 and Ms. Yoko Higuchi-Zitzmann CEO of PANTALEON Films GmbH at the meeting on November 8, 2021. 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 PANTAFILIX 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.

### COMPOSITION OF THE MANAGEMENT BOARD

The Company's Supervisory Board appointed Stephanie Schettler-Köhler to the Management Board as the new Chief Operating Officer (COO) on August 2, 2021. She is responsible for the Films and Series Department at PANTALEON Films as well as for the Finance, HR and Legal domains for the entire Group. The Management Board of the Company, consisting of Nicolas Paalzow (CEO) and Stephanie Schettler-Köhler (COO), thus has an equal number of men and women.

### 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 December 31, 2021, and the voluntarily prepared consolidated financial statements and Group management report for the year ended December 31, 2021 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 December 31, 2021 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 reported on the results of its audit at the Supervisory Board meeting on May 18, 2022, which was held as a video conference, both overall and concerning the individual focus areas of the audit and responded to the Supervisory Board members' questions in detail. 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 for the year ended December 31, 2021, 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 May 18, 2022, as a consequence of which the separate annual financial statements are adopted.

In addition, the Supervisory Board approved the consolidated financial statements and Group management report of PANTAFLIX AG for the 2021 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 its audit at the Supervisory Board meeting on May 18, 2022 and responded to queries. 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

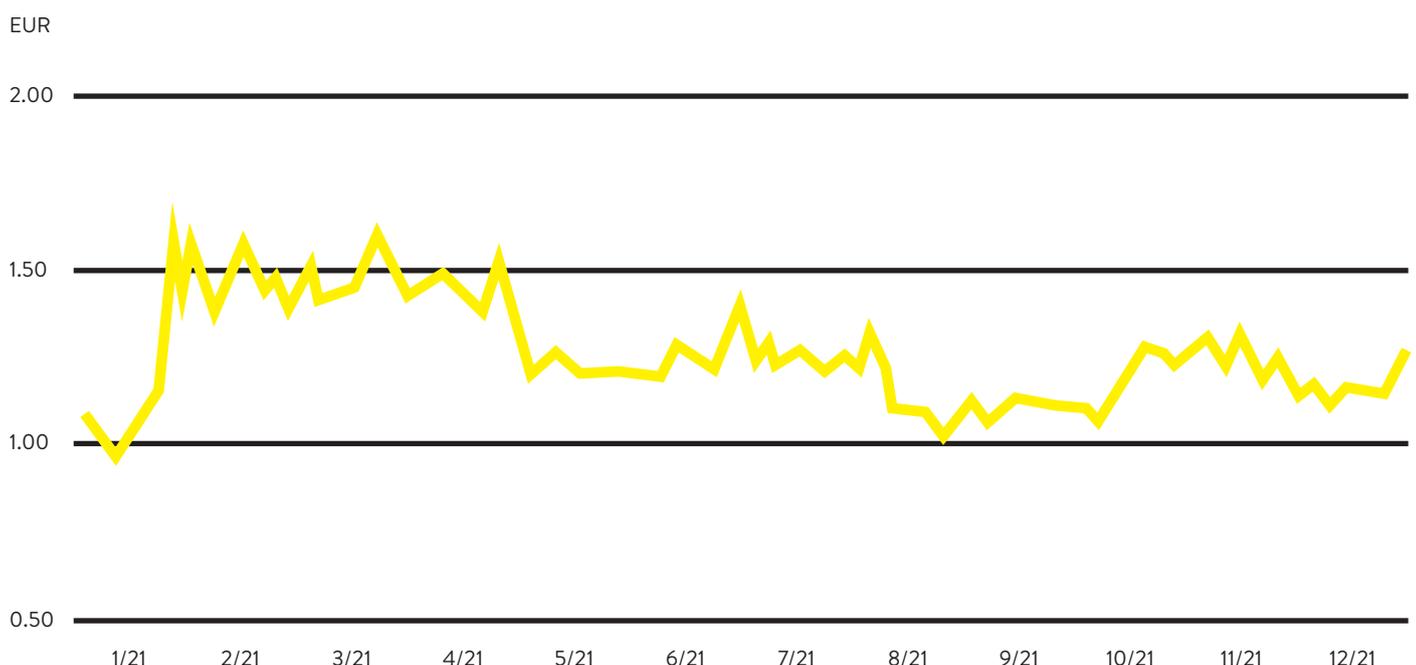
# THE PANTAFLIX AG SHARE

The shares of PANTAFLIX AG are included in the EU-registered SME growth market Scale in the Open Market of the Frankfurt Stock Exchange. Scale, the segment of Deutsche Börse for small and medium-sized enterprises, so-called SMEs, represents an alternative to the EU-regulated segments with access to investors and an efficient possibility of equity financing for young growth companies.

## SHARE PRICE DEVELOPMENT 2021

At the beginning of 2021, the price gains of the fourth quarter of 2020 continued on the global stock markets. European shares were able to close the gap again compared with other stock markets. Strong fluctuations on the stock markets due to inflation concerns and speculation about interest rate hikes by central banks dominated the picture in the second quarter of 2021. Overall, market participants focused on the strong economy and the associated prospects for corporate and share price earnings. Supported by the prospect of a continued loose monetary policy by the European Central Bank (ECB), major European indices closed the stock market year 2021 with gains. Even the renewed intensification of the pandemic situation towards the end of the year and the associated global supply chain problems did not stand in the way of the overall positive stock market performance in 2021.

## SHARE PRICE PERFORMANCE 2021



The DAX opened the stock market year at 13,890.22 points on January 4, 2021, and peaked at 16,283.52 points on November 17. The German benchmark index reached its low of 13,310.95 points on January 28. On December 30, the index closed at 15,884.86 points, up 15.8% on the closing price in 2020. Measured by the MSCI USA, U.S. equities achieved a gain of 27.0% in the reporting period. European equities – as measured by the MSCI Europe – posted a gain of 17.0%. The Scale All Share Index, in which the PANTAFLIX share is listed, ended the 2021 stock market year with a plus of 30.4% at 1,906.56 points.

PANTAFLIX AG shares opened the 2021 reporting year on January 4 at a price of EUR 1.09. On December 30, 2021, the shares ended trading at a price of EUR 1.25, closing 16.8% higher than the closing price in 2020 (EUR 1.07). The highest price in the reporting period was EUR 1.70 on January 21, 2021. On January 5, 2021, the PANTAFLIX AG share recorded its low for the full year 2021 at EUR 0.94 (all data according to Xetra prices).

The average daily trading volume in PANTAFLIX shares on all German stock exchanges amounted to 22,249 shares in 2021 compared to the previous year (2020: 34,181 shares).

On December 30, 2021, the market capitalization amounted to approximately EUR 25.6 million based on 20,461,529 shares and a closing price of EUR 1.25 (all data according to Xetra prices).

#### SHARE PRICE DEVELOPMENT 2021

Opening price	January 4, 2021	EUR 1.09
Low	January 5, 2021	EUR 0.94
High	January 21, 2021	EUR 1.70
Closing price	December 30, 2021	EUR 1.25
Market capitalization	December 30, 2021	EUR 25.58 million
Share price development		16.8%

As designated sponsor, Hauck & Aufhäuser Privatbankiers AG provides binding bid and ask prices, thus ensuring appropriate tradability of the PANTAFLIX share. Further information is available to interested investors in the Investor Relations area of the homepage at [pantaflixgroup.com](http://pantaflixgroup.com).

#### SHARE INFORMATION\*

Stock exchanges	Xetra, Frankfurt
Symbol	PAL
Total number of shares	20,461,529
Amount of share capital	EUR 20,461,529.00
ISIN	DE000A12UPJ7
GSIN	A12UPJ
Market segment	Open Market
Transparency level	Scale
Designated Sponsor	Hauck & Aufhäuser Lampe Privatbank AG

\*) As of December 31, 2021

#### INVESTOR RELATIONS

As a listed company, PANTAFLIX AG maintains continuous and transparent communication with all stakeholders such as investors, private investors and financial analysts. In 2021, the Management Board of PANTAFLIX AG again exchanged views with capital market participants and the financial and business press to present the company and its business model. In addition, the Management Board presented PANTAFLIX AG's business model and strategy at the German Equity Forum in Frankfurt in November 2021.

#### ANNUAL GENERAL MEETING

On August 26, 2021, the Annual General Meeting of PANTAFLIX AG was again held as a purely digital event due to the COVID-19 pandemic. The shareholders discharged the Management Board as well as the Supervisory Board with a clear majority and approved the proposals of the management in all agenda items. Nicolas Paalzow, CEO of PANTAFLIX AG, together with Stephanie Schettler-Köhler, who has taken over the position of COO as of August 2, 2021, gave a presentation on developments in the 2020 financial year and provided an outlook for the current financial year. The Annual General Meeting focused on the successful film and series production activities and the manageability of the coronavirus pandemic for the business units.

The voting results of the 2021 AGM are available for viewing and download at [pantaflixgroup.com](http://pantaflixgroup.com).

#### ANALYST RESEARCH

The PANTAFLIX AG share was covered by SMC Research in the reporting year. Analyst Adam Jakubowski gave the PANTAFLIX share a "Speculative Buy" rating and a price target of EUR 2.70. In March 2022, the renowned research house Montega initiated coverage. Against the background of the strategic realignment and the strong reputation through numerous internationally successful films and series, Montega started the coverage with a "Buy" rating and a target price of EUR 2.00.

## CASH CAPITAL INCREASES

In the reporting year, two cash capital increases were carried out with the exclusion of subscription rights (on May 10 and November 24, 2021, respectively). As a result, the Company's share capital increased from EUR 16,910,355 to EUR 20,461,529. The capital increases were fully placed in each case and the new shares were included in the existing listing in the Scale segment of the Frankfurt Stock Exchange without a prospectus. The capital increases serve to strengthen the balance sheet and to finance the further growth of PANTAFLIX AG. Thus, the share capital amounts to EUR 20,461,529 with a total number of 20,461,529 shares.

## SHAREHOLDER STRUCTURE

As of the balance sheet reporting date 2021, the Company is aware of the mandatory shares to be disclosed in accordance with Section 20 (5) of the German Stock Corporation Act (AktG). Around 70% of the shares are held by the management, BlackMars Capital GmbH, the Supervisory Board members and PANTAFLIX founding shareholders Marco Beckmann, Dan Maag and Matthias Schweighöfer. The free float amounts to approx. 30%.

## FINANCIAL CALENDAR 2022

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May 31, 2022

Annual Report 2021

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July 21, 2022

Annual General Meeting (virtual)

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August 24, 2022

Hamburg Investors Day HIT

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September 2022

Half-year Report 2022

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November 28-30, 2022

German Equity Forum

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# SUSTAINABILITY AT PANTAFLIX

It is not only what we do but also what we do not do for which we are accountable.

Molière (1622–1673)

## FOREWORD BY THE MANAGEMENT BOARD

Last year at this point in our Annual Report, you were able to experience a world premiere. We presented our first sustainability report. This year we would like to welcome you to the second part in our series: “PANTAFLIX goes greener”.

Some of you are sure to be asking why ESG is of such fundamental importance to us that we are even enshrining it in our corporate strategy. One explanation can be found in our attitude to how the world works. Molière put it well when he said that we are accountable not only for what we do but also for what we do not do.

All of us contribute to climate change in different ways. Studies show that the industrialized world, in particular, with its major corporations is driving this change. As the PANTAFLIX Group, we are not among the major climate offenders of our time but we are also convinced of our responsibility for the environment and society and we therefore accept our share of the responsibility for a future worth living.

In our view, it is too short-sighted to conceive of sustainability one-dimensionally and limit ourselves to environmental issues. As an entertainment company, we have a special role to play in our society. What used to be theater is now film and TV or in the meantime streaming. It was Schiller who said that we see that what is great of every age passes before us on the stage that mean the world. The stage that mean the world now appears on our technical devices. That is the modern stage, but it’s a nice image which illustrates how important the place of media is in our everyday lives. Consequently, we are bringing what is “great” of our present day to living-rooms as well as the displays, screens and movie theater screens in creative fashion, inspiring our consumers along the way.

“We put talent at the heart of everything we do”, that’s our motto and we work with the best creative minds both at home and abroad. We live not only for top-class entertainment but also for sustainable productions, for values such as inclusion, diversity, tolerance and respect.

For us, it’s not just important to produce entertainment but also to tackle social problems. We do not shy away from working with our partners to draw attention to uncomfortable issues. One example is the latest collaboration of our film production subsidiary PANTALEON Films with Sky Studios and Indiana Production for the thriller series UNWANTED. Here, we draw our audience’s attention to the worldwide refugee crisis, human trafficking and the lack of willingness to accept refugees.

Our self-image of collective responsibility and the special role we play as media creators in society leads us directly to our corporate philosophy. In it we combine both the environmental aspect and the social concerns of our employees besides financial profitability. We want to embrace sustainability and put economic, social and ecological tenets into practice. In our view, ESG is not just a marketing tool but a conviction. As a Management Board, we want to share it with all our employees and turn it into a reality at PANTAFLIX.

We are delighted to be able to present to you now in the following section the progress we made in this area in 2021 and our plans for the future.

## SUSTAINABILITY STRATEGY

As a globally positioned entertainment company, we, the PANTAFLIX Group, stand for creative entertainment of the highest class. In the PANTAFamily – management and employees – we offer everything that inspires fans of moving pictures and audio. As the PANTAFamily, we pool creativity, talent and technology within the subsidiaries of the PANTAFLIX Group. The subsidiaries reinforce each other through synergy effects, thus boosting the value of the entire PANTAFLIX Group. Within the Group, we not only create entertainment that inspires but also play an active role in championing the future. Sustainability is a challenge and an opportunity at one and the same time, and for us it’s a top priority! That is why sustainability forms part of our corporate strategy. In this way, we can minimize risks, maximize opportunities and create a working environment in which everyone feels at ease. We take responsibility. To ensure the best possible ecological footprint, we treat resources sensibly and promote initiatives and partnerships for a better, more sustainable future.

Sustainability for us is a matter for the Management Board. Responsibility for sustainability issues in the whole Group lies with Stephanie Schettler-Köhler (COO of PANTAFLIX AG). In 2021, we defined an ESG team from employees of different business units to ensure that our sustainability strategy reaches all the Company’s processes.

Our sustainability strategy stands for Environment, Social and Governance and it is enshrined in our business model. It creates value added for our stakeholders and is based on four principles:



**STAKEHOLDER ANALYSIS**

As a global enterprise in the media and entertainment sector, consistent, continuous dialog with our stakeholders is paramount for us. We have analyzed and identified our most important stakeholders. To do so, we established the expectations of these stakeholders and their effect on us as the PANTAFLIX Group. At the same time, it was important for us to find out how we assess our stakeholders. In the process, we distinguished between external and internal stakeholders.

**INTERNAL STAKEHOLDERS:**

<b>Employees/interns/ volunteers</b>	<b>Founder</b>
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**EXTERNAL STAKEHOLDERS:**

<b>Investors</b>	<b>Collaboration partners (for the production business)</b>	<b>Lenders/ funding agencies</b>
<b>Society</b>	<b>B2B clients (streaming platforms)</b>	<b>Legislators</b>
<b>Indirect consumers</b>	<b>Auditors</b>	<b>Vendors</b>
<b>Media</b>		

**MATERIALITY ANALYSIS**

On the basis of the main stakeholders' expectations of the PANTAFLIX Group and our business activities, the main ESG subject areas for the media and entertainment sector were determined in accordance with the UN Sustainable Development Goals (SDG) and SASB requirements – Sustainability Accounting Standards Board. The following entrepreneurial sustainability aspects were also taken into account:



OUR MAIN ESG SPHERES OF ACTION:



OUR GUIDELINES:

THE UN SUSTAINABLE DEVELOPMENT GOALS S

The UN Sustainable Development Goals (SDG) serve as a guideline for all our approaches and activities within the context of sustainability. The SDGs constitute 17 political goals with sub-goals which are basically intended to facilitate global, sustainable growth until 2030. They comprise economic, social and ecological levels. Among the 17 SDGs, we selected nine goals and ten sub-goals which serve for us as guiding principles for our sustainability strategy and as a starting point for defining our sustainability goals:





### **3. GOOD HEALTH AND WELL-BEING**

**3.4** Reducing by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.



### **5. GENDER EQUALITY**

**5.1** End all forms of discrimination against all women and girls.



### **7. AFFORDABLE AND CLEAN ENERGY**

**7.3** Double the rate of improvement in energy efficiency.



### **8. DECENT WORK AND ECONOMIC GROWTH**

**8.5** Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

**8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



### **10. REDUCED INEQUALITIES**

**10.2** Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



### **12. RESPONSIBLE CONSUMPTION AND PRODUCTION**

**12.5** Substantially reduce waste generation through prevention, reduction, recycling and reuse.



### **13. CLIMATE CHANGE**

**13.2** Integrate climate change measures into strategies and planning.



### **15. LIFE ON LAND**

**15.1** Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.



### **16. PEACE, JUSTICE AND STRONG INSTITUTIONS**

**16.b** Promote and enforce non-discriminatory laws and policies for sustainable development.

In order to ensure the greater transparency and measurability of our ESG measures, we selected the following KPIs:

## KEY ESG INDICATORS

### Environment

	2020	2021	Δ
Electricity consumption*	10,757 kWh	9,295 kWh	-13.6%
Compensation for CO <sub>2</sub> emissions	165 tons	454 tons	+175%
Proportion of green electricity*	100%	100%	0%

### Social

	2020	2021	Δ
Permanent contracts	74%	78%	+5.8%
Fixed-term contracts	26%	22%	-15.4%
Proportion of women (excl. managerial positions)	47.4%	44%	-7.2%
Proportion of women in managerial positions	12.5%	14%	+12%
Proportion of women on Management Board	0%	50%	+50%

### Governance

	2020	2021
Codes of conduct	0	2**

\* Electricity consumption for the offices in Munich and Berlin combined

\*\* The codes of conduct were planned for 2021 but only implemented in 2022 (March)

## ENVIRONMENTAL PROTECTION

What do we have to do with sustainability as an entertainment company? For us, it's part of our identity. We have defined and implemented Environment, Social and Governance as pillars of our sustainability perception in our corporate strategy. The aim is to allow these aspects to permeate all our plot lines by means of tailored measures and to communicate both our sustainability strategy and our results transparently.

As a company, we use resources on a daily basis. We want to protect them, therefore, and commit specifically to protecting the environment. At the same time, environmental protection measures contribute towards reducing costs, among other things by lowering waste or wastewater volumes and cutting energy con-

sumption. That is why we are optimizing our processes for our productions, in everyday office life and in the organization of travel in order to thereby minimize carbon emissions, waste and environmental pollution.

### Transport and travel

- Preference for rail travel over flights, above all for short distances within Germany
- Avoidance of unnecessary travel
- Accommodation in hotels using green electricity

**Waste management**

- “Paperless Office Approach” – no print magazine subscriptions, digital scripts and digital annual reports
- Only reusable glass bottles from Viva con Agua within our offices
- Waste separation in the office

**Efficient, responsible treatment of natural resources**

- Power-saving devices in the office and production
- Procurement of green electricity from Polarstern
- Sustainable cleaning agents in the office
- Predominantly vegetarian meals in catering

In spite of our efforts to minimize our environmental impact, our productions create unavoidable emissions. In the 2021 reporting year, we produced 454,123.15 kg of carbon emissions. This figure results from an approximate calculation from our productions and our two main offices in Munich and Berlin. We arranged for these emissions to be compensated in 2022 by three climate protection organizations – atmosfair, PRIMAKLIMA and Klima-Kollekte. We offset 454 tons of CO<sub>2</sub> for the emissions that we produced in 2021. This equates to a rise in compensated emissions of more than 175% over the previous year.

atmosfair is a climate protection organization which has dedicated itself to compensating travel kilometers made by plane and ship. It pursues its projects in accordance with the rules of the Clean Development Mechanism (CDM) enshrined in the Kyoto Protocol. The projects correspond to the established gold standard of international environmental protection organizations. For example, climate protection projects in developing and emerging countries are funded, and at the same time, carbon emissions offset. In this way, the funding is aimed at countries already most affected by climate change, improving not only the ecological situation but also economic and social conditions. PRIMAKLIMA is a charitable organization that has been fighting to preserve and reforest woodland areas since 1991 and actively supporting climate protection. PRIMAKLIMA has already successfully realized numerous forestry projects. The charity operates on four continents, relying on the concept of integrated sustainability. Klima-Kollekte is a carbon offset fund through which you can compensate for unavoidable emissions from electric power and heat energy, travel as well as print and paper products. The offset payments are targeted at projects in countries of the Global South, reducing local poverty by empowering wo-

men, protecting health and improving prospects. They also reduce carbon emissions, thereby protecting the climate. Carbon emissions are offset in the process through the climate protection projects of church organizations or their partners.

Besides compensating for our carbon emissions, our direct surroundings are dear to our heart. It is particularly important to preserve Munich’s Isarauen (meadows and woodlands bordering on the river Isar) as a local recreation area both for our employees and for the city and as a habitat for flora and fauna. In the reporting year, we therefore participated in the “Isar Clean-Up” initiative. On September 30, 2021, we collected garbage between the Reichenbach and Wittelsbach bridges. Nine of our colleagues from the Munich office took part in this initiative.

With regard to our long-term, sustainable corporate growth in harmony with the environment, we are considering our future environmental targets. With regard to business travel, we will therefore give increasing preference to train rides in future over flights. In addition, we want to convert to gas (LPG/CNG) and electric cars in our productions and commit to the minimum ecological standards of “Green Motion” for our productions and main offices. The minimum ecological standards were developed by the “Green Shooting” working group together with film and TV sustainability expert Philip Gassmann, the filmmakers’ initiative “Changemakers.film”, the climate researcher Prof. Dirk Notz and the environmental scientist Nils König. These standards serve to achieve production methods in German cinema, TV and online/VoD productions that are more protective of the climate and resources. For a production to be awarded the “Green Motion” label, at least 18 of the 21 obligatory specifications must be met by parts of the production realized within Germany. Parts of the production made abroad must also meet 18 of these “must-have specifications” if more than 25% of the total production costs are incurred abroad. The minimum standards comprise measures from various production areas where the consumption of resources is high and high greenhouse gas emissions are generated. At PANTAFLIX, the observance of these minimum standards represents an important step towards environmentally friendly production methods.

**SOCIAL ASPECTS**

In the PANTAFamily, the focus is on people. To be able to create entertainment, keep consumers spellbound and inspire them, everybody must feel at ease in the working environment, regardless of their gender, nationality, culture, age or disabilities. To us, it is important that we contribute our share not only towards protecting the environment but also towards an open, fair society. It is therefore for us a statement of the obvious but at the same time a duty to prevent any kind of discrimination. The Management Board considers it a top priority to oppose discrimination and bullying and see to it that our corporate values are upheld and the company is open and just. Together with the managers and gender equality officers, we pursue a policy of zero tolerance.

**INCLUSION & DIVERSITY**

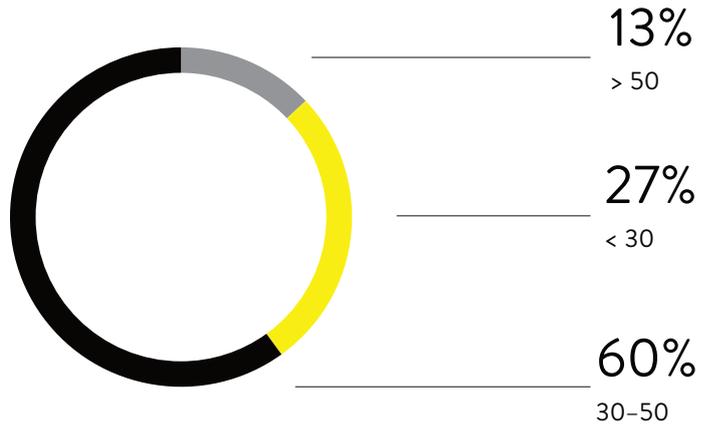
Our zero tolerance policy towards bullying and discrimination goes hand in hand with our commitment to greater inclusion and diversity. We are convinced that diversity of culture, knowledge and personalities harbors great potential to create top-class entertainment. We are sure that the PANTAFamily can only grow sustainably through diversity. We are certain that equal opportunity and fairness must enjoy high status. These two principles serve as a guideline and are put into practice on all levels of the Company. We want to incorporate the subject of diversity into all aspects of our business activities. We want to reinvent the contents of our productions. Our film and series productions grapple with current social issues because we want our range of entertainment to make an active contribution towards reducing all kinds of discrimination. We want to promote diversity not only at PANTAFLIX for our employees but also in our audience and society. We want our content and our story-telling style to play a major role in boosting and championing diversity.

**RECRUITING, PROMOTING AND MOTIVATING YOUNG TALENT**

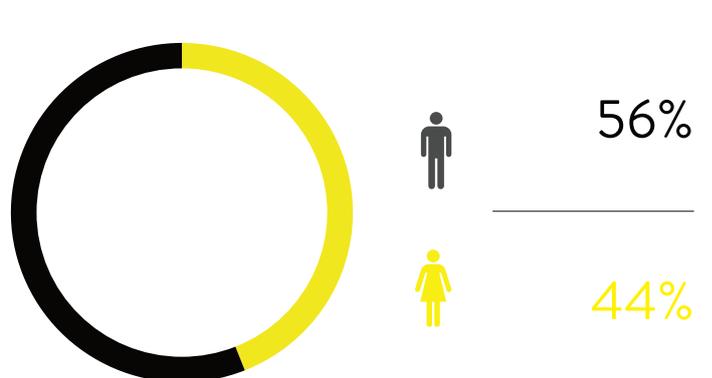
We offer working students, interns and even volunteers the opportunity to gain their first professional experience at the PANTAFLIX Group.

As of December 31, 2021, the PANTAFLIX Group had 48 employees (permanent staff excl. project employees).

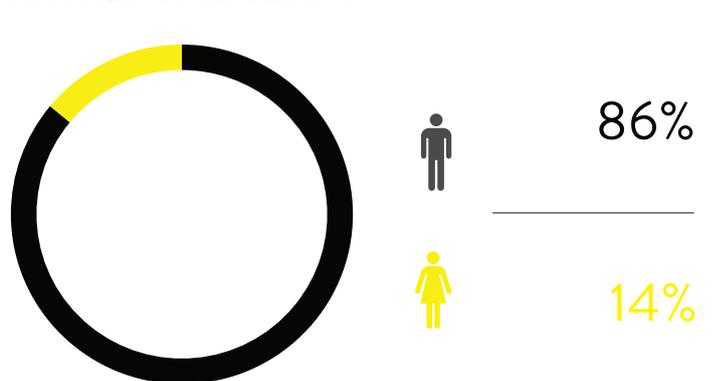
EMPLOYEES BY AGE IN %



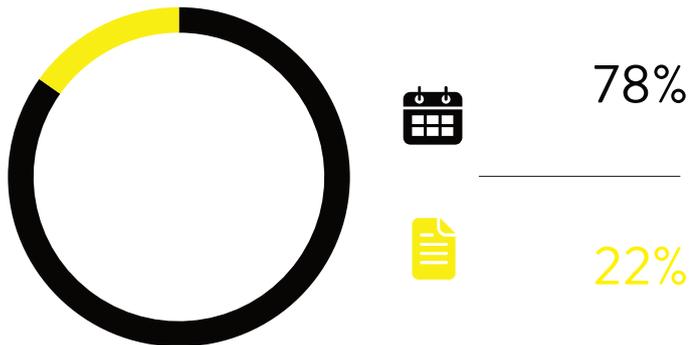
EMPLOYEES BY GENDER IN %



MANAGERS BY GENDER IN %



#### FIXED-TERM AND PERMANENT CONTRACTS FOR PERMANENT EMPLOYEES AS OF DECEMBER 31, 2021



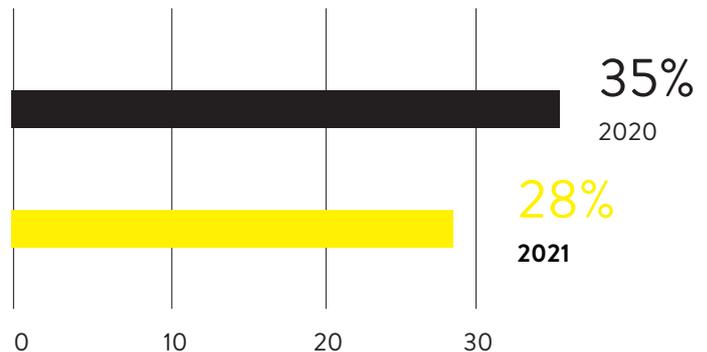
#### GOOD HEALTH, WELL-BEING & SAFETY

The subject of health and safety for employees at the workplace became the focus for all companies, especially during the coronavirus pandemic. In this situation, in particular, our employees were able to count on management to implement health and safety measures. Besides health and safety at the workplace, the well-being of our employees was a particular concern of ours – also before the pandemic. To give our employees greater flexibility, we had already broken up the rigid “9 to 5” concept before 2020. Since last year, our employees have been able to work in their home office two days a week. In this way, young families, above all, can more easily reconcile work and family life. We also offer our employees the chance to take part in online fitness programs and use job bikes. A balanced, healthy diet also forms part of a person’s good health and well-being. That’s why we put the focus on fruit instead of sweets in the offices and ensure largely vegetarian catering at the productions.

#### FURTHER EDUCATION & GROWTH

Growth on a personal and professional level contributes to the sustainable success of the PANTAFamily. In this spirit, we would like to support each of our employees with training and further education offerings. We also offer recurring interviews with managers to openly communicate needs and desires. The aim is to provide constructive feedback to ensure that employees can grow individually.

#### STAFF TURNOVER (ACCORDING TO SCHLÜTER) YEAR ON YEAR



#### SOCIAL LICENSE TO OPERATE

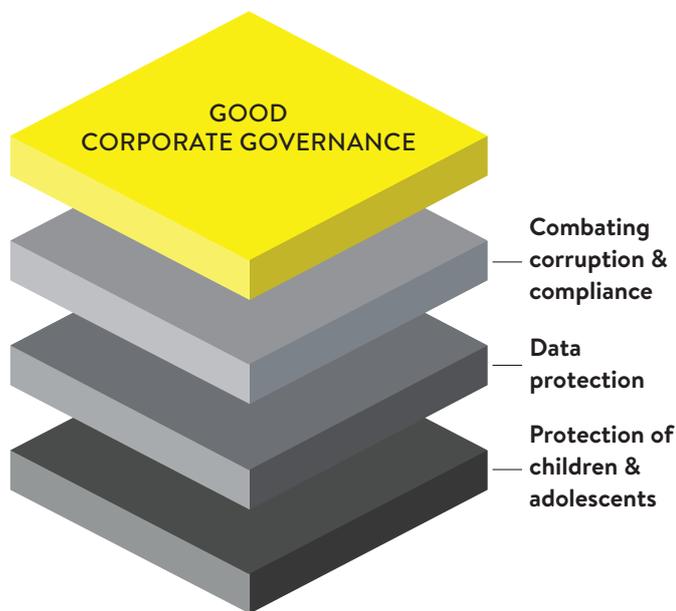
We know how important it is to enjoy good neighborly relations with the local community. In this respect, we are aware that our actions have an impact on our immediate society and that we need a so-called “social license to operate” to enable us to operate successfully, now and in the future. But that is not the only reason why we commit to various projects but also because it is important to us to give something back to the local community. Even before the pandemic, we were supporting the association Sucht- und Jugendhilfe e.V. with donations. This association works to prevent drugs in schools. Drug-related criminality in schools has risen dramatically in the last few years. This problem, however is being ignored in some schools. The association takes this as its starting point, educating pupils, teachers, social workers and parents. Our donations are used for the association’s activities at the Isar Secondary School which is just a few meters from our head office in Munich.

With the Isar Clean-Up, we are not just actively combating environmental pollution and protecting the environment but also at the same time fighting to preserve local recreation areas for everybody in the Munich area.

As PANTAFLIX, we are not only taking a stand against climate change with our ESG strategy but also proactively helping to overcome the climate consequences already making themselves felt. We therefore donated EUR 10,000 to the victims of the catastrophic flooding in the Ahrtal valley in 2021 and EUR 2,000 to the “RTL Spendenmarathon 2021” telethon.

**GOVERNANCE**

We see good corporate governance as the key to securing our lasting success. The image of the Company, our reputation and good relationships with authorities are essential for prevailing in the market over the long term. Acting sustainably means, above all, complying with national and international laws and regulations. Our corporate culture is based on legality, integrity, trust and transparency. Our management style rests on three pillars to ensure that we satisfy stakeholders and their expectations.



**COMBATING CORRUPTION**

At PANTAFLIX, we combat and reject any form of corruption. Corruption destroys trust and the reputation of the Company, exposing all of us to a considerable risk of liability. Besides laws that we have to obey, we also committed to internal guidelines and rules to govern our actions in everyday business through the preparation of our first code of conduct in 2022. Compliance with our basic principles is not only important for our employees and Management Board members. We also expect our international business partners to observe the laws and our rules of conduct. We set great store by inclusion, diversity, tolerance and respect.

Furthermore, we have committed to implementing a whistleblower system with an external ombudsman office from 2023 to combat breaches of laws and internal compliance rules.

**DATA PROTECTION**

For us as a media company, data protection is of extreme importance. However, many of our productions and business partners are based in other European countries. Strict compliance with the EU Data Protection Regulation is therefore extremely important to us in this context. That is why we have a data protection officer both for employees and for clients who acts as a point of contact for all questions relating to this subject.

**PROTECTION OF CHILDREN & ADOLESCENTS**

Children and adolescents have not yet completed their development. Depending on their age, they may not be able to distinguish fictitious representations in films, series or podcasts from reality, or such representations may even trigger traumatic experiences. For this reason, it is not merely our obligation to follow all directives and laws on the protection of children and adolescents but also a very personal matter.

# BASIC INFORMATION ON THE GROUP

PANTAFLIX AG is a broad-based entertainment company with its focus on creation and the production of content for films and series. Users can consume this content through all conventional distribution channels – both in traditional movie theaters or on linear TV as well as digitally through streaming. Here PANTAFLIX collaborates with prestigious partners such as Warner Bros., Disney, Netflix, Amazon, StudioCanal, Sky (Studios) or Joyn.

Besides the traditional film production business of PANTALEON Films, the production unit PANTAFLIX Studios, the creative agency Creative Cosmos 15 and the audio production unit PantaSounds, PANTAFLIX Technologies also forms part of the Group. This is the tech player behind the video-on-demand platform pantaflix.com and it stands for the latest digital distribution of premium content. PANTAFLIX Technologies is becoming increasingly successful at establishing its streaming solution for professional providers as part of its entertainment-as-a-service approach. FAZ, SZ Cinemathek, Weltbild as well as Airbus, the German Armed Forces and numerous film and cinema festivals use PANTAFLIX for their tailored streaming service.

As the holding company, PANTAFLIX AG exercises strategic control over the PANTAFLIX Group. Based in Munich, the holding company is responsible for core functions such as management and controlling as well as public and investor relations and performs additional tasks in the administration and business development areas for its subsidiaries.

Moreover, the business development function is intensifying its efforts to identify new, additional business areas that are proving significant within an entertainment market that is currently undergoing rapid change.

The foundations for the PANTAFLIX Group were laid with the formation of PANTALEON Entertainment GmbH in Berlin in 2009. Today, PANTAFLIX is one of Germany's leading production companies for films, series and innovative entertainment formats at its locations of Munich, Berlin and Stuttgart.

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

PANTALEON Pictures GmbH works closely with its sister company PANTALEON Films for producing films and series. In the future, PANTALEON Pictures will concentrate more on the entertainment sector of documentaries. The company, which was founded in 2014 with its head office in Munich, is a wholly owned subsidiary of PANTAFLIX AG.

PANTAFLIX Studios GmbH, formerly March & Friends GmbH, with its head office in Munich, covers not only the production of high-quality content but also the disciplines of marketing, PR, social media and potential brand and reach partnerships that are taken into consideration from the outset. The focus here is primarily on exclusive content from and with social media influencers who command extensive reach. This subsidiary is 51% owned by PANTAFLIX AG. During the reporting period, PANTAFLIX AG sold 49% of its shares in PANTAFLIX Studios GmbH to its current managing directors.

Berlin-based PANTAFLIX Technologies GmbH pools the 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 2015.

The subsidiary PantaSounds GmbH, head-quartered in Munich, pools the PANTAFLIX Group's activities in the audio sector. The company has been 100% owned by PANTAFLIX AG again since 2021. To this end, PANTAFLIX AG acquired 42.5% of additional shares in PantaSounds in the reporting period. The company was set up in 2016.

Creative Cosmos 15 GmbH (CC15), a 56% holding of PANTAFLIX AG, fuses entertainment and brands, delivering entertainment and the highest impact: series, ads or stunts – CC15 knows how to address target markets, entertain and thereby help shape brands. CC15 realizes concepts for brands such as Mercedes-Benz, eBay, Audi, ARD and XXXLutz. Creative Cosmos 15 was founded in 2016.

# BUSINESS MODEL

## PANTALEON FILMS BUSINESS UNIT

In the PANTALEON Films business Unit, the PANTAFLIX Group produces films and series as in-house productions and co-productions and licenses 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 of the business model 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 theaters, home entertainment, pay TV, free TV and global distribution rights, which are monetized by agreeing 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 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 or 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 this interim financing is recognized in the balance sheet as a financial liability, it does not increase the implied level of debt analogously as the entire amount including interest and thus also its redemption has already been arranged in advance and fixed by other finance components such as minimum guarantees and subsidies.

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.

Besides its focus on in-house productions and co-productions, PANTAFLIX AG also explores the avenue of contract productions. A contract production is normally compensated by a fixed fee. In collaboration with partners such as the streaming services Amazon, YouTube, Netflix or Joyn, the subsidiaries produce premium content in the form of series but also movie formats.

PANTALEON Films is the creative home and production house for German and international movies, VoD films and high-end series. For example, the movie productions GENERATION BEZIEHUNGSUNFÄHIG, WOLKE UNTERM DACH and OSKARS KLEID from 2020 and 2021, to name but some, form part of the portfolio. GENERATION BEZIEHUNGSUNFÄHIG celebrated its worldwide premiere at the Munich Film Festival and enjoyed a successful opening in movie theaters at the end of July 2021. The fall saw the opening of PANTALEON Films' first international film production for movie theaters in the shape of RESISTANCE.

For Netflix, PANTALEON Films shot the prequel to Zack Snyder's ARMY OF THE DEAD under the title ARMY OF THIEVES with Matthias Schweighöfer in the leading role and as the director. The award-winning series DAS LETZTE WORT is a further production for its partner Netflix. The management team consists of Dan Maag, Patrick Zorer and Yoko Higuchi-Zitzmann (since February 1, 2022).

## PANTAFLIX STUDIOS BUSINESS UNIT

PANTAFLIX Studios pools the marketing, storytelling and production expertise of the entire PANTAFLIX Group. The strategic approach at PANTAFLIX Studios is holistic and comprises not only the production of high-quality content but also the domains of marketing, PR, social media and potential brand and reach partnerships. The result for the client is a turnkey entertainment offering. For example, PANTAFLIX Studios produced the series DAS INTERNAT for the streaming service Joyn. It is also producing MARIO NOVEMBRE – AUCH DAS NOCH! for Joyn with and about musician and content creator Mario Novembre. With SOCIAL MEDIA – SOCIAL ME, PANTAFLIX Studios also realized a YouTube documentary for the technology group XIAOMI in 2021 in addition to its fictional formats. The CEOs are Sebastian Lang and Manuel Uhlitzsch.

## PANTAFLIX TECHNOLOGIES BUSINESS UNIT

PANTAFLIX Technologies is the tech player behind the video-on-demand platform pantaflix.com and it stands for the latest digital distribution of premium content. The company is establishing itself in the market with increasing success as a streaming solution for professional providers (entertainment-as-a-service approach). Numerous users from a wide variety of

industries already rely on PANTAFLIX streaming technology. Among others, they include prestigious business customers such as the book publishers Weltbild, the newspaper Süddeutsche Zeitung with its SZ film library, the newspaper FAZ as well as Airbus and the German Armed Forces. Its services are also in demand from movie theaters and film festivals. Among their number are Munich's International Documentary Film Festival, DOK.fest München, the Oldenburg Film Festival and the SHIVERS Film Festival, the NIFF, the Bolzano Film Festival, DOK.Leipzig, Visions du Réel and the Mannheim-Heidelberg Film Festival. The CEO is Rainer Knebel.

#### **PANTASOUNDS BUSINESS UNIT**

Since the beginning of 2022, the PANTAFLIX Group has pooled all its audio and podcast activities in the company PantaSounds. By entering the podcast market, the Group is expanding its value chain to include a promising element, true to its strategy of opening up new areas of business in the entertainment sector. The podcast market is characterized by dynamic growth which the PANTAFLIX Group wants and intends to tap into profitably. The aim is to become one of Germany's leading production houses for audio entertainment. Tristan Lehmann took over the role of CEO from January 1, 2022.

#### **CREATIVE COSMOS 15 BUSINESS UNIT**

Creative Cosmos 15 fuses entertainment and brands, thereby delivering entertainment and a major impact. Creative Cosmos 15 advises on channel planning, conceives ideas with international creatives and produces or co-produces fiction and non-fiction advertising formats.

In the past few years, CC15 has already created high-visibility campaigns for companies such as NIKE, Mercedes Benz, Ebay (with Joko Winterscheidt), Amazon, XXXLutz Lutz (with Matthias Schweighöfer as the testimonial), JOKOLADE, HelloBody, SOS-Kinderdörfer worldwide or the National Paralympic Committee Germany. For the latter, CC15 staged the campaign for the 2020/21 Paralympics.

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 (Munich) and Creative Cosmos 15 GmbH (Munich). PANTAFLIX AG owns a 56% interest in creative and production agency Creative Cosmos 15 GmbH (CC15). PANTAFLIX AG has a 51% holding in PANTAFLIX Studios GmbH. All other subsidiaries were wholly owned by the parent company on the reporting date.

# OBJECTIVES AND STRATEGY

PANTAFLIX AG derives its 360° strategy from the objective of growing together with its subsidiaries over the coming years in the dynamic European media market with a focus on content (film and series production), marketing services as well as video-on-demand. To this end, 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, such as in relation to the Video-on-Demand business unit 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 organic growth and optimizing its cost structure.

The Group is managed using the key performance indicators of sales, revenue and EBIT. Other performance indicators including 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

## FILM AND SERIES PROJECTS

### GENERATION BEZIEHUNGSUNFÄHIG

For this production, PANTALEON Films adapted Michael Nast's bestseller of the same name. The action centers on the two urbanites Micha and Ghost who are reluctant to commit to a relationship, prominently cast with Frederick Lau and Luise Heyer. Shooting had to take a break between March and June 2020 due to the coronavirus pandemic. PANTALEON Films successfully wrapped up shooting in July. The film opened in movie theaters on July 29, 2021.

### OSKARS KLEID

Ben (Florian David Fitz), a stubborn, divorced father is on a roundabout journey to connect with his equally stubborn, but completely different 9-year-old son Oskar who only has one real problem: he isn't a son at all. He's a girl. Ben's whole world falls apart. Directed by Hüseyin Tabak, OSKARS KLEID starred Florian David Fitz in the main role who also supplied the idea as well as the script. OSKARS KLEID is a co-production between PANTALEON Films, Warner Bros. Film Productions Germany and Erfttal Film. PANTALEON Films completed shooting for the film in August 2020. The movie theater release is planned for 2022.

### WOLKE UNTERM DACH

In WOLKE UNTERM DACH, PANTALEON Films delivered the touching story of a father-daughter relationship. Inspired by a true story, the plot revolves around the themes of loss and pain but also hope and happiness. WOLKE UNTERM DACH is a production of PANTALEON Films and Warner Bros. Film Productions Germany. Shooting was completed in the middle of December 2020. The film is currently in theaters.

### ARMY OF THIEVES

The prequel to Zack Snyder's ARMY OF THE DEAD entitled ARMY OF THIEVES was directed by Matthias Schweighöfer who also starred in the leading role (as his ARMY OF THE DEAD character Dieter). Further parts were played by Nathalie Emmanuel, Ruby O'Fee, Stuart Martin and Guz Khan. This Netflix film was produced by The Stone Quarry and PANTALEON Films. The film was released on Netflix on October 29, 2021 and made it to number 1 in the Netflix charts in more than 90 countries.

### DAS INTERNAT

PANTAFLIX Studios filmed the first season of its innovative series format for the streaming service Joyn in 2020. The cast comprises the A-list of German social media stars, who even then had a combined reach of nearly eight million followers on Instagram and more than 16 million followers on TikTok. The episodes in the first season were released weekly on Joyn, starting on October 15, 2020. Its success led immediately to the commissioning of a second season which has been available since April 2021. The third season started on October 25, 2021. The fourth season is available on Joyn since May 12, 2022.

### DIE GESCHICHTE DER MENSCHHEIT – LEICHT GEKÜRZT

DIE GESCHICHTE DER MENSCHHEIT – LEICHT GEKÜRZT was created together with Gerda Film, Warner Bros. and Brainpool. This co-production is scheduled to debut in German movie theaters in 2022 and it features a parody of human evolution and civilization. With the crème de la crème of the German comedy scene (incl. Christoph Maria Herbst, Bastian Pastewka, Carolin Kebekus), it takes us through different epochs and cultures to the most remote regions of the planet with impressive cinematography.

### UNWANTED

Shooting for this Sky original began in November 2021. PANTALEON Films is producing this eight-part thriller series together with Sky Studios and Italian producer Indiana Productions. UNWANTED is based on the book "Bilal" by the Italian journalist Fabrizio Gatti. His investigative research tells the story of 28 African migrants on their flight to Europe. UNWANTED is due to be released on Sky in Germany, Italy and Great Britain from 2023. NBC Universal is handling global distribution.

### SEX ZIMMER, KÜCHE, BAD

PANTAFLIX Studios is realizing a further series project for Amazon Prime Video. It tells stories from life in a flat share in Munich's Glockenbach district. The cast includes Céline Beran, Sascha Quade, Chris Torez and Patrick Mölleken. Besides established actors, there are also successful influencers in some of the main roles, including Lukas White, Leon Pelz and Luana Knöll. Mario Novembre is responsible for the theme song and also makes a guest appearance.

# MACROECONOMIC AND SECTOR-RELATED CONDITIONS IN 2021

## MARIO NOVEMBRE – AUCH DAS NOCH!

With the start of this series on Joyn, the PANTAFLIX Studios YouTube channel will also go live. The personality documentary format features the 21-year-old Mario Novembre, giving a personal insight into the life of this musician and content creator. The first episode appeared free of charge on Joyn on November 20, 2021. In addition to the release as a Joyn original, the episodes were each released 14 days later on PANTAFLIX Studios' new YouTube channel.

## LIKE US – NEXT LEVEL

In the fall of last year, PANTAFLIX Studios produced the 2nd season of the influencer reality show LIKE US. In LIKE US – NEXT LEVEL, ten social media stars share a luxury villa for ten days where they have to take on a new challenge every day. In the process, they can win the hearts of their communities. LIKE US – NEXT LEVEL is a joint production with HEIJACK Production. The 12 new episodes are expected to be available to stream exclusively on CLIQ.de from summer 2022.

## TRAUZEUGEN

The comedy TRAUZEUGEN is directed by Lena May Graf with Finn Christoph Stroeks as the author of the underlying script. This film from PANTALEON Films revolves around two fundamentally different marriage witnesses: couples therapist Marie and divorce attorney Jakob. The two of them are confronted with a common challenge when the wedding they are due to witness threatens to collapse. This romantic comedy is scheduled for release in the first half of 2023, distributed by Paramount Pictures Germany.

The global economy and economic growth in Europe and Germany are of crucial significance for PANTAFLIX AG and its subsidiaries.

Economic developments were again impacted by the COVID-19 pandemic in 2021. The emergence of new coronavirus mutations reinforced the negative trend and had a knock-on effect on the economy. Overall, the global economy's recovery from the effects of the worldwide pandemic was only patchy. At the end of the year, the Omicron variant reignited the pandemic-related impact. Rising inflation rates across the globe hampered the global economic recovery. According to the International Monetary Fund (IMF), global gross domestic product (GDP) grew by 5.9% over the previous year in 2021. The USA posted an increase of 5.6% last year by comparison with 2020. The Eurozone recorded a year-on-year rise of 5.2% in the reporting year.

In spite of inhibiting factors such as contact restrictions and persistent delivery bottlenecks for intermediate products, GDP in Germany returned to the black in 2021, growing by 2.7% according to the Federal Ministry for Economic Affairs and Energy (BMWi). In 2020, GDP had fallen by 4.6% by comparison with the pre-pandemic year of 2019. The supply bottlenecks already mentioned also impacted the inflation rate last year. With an average rate of 3.1%, it reached the level of 1993 and the high of 5.3% in December was the highest since June 1992.

After consumer spending had already risen in 2020, government investments also propped up growth in the German economy in 2021. In spite of the already high level of investments in the previous year, they grew by a further, price adjusted rate of 3.4% in the second year of the coronavirus pandemic. These funds were devoted primarily to free rapid antigen tests, free testing and vaccination centers and coronavirus vaccines.

As in the previous year, around 44.9 million people in Germany were gainfully employed in 2021, although the number of employees liable for social security contributions increased while the number of mini-jobbers and the self-employed declined by comparison with 2020.

The Cultural and Creative Industries (CCI) to which the business activities of the PANTAFLIX Group also belong were overshadowed by the coronavirus pandemic and the associated hygiene and protection measures, lockdown-related closures and the cancellation of events. After an estimated decline in revenues for the CCI of EUR 26.3 billion in 2020 and 2021, the Federal Center of Excellence for the Cultural and Creative Industries expects the loss of revenue to grow to at least around EUR 29 bil-

# COURSE OF BUSINESS

lion in 2022. By way of comparison: In 2019, the CCI recorded gross value added of EUR 106 billion (this equates to 3.1% of Germany's GDP). While the film industry recorded a 41% decline in sales by comparison with the previous year (2019: EUR 10.0 billion) with estimated sales of EUR 5.9 billion, a slight recovery of 5% over 2020 is expected for 2021 (2020: EUR 6.1 billion).

According to the market research institute Comscore, sales of movie theater tickets rose to around EUR 361.9 million in 2021 (+25.8% over 2020) and are due to a good 40 million moviegoers (+18.3% over 2020). The third and strongest quarter in the 2021 film year began on July 1, recording 14 more new releases than for the same quarter in 2020. Overall, German movie theater screens featured 582 new releases in 2021, 26 premieres fewer than in the previous year (2020: 608 new releases).

A current funding example demonstrates the (financial) importance of the film industry. The German Federal Film Board's committee for distribution, sales and video funding as well as the federal government's special program NEUSTART KULTUR have together made available EUR 177,135.78 for distribution and video funding. One of the films that is benefiting from distribution funding is WOLKE UNTERM DACH co-produced by PANTALEON Films and Warner Bros. Entertainment GmbH with Frederick Lau in the main role.

Positive developments are to be seen in the sphere of paid content which is unaffected by lockdowns, for example. According to VAUNET – Verband Privater Medien e.V. sales in the area of paid audio(visual) media grew by 14.1% over the previous year to EUR 5.45 billion. For 2021, a further increase of 8.9% to EUR 5.93 billion is expected in the paid content sphere. This conspicuous growth with regard to both films and series and also podcasts is of great interest to the PANTAFLIX Group and their collaboration partners. In the Paid Video-on-Demand segment, VAUNET is expecting growth of 14.3% to EUR 2.34 billion (2020: approx. EUR 2.0 billion). One of the VoD highlights from PANTAFLIX in 2021 was the release of the co-production ARMY OF THIEVES available on streaming provider Netflix. With regard to paid audio, an increase of 15.0% to EUR 1.5 billion (2020: approx. EUR 1.28 billion) is to be expected for 2021.

## RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

The course of the business in 2021 was characterized by a return to normality after the lockdown measures. Productions such as GENERATION BEZIEHUNGSUNFÄHIG (movie premiered end of July 2021) and the second season of DAS INTERNAT were completed as early as the first half of 2021. WOLKE UNTERM DACH and OSKARS KLEID were completed in the second half of 2021. ARMY OF THIEVES, the prequel to ARMY OF THE DEAD, was available on Netflix worldwide at the end of October. PANTAFLIX Studios produced a series for Amazon Prime Video in July entitled SEX ZIMMER, KÜCHE, BAD.

Business activities in 2021 also focused on further refining and implementing the overarching corporate strategy. This strategy envisages the Group advancing into further areas of high growth in the entertainment sector. The evolution of PantaSounds to become an audio production unit can be cited as one example here. In Tristan Lehmann, the company has managed to recruit a CEO for this division.

With regard to the VoD platform, a further foray into the B2B2C domain is one of the core strategic measures. PANTAFLIX is capable of making a significant contribution to the diversification and digitization of the business model for companies from a wide variety of sectors. Prestigious customers such as the multi-channel bookseller Weltbild, the newspaper Süddeutsche Zeitung and the German Armed Forces have already opted for PANTAFLIX as their streaming platform. In the further course of the year, the newspaper Frankfurter Allgemeine Zeitung also decided to use the PANTAFLIX technology for a film event series. Around 30 film festivals were digitized in the reporting year.

For the 2021 fiscal year, PANTAFLIX AG expanded its reporting structure and is reporting for the first time in business units. From now on, the activities in the film and series business of PANTALEON Films, PANTAFLIX Studios and PANTALEON Pictures will be allocated to the Production business unit. All the business activities of CC15 and PantaSounds are pooled under Adjacent Business while the business of PANTAFLIX Technologies is reflected in the Platform unit. The Administration business unit comprises all the activities of PANTAFLIX AG in its function as a holding company. These business units correspond to the particular markets addressed by PANTAFLIX subsidiaries. In the 2021 fiscal year, the PANTAFLIX Group generated sales of EUR 42,579 thousand (2020: EUR 7,821 thousand) and total operating revenue plus other other operating income totaling EUR 32,579 thousand (2020: EUR 22,787 thousand). Total ope-

rating revenue essentially comprises the completion of film and series products which came in significantly higher in the reporting year than in the previous year.

The growth of sales, total operating revenue and EBIT for each business unit in the reporting year is shown in the following table.

#### GROWTH OF BUSINESS UNITS IN THE 2021 FISCAL YEAR

in EUR thousand	Sales	Total operating revenue	EBIT
Platform	796	846	-1,267
Production	39,488	29,399	688
Adjacent Business	2,278	2,276	149
Administration	13	57	-1,452
<b>Group</b>	<b>42,575</b>	<b>32,578</b>	<b>-1,882</b>

The cost of materials decreased in the reporting year to EUR 9,356 thousand (2020: EUR 19,961 thousand). In the previous year, this item included costs for the company's hitherto largest contract production. It comprises costs for contract productions, co-producers' shares in revenues from licensing film rights and follow-up costs for completed projects.

Personnel expenses dipped slightly in 2021 to EUR 4,279 thousand following EUR 4,418 thousand in the previous year.

Depreciation and amortization of fixed intangible assets and property, plant and equipment increased significantly in the reporting year to EUR 18,377 (2020: EUR 1,723). This was caused by the completion of several in-house productions and co-productions.

EBIT improved markedly in line with expectations, climbing to EUR -1,882 thousand (2020: EUR -7,133 thousand).

Taxes on income amounted to EUR 28 thousand in the 2021 fiscal year following on from EUR -7 thousand in the previous year. In particular, deferred tax liabilities on internally generated, intangible assets were matched by deferred tax assets on loss carryforwards.

The Group's total assets fell to EUR 37,562 thousand as of the reporting date (December 31, 2020: EUR 45,651 thousand). With fixed assets falling to EUR 16,006 thousand (December 31, 2020: EUR 19,942 thousand), current assets also declined to EUR 21,483 thousand (December 31, 2020: EUR 25,614 thousand).

The decline in fixed assets relates essentially to advance payments for running co-productions amounting to EUR 12,960 thousand (December 31, 2020: EUR 18,259 thousand while internally generated, intangible assets increased to EUR 2,287 thousand (December 31, 2020: EUR 953 thousand).

Current assets declined to EUR 680 thousand (December 31, 2020: EUR 15,085 thousand), essentially due to the reduction in inventories associated with contract productions. Against this, receivables and other assets increased to EUR 6,723 thousand (December 31, 2020: EUR 3,334 thousand). Liquid assets increased to EUR 14,080 thousand (December 31, 2020: EUR 7,195 thousand) due to the capital increases carried out in the reporting year but also to the stepping up of project activities.

Equity was up to EUR 9,014 thousand (December 31, 2020: EUR 6,688 thousand) as a result of capital injections in an amount of EUR 4,260 thousand, and corresponds to an equity ratio of around 24% (December 31, 2020: 15%) as a result of the decline in total assets.

As of the reporting date, liabilities to banks increased to EUR 12,908 thousand (December 31, 2020: EUR 9,402 thousand) due to projects in production. Advance payments received on orders fell to EUR 11,566 thousand (December 31, 2020: EUR 25,325 thousand). In the previous year, there were more projects in production. Trade payables fell to EUR 910 thousand (December 31, 2020: EUR 1,525 thousand). Other liabilities, particularly from revenue sharing, wage/church taxes as well as film subsidy loans, declined to EUR 1,277 thousand (December 31, 2020: EUR 2,222 thousand).

#### LIQUIDITY

The rise in cash flows from ongoing business activities from EUR 8,994 thousand in the previous year to EUR 12,200 thousand in the reporting year predominantly reflects non-cash, scheduled depreciation of capitalized fixed assets and the reduction in inventories with a consolidated loss for the year of EUR 1,935 thousand. The reduction in advance payments received also impacted the cash flow.

Cash flow from investing activities of EUR -14,535 thousand (2020: EUR -15,975 thousand) in 2021 was mainly accounted for by investments in intangible fixed assets with the capitalization of production costs for in-house productions and co-productions.

# OUTLOOK, OPPORTUNITY AND RISK REPORT

Cash flow from investing activities amounted to EUR 4,237 thousand in 2021 (2020: EUR 3,686 thousand). In May and November of the past fiscal year, the company received further capital through an increase in equity of EUR 4,260 thousand with partial utilization of the existing authorized capital of the company by issuing 3,551,174 new no-par value bearer shares in return for cash contributions, excluding shareholders' subscription rights.

## FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

### FINANCIAL PERFORMANCE INDICATORS

The Group's aim is to continuously grow its sales, 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 as of the reporting date of December 31, 2021 was 55 members of staff (2020: 143 employees). The number of employees on the reporting date includes not only permanent employees, but also project-related employees. In the reporting year, there were significantly fewer project-related employees than in the previous year on the cut-off dates relevant for determining the average number of employees.

## FUTURE ECONOMIC AND SECTOR TRENDS

In March 2022, the Kiel Institute for the World Economy (IfW) released its Kiel Economic Report on the global economy in spring 2022. With a look to 2022, the IfW expects the global economy to grow by 3.5% over 2021, and has thus revised its forecast from the previous year (+4.9%) downwards. A slight increase in global gross domestic product (GDP) of 3.6% is expected for the following year of 2023. This correction in its GDP forecast is due among other things to Russia's invasion of Ukraine ongoing since February 24, 2022 and the negative impact on the global economy since.

The IfW is also predicting slower growth of 2.8% for the Eurozone in 2022 (2023: +3.1%). The Institute has thus revised its forecast from the previous year of +4.3% downwards by one and a half percentage points.

In Germany, the first quarter of 2022 was dominated on the one hand by already existing, continuing adverse effects and on the other by the unexpected emergence of others. One demanding challenge was posed by the continuing coronavirus pandemic with its negative effects on supply chains and production potential. Added to this came the war in Ukraine which favored a series of economic challenges or even triggered them: delivery bottlenecks and supply shortages, uncertain availability of raw materials as well as high energy and commodity prices which further boosted an inflation rate that was already high before the war, reduced private consumption and a stream of refugees from Ukraine.

With regard to consumer prices, an average increase of 5.8% (2021: +3.2%) can be deduced which is due to slow down again in 2023, however, with a rise of 3.4% over the previous year. The challenges of this year are also affecting Germany's GDP which is due to grow at a slower pace this year (2022: +2.2%) than in the previous year (2021: +2.9%).

This means the IfW has more than halved its original forecast for this year of +4.9%.

With a look to 2023, an increase of +3.7% is expected. The migration of refugees from Ukraine could have a positive impact on the local economy if the associated labor and production potential is exploited.

In its German Entertainment & Media Outlook 2021–2025, management consultants PwC make various predictions for the E&M industry (Entertainment & Media) in which the PANTAFLIX Group operates. These predictions are directly influenced by the

global pandemic which digitized the population in a flash. PwC expects the E&M industry in Germany to post sales growth even in 2022 to an extent that the 2019 level will be exceeded. Average annual growth of 4.5% is expected until 2025, resulting in total likely sales of EUR 69.0 billion.

Series and films (co)-produced by PANTALEON Films and PANTAFLIX Studios can be viewed on the streaming portals Netflix and Amazon Prime Video, among others. The VoD (Video-on-Demand) market is one which is benefiting from the restrictions on leaving home caused by the pandemic. PwC is expecting the VoD segment to grow annually by 7.5% until 2025, giving sales of EUR 2.5 billion in 2025. In 2019, before the pandemic, they were still languishing at EUR 1.3 billion.

In 2022, PantaSounds will tap into the podcast market with several formats. The music, radio and podcast segment is another area that is recording strong sales increases due to the pandemic. A new growth high of 24.6% is expected for the current year by comparison with the previous year. This segment will expand at an average of 11.5% per year until 2025, generating sales of EUR 5.5 billion in 2025 itself.

The importance of the film industry already described in the section “Macroeconomic and sector-related conditions in 2021” resulted in numerous subsidies. The support of the sector will also continue in 2022. In January and February 2022 alone, the German Federal Film Board (FFA) made around EUR 4.9 million available to support numerous film projects and scripts as well as distribution, sales and video subsidies.<sup>16</sup> Added to this, PwC are expecting movie theater sales to grow at an average annual rate of 26.4%, resulting in sales of EUR 983 million in 2025.

#### **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 enhance its future profitability. With all its business units, the Group addresses the global growth area of entertainment across all its distribution channels such as movie theaters, streaming and audio streaming as well as the corresponding formats of films, series and podcasts.

The activities of the subsidiaries PANTALEON Films and PANTAFLIX Studios center, in particular, on the development, production and marketing of films and series formats. The exploitation of film content in movie theaters remains an important pillar in the corporate strategy. The exploitation of productions in the stream-

ing segment is an added bonus. The market here is in a phase of dynamic change and the range of products on offer is growing steadily. The Group is benefiting in multiple ways from the increased demand for content.

In this context, the activities of PANTAFLIX Technologies also fit into the value chain. The focus here is on further establishing the B2B2C approach. The company perceives further potential for growth here. The solutions have therefore been refined to achieve synergy effects with prestigious partners. Among others, they include renowned business customers such as the book publishers Weltbild, the newspaper Süddeutsche Zeitung with its SZ film library, the newspaper FAZ as well as Airbus and the German Armed Forces. Its services are also in demand from movie theaters and film festivals.

The company addresses the continuing high pace of growth in the podcast market within the business domain of PantaSounds. For example, it has refined the business unit to become an audio production unit which in Tristan Lehmann has a CEO with great expertise with respect to podcast and audiobook productions. The aim is to become one of Germany’s leading production houses for audio entertainment. The development of PantaSounds is an example of how to successfully and strategically open up further entertainment business domains.

The subsidiary CC15 is an advertising agency that creates and produces entertainment formats for modern brands in modern channels – from series to ads and even stunts. In the last few years, CC15 has realized high-visibility campaigns for prestigious clients. For example, for eBay with the testimonials Joko Winterscheidt and Paul Ripke, for Nike, Mercedes-Benz, Amazon, HelloBody and JOKOLADE as well as for XXXLutz with the testimonial Matthias Schweighöfer. For the Paralympics, CC15 also created and produced a campaign in the last financial year together with Germany’s National Paralympic Committee. This campaign was intended to give parasport the attention it deserves.

The past financial year has shown that PANTAFLIX has the flexibility to adapt its business model to market requirements even in a challenging environment. Its secure positioning in the market in the 2021 financial year serves as a platform for devoting greater attention to earnings in operational areas. Specifically, the Company succeeded in recording further successes in the film and series production business and expanding its production pipeline. This includes promising and lavish productions across all genres and forms of expression.

The particular way in which invoices are issued in the film and series production business as well as project business in general and the lower visibility and higher volatility that result from it, will continue to mark PANTAFLIX's future growth in sales and earnings. The two financial years of 2020 and 2021 were special years for PANTAFLIX's sales and earnings in both directions. For reasons of comparability, our current forecast for 2022 therefore relates to the comparative figures from the pre-coronavirus financial year of 2019.

According to our current project planning, we expect sales of at least EUR 22 million for the PANTAFLIX Group in the 2022 financial year. The decline in sales by comparison with the 2019 financial year (EUR 28.7 million) is essentially due to a series production which is already being shot but which will probably only impact sales and earnings in the 2023 financial year. As a result, we are budgeting a significant increase in sales in the 2023 financial year by comparison with the current one. With respect to earnings before interest and taxes (EBIT) in 2022, we expect a marked improvement over the pre-coronavirus level in financial year 2019 (EUR -8.6 million) to a range of EUR -4.5 million to EUR -2.5 million.

## OPPORTUNITIES AND RISK REPORT

### RISK MANAGEMENT

The Group has a risk management system in place that is tailored to needs, demands and individual risks. The measures forming part of the internal control system with the aim of ensuring proper and reliable accounting serve to ensure that transactions are recorded in full, in a timely manner and in accordance with the provisions of both law and the company's bylaws, as well as relevant internal rules and regulations (compliance). Corresponding instructions and processes are in place in order to ensure that assets and liabilities are recognized, reported and valued accurately. The Management Board is closely involved in these processes.

### FILM CONTENT RISKS

On the one hand, it is necessary to achieve the publication of film content on PANTAFLIX at a sufficient pace and to a sufficient extent. On the other hand, a high quality of the published film content must be ensured and the infringement of copyrights must be prevented. A content quality assurance system has been established for this purpose: within this framework, PANTAFLIX Technologies GmbH also participates in the FSK youth protection program.

### CURRENCY RISKS

Since the PANTAFLIX VoD platform incurs all costs in euros, but some of the streams are paid for in local currencies, currency risks generally arise in the event of strong currency fluctuations

in relation to the euro. However, these risks 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. With regard to 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, back-ups are made at regular intervals and certain data are stored externally.

### OPPORTUNITIES AND RISKS IN FILM AND SERIES PRODUCTION

The development of the Group's net assets, financial position and results of operations depends on various, industry-standard opportunities and risks the effect of which on net assets, the financial position and the results of operations is 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 award practice for public-sector film funding in Germany could have a negative impact on conditions for film production in Germany. The financing of production budgets is dependent in part on public subsidies. Specifically, the Federal Republic of Germany and its individual federal states support productions, as such activities have a wide range of positive effects on the local economy.

Depending on the project and the funding program, a good half of the production budget may be financed through such subsidies. Any restriction or abolition of public film subsidies in Germany would entail major disadvantages for the entire sector and for the PANTAFLIX Group, it could lead to a situation with regard to the financing of its projects where productions can only be realized at a higher risk and higher costs or in the worst case scenario, can no longer be realized at all.

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

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

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.

In addition, the Company's film and series productions are in competition with other production companies and their partners for moviegoers and audiences. It cannot be ruled out that the simultaneous release of in-house productions with those of competitors will detrimentally affect the success of their exploitation.

Competition for moviegoers is intensifying due to the trend in which a generally rising number of new films opening in movie theaters are confronted with a dwindling number of moviegoers, not least due to the social distancing rules in the coronavirus guidelines. The result could be that the demands placed on marketing and the associated costs increase while movie theater operators drop films more quickly in the face of increased competition, thereby reducing revenues from the distribution of movies as a whole. The growing number of film and series productions could also lead to increased competition for subsequent rights exploitation, e.g. for TV licensing and above all in the area of video-on-demand/streaming. These circumstances could also lead to rising costs and falling sales revenues. Finally, a rising number of production companies and productions could have a negative impact on the way in which public subsidies are awarded in practice, make it harder to take up funding opportunities elsewhere or worsen their underlying terms and conditions. Furthermore, the rising number of productions in Germany and Europe is leading to a shortage of specialists in production teams. This shortage may lead to the postponement or even cancellation of shoots.

The existing competition and heightened competitive conditions could have a negative impact on PANTAFLIX AG's net assets, financial position and results of operations as well as the general course of its business.

Not least, the present coronavirus pandemic continues to represent a further risk factor that may negatively impact the number of moviegoers and the production of films and series for the foreseeable future.

#### OPPORTUNITIES AND RISKS IN THE AREA OF VIDEO-ON-DEMAND (VOD)

The streaming market is highly dynamic. Its B2C business, in particular, has a high turnover of national and international providers. In the areas of B2B and B2B2C, new opportunities are emerging for companies from a wide range of industries that want to further digitize their business and expand it to include a moving image offering. These include, for example, publishers of print products, cinemas, film festivals, and organizations such as the German armed forces. PANTAFLIX Technologies GmbH offers its B2B customers an end-to-end service without major financial and operational barriers to entry. Due to the pandemic, this process was pushed very strongly past year, but could not always replace the financial losses from the core business on the part of the customers. As the pandemic subsides, some customers will have to focus more on their respective core business again, but without wanting/needing to give up digital service. However, customers will have to divide financial and operational resources between new and traditional business in the future. In order to position itself successfully in this competition, PANTAFLIX Technologies GmbH must continuously keep its streaming technology up to date in its function as an enabler for its customers and acquire a sufficient number of users and bind them to PANTAFLIX. The latter circumstance in particular has a not insignificant impact on costs and entails a risk of cost increases.

#### FINANCIAL RISKS

Outside the company's role as a holding company, there are credit risks for financial instruments, liquidity risks as well as market risks resulting from changes in interest rates and exchange rates.

#### LIQUIDITY AND TAX RISKS

Risks arise from changes in exchange rates and interest rates as well as 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. It could prove difficult to raise new capital from the capital markets, particularly in view of volatile capital markets around the world. PANTAFLIX AG may also have a need to raise finance if subsidiaries fail to make a profit.

Financial planning instruments are used throughout the Group in order to monitor and manage 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 2021, 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.

#### REPORT ON EVENTS AFTER THE END OF THE REPORTING PERIOD

BlackMars Capital GmbH, headquartered in Königstein in the Taunus region, informed PANTAFLIX AG on January 22, 2022 in accordance with Section 20(4) of the German Stock Corporation Act (AktG) that it holds a direct majority interest in PANTAFLIX AG.

Munich, May 18, 2022



Nicolas Paalzow  
CEO



Stephanie Schettler-Köhler  
COO

# CONSOLIDATED BALANCE SHEET

as of December 31, 2021

ASSETS	31/12/2021	31/12/2020
	EUR	EUR
<b>A. FIXED ASSETS</b>		
<b>I. Intangible assets</b>		
1. Internally generated industrial property rights and similar rights and assets	2,287,257.00	953,232.00
2. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	510,075.48	461,306.48
3. Goodwill	123,764.39	141,535.43
4. Advance payments	12,960,188.88	18,258,791.96
	15,881,285.75	19,814,865.87
<b>II. Tangible fixed assets</b>		
1. Technical equipment and machinery	38,636.00	14,728.00
2. Other equipment, operating and office equipment	85,665.00	112,881.00
	124,301.00	127,609.00
	16,005,586.75	19,942,474.87
<b>B. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
1. Work in progress	494,060.22	15,084,581.92
2. Advance payments made	186,062.50	0.00
	680,122.72	15,084,581.92
<b>II. Receivables and other assets</b>		
1. Trade receivables	6,410,829.94	2,696,374.95
2. Other assets	311,760.39	637,962.00
	6,722,590.33	3,334,336.95
<b>III. Cash-in-hand, bank balances</b>	14,080,085.94	7,194,767.29
	21,482,798.99	25,613,686.16
<b>C. PREPAID EXPENSES</b>	73,809.56	95,049.70
	37,562,195.30	45,651,210.73

EQUITY AND LIABILITIES	31/12/2021	31/12/2020
	EUR	EUR
<b>A. EQUITY</b>		
<b>I. Subscribed capital</b>	20,461,529.00	16,910,355.00
<b>II. Capital reserves</b>	18,685,715.10	18,164,770.80
<b>III. Revenue reserves</b>		
Legal reserve	14,268.80	14,268.80
<b>IV. Consolidated unappropriated net loss</b>	-30,081,054.11	-27,955,234.51
	9,080,458.79	7,134,160.09
<b>V. Non-controlling interests</b>	-65,989.93	-446,336.36
	9,014,468.86	6,687,823.73
<b>B. PROVISIONS</b>		
1. Tax provisions	21,237.02	4,189.00
2. Other provisions	1,864,929.08	485,061.35
	1,886,166.10	489,250.35
<b>C. LIABILITIES</b>		
1. Liabilities to banks	12,908,418.33	9,401,713.83
2. Advance payments received on orders	11,565,819.95	25,325,389.19
3. Trade payables	910,084.86	1,525,313.62
4. Other liabilities	1,277,237.20	2,221,720.01
- of which taxes EUR 253,162.72 (previous year: EUR 420,445.35)		
	26,661,560.34	38,474,136.65
	<b>37,562,195.30</b>	<b>45,651,210.73</b>

# CONSOLIDATED INCOME STATEMENT

for the period from January 1 to December 31, 2021

	01/01-31/12/2021	01/01-31/12/2020
	EUR	EUR
1. Revenue	42,579,269.34	7,821,452.21
2. Increase or decrease in finished goods and work in progress	-14,590,521.70	13,693,129.95
3. Other own work capitalized	317,656.00	763,695.22
4. Other operating income	4,272,181.12	508,736.88
5. Cost of materials		
Cost of purchased services	9,355,750.68	19,960,671.09
6. Personnel expenses		
1) Wages and salaries	3,712,546.90	3,755,981.11
2) Social security, post-employment and other employee benefit costs	566,517.29	662,306.58
- of which from post-employment benefit costs EUR 9,130.82 (previous year: EUR 3,852.14)	4,279,064.19	4,418,287.69
7. Depreciation, amortization and extraordinary write-downs	18,376,607.37	1,723,012.20
8. Other operating expenses	2,449,536.39	3,818,216.28
9. Other interest and similar income	360.00	2.01
10. Interest and similar expenses	24,529.87	21,031.74
11. Taxes on income	28,136.89	-7,144.00
<b>12. Earnings after taxes</b>	<b>-1,934,680.63</b>	<b>-7,147,058.73</b>
<b>13. Consolidated net loss for the year</b>	<b>-1,934,680.63</b>	<b>-7,147,058.73</b>
14. Non-controlling interests in net result	-191,138.98	46,360.72
<b>15. Consolidated net loss</b>	<b>-2,125,819.60</b>	<b>-7,100,698.01</b>
16. Consolidated net loss carried forward	-27,955,234.51	-20,854,536.50
<b>17. Consolidated unappropriated net loss</b>	<b>-30,081,054.11</b>	<b>-27,955,234.51</b>

# CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31, 2021

	2021	2020
	EUR thousand	EUR thousand
<b>Operating activities</b>		
1. Consolidated net loss for the year	-1,935	-7,147
2. + Depreciation, amortization and extraordinary write-downs of fixed assets	18,377	1,723
3. + Increase in provisions (not including tax provision)	1,380	-160
4. - Decrease (previous year: increase) in inventories, trade receivables and other assets not attributable to investing or financing activities	10,978	-10,616
5. + Increase in trade payables and other liabilities not attributable to investing or financing activities	-16,795	24,872
6. + Loss on fixed asset disposals	95	304
7. +/- Interest result	24	20
8. +/- Taxes on income	28	-7
9. - Income tax payments	48	5
<b>10. = Cash flow from operating activities</b>	<b>12,200</b>	<b>8,994</b>
<b>Investing activities</b>		
11. + Proceeds from disposals of intangible assets	2	0
12. - Payments for investments in intangible fixed assets	-14,487	-15,971
13. + Payments for investments in tangible fixed assets	-50	-4
<b>14. = Cash flow from investing activities</b>	<b>-14,535</b>	<b>-15,975</b>
<b>Financing activities</b>		
15. + Receipts from additions to equity by shareholders	4,260	1,706
16. - Disbursements for the acquisition of minority interests	-11	0
17. + Proceeds from the sale of minority interests	12	0
18. + Proceeds from the issuance of debt	0	2,000
19. - Interest paid	-24	-20
<b>20. = Cash flow from financing activities</b>	<b>4,237</b>	<b>3,686</b>
<b>21. Net change in cash and cash equivalents</b>	<b>1,902</b>	<b>-3,295</b>
<b>22. Cash and cash equivalents at start of period</b>	<b>1,270</b>	<b>4,565</b>
<b>23. Cash and cash equivalents at end of period</b>	<b>3,172</b>	<b>1,270</b>
<b>Composition of cash and cash equivalents at end of fiscal year</b>		
Cash-in-hand, bank balances	14,080	7,195
Bank overdrafts repayable at any time	-10,908	-5,925
<b>Cash funds at end of fiscal year</b>	<b>3,172</b>	<b>1,270</b>

# CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

as of December 31, 2021

EUR

	Balance carried forward 01/01/2021	Additions	Disposals	Transfers
<b>FIXED ASSETS</b>				
<b>I. Intangible assets</b>				
1. Internally generated industrial property rights and similar rights and assets	60,390,367.11	3,512,517.66	0.00	15,975,147.36
- of which interest on borrowed capital		145,156.88	0.00	
2. Acquired concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	1,713,537.74	210,283.63	0.00	0.00
3. Goodwill	177,710.47	0.00	0.00	0.00
4. Advance payments on internally generated industrial rights and similar rights and assets	18,258,791.96	10,764,115.64	87,571.36	-15,975,147.36
- of which interest on loans		53,814.45		
<b>Total intangible assets</b>	<b>80,540,407.28</b>	<b>14,486,916.93</b>	<b>87,571.36</b>	<b>0.00</b>
<b>II. Tangible fixed assets</b>				
1. Technical equipment and machinery	174,358.32	46,450.77	0.00	0.00
2. Other equipment, operating and office equipment	250,994.21	3,295.90	22,413.04	0.00
<b>Total tangible fixed assets</b>	<b>425,352.53</b>	<b>49,746.67</b>	<b>22,413.04</b>	<b>0.00</b>
<b>Total fixed assets</b>	<b>80,965,759.81</b>	<b>14,536,663.60</b>	<b>109,984.40</b>	<b>0.00</b>

Cost	Depreciation, amortization and extraordinary write-downs				Carrying amounts	
	As at 31/12/2021	Balance carried forward 01/01/2021	Additions	Disposals	As at 31/12/2021	As at 31/12/2020
79,878,032.13	59,437,135.11	18,153,640.02	0.00	77,590,775.13	953,232.00	2,287,257.00
1,923,821.37	1,252,231.26	161,514.63	0.00	1,413,745.89	461,306.48	510,075.48
177,710.47	36,175.03	17,771.05	0.00	53,946.08	141,535.44	123,764.39
12,960,188.88	0.00	0.00	0.00	0.00	18,258,791.96	12,960,188.88
<b>94,939,752.85</b>	<b>60,725,541.40</b>	<b>18,332,925.70</b>	<b>0.00</b>	<b>79,058,467.10</b>	<b>19,814,865.88</b>	<b>15,881,285.75</b>
220,809.09	159,630.32	22,542.77	0.00	182,173.09	14,728.00	38,636.00
231,877.07	138,113.21	21,138.90	13,040.04	146,212.07	112,881.00	85,665.00
<b>452,686.16</b>	<b>297,743.53</b>	<b>43,681.67</b>	<b>13,040.04</b>	<b>328,385.16</b>	<b>127,609.00</b>	<b>124,301.00</b>
<b>95,392,439.01</b>	<b>61,023,284.93</b>	<b>18,376,607.37</b>	<b>13,040.04</b>	<b>79,386,852.26</b>	<b>19,942,474.88</b>	<b>16,005,586.75</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of December 31, 2021

	Subscribed capital	Reserves		
		Capital reserves	Legal reserves	Total reserves
<b>Balance as of January 1, 2020</b>	<b>15,373,050.00</b>	<b>17,995,667.26</b>	<b>14,268.80</b>	<b>18,009,936.06</b>
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
<b>Balance as of December 31, 2020</b>	<b>16,910,355.00</b>	<b>18,164,770.80</b>	<b>14,268.80</b>	<b>18,179,039.60</b>
<b>Balance as of January 1, 2021</b>	<b>16,910,355.00</b>	<b>18,164,770.80</b>	<b>14,268.80</b>	<b>18,179,039.60</b>
Capital increase in cash	3,551,174.00	708,543.76	0.00	708,543.76
Acquisition/disposal of shares	0.00	-187,599.46	0.00	-187,599.46
Consolidated net loss for the year	0.00	0.00	0.00	0.00
<b>Balance as of December 31, 2021</b>	<b>20,461,529.00</b>	<b>18,685,715.10</b>	<b>14,268.80</b>	<b>18,699,983.90</b>

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	
<b>-20,854,536.50</b>	<b>12,528,449.56</b>	<b>-194,888.18</b>	<b>-205,087.46</b>	<b>-399,975.64</b>	<b>12,128,473.92</b>
0.00	1,706,408.55	0.00	0.00	0.00	1,706,408.54
0.00	0.00	0.00	0.00	0.00	0.00
-7,100,698.01	-7,100,698.01	0.00	-46,360.72	-46,360.72	-7,147,058.73
<b>-27,955,234.51</b>	<b>7,134,160.09</b>	<b>-194,888.18</b>	<b>-251,448.18</b>	<b>-446,336.36</b>	<b>6,687,823.73</b>
<b>-27,955,234.51</b>	<b>7,134,160.09</b>	<b>-194,888.18</b>	<b>-251,448.18</b>	<b>-446,336.36</b>	<b>6,687,823.73</b>
0.00	4,259,717.76	0.00	0.00	0.00	4,259,717.76
0.00	-187,599.46	0.00	189,207.46	189,207.45	1,607.99
-2,144,569.60	-2,125,819.60	0.00	191,138.98	191,138.98	-1,934,680.62
<b>-30,099,804.11</b>	<b>9,080,458.79</b>	<b>-194,888.18</b>	<b>128,898.26</b>	<b>-65,989.93</b>	<b>9,014,468.86</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

## GENERAL DISCLOSURES

The company with its registered head office in Munich, 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 March 1, 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 (formerly March & Friends GmbH, Munich)	51.00
PANTALEON Pictures GmbH, Munich	100.00
PANTAFLIX Technologies GmbH, Berlin	100.00
PantaSounds GmbH, Berlin	100.00
Creative Cosmos 15 GmbH, Munich	56.00
The Special Squad UG*	100.00

\*wholly-owned subsidiary of PANTALEON Films GmbH

PANTAFLIX AG acquired a further 42.5% of the shares in PantaSounds GmbH in the past fiscal year. Of its shares in PANTAFLIX Studios AG, PANTAFLIX AG sold 49% to its current CEOs.

## 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 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, and provisions are consequently 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 December 31, 2021, 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 199 thousand (2020: EUR 117 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:

in EUR (2020: in EUR thousand)	Total	less than 1 year	1–5 years	more than 5 years
Liabilities to banks	12,908,418 (2020: 9,402)	11,575,085 (2020: 7,402)	1,333,333 (2020: 2,000)	0 (2020: 0)
Prepayments received on orders	11,565,820 (2020: 25,325)	11,565,820 (2020: 24,325)	0 (2020: 1,000)	0 (2020: 0)
Trade payables	910,085 (2020: 1,525)	910,085 (2020: 1,525)	0 (2020: 0)	0 (2020: 0)
Other liabilities	1,277,237 (2020: 2,222)	1,277,237 (2020: 2,222)	0 (2020: 0)	0 (2020: 0)
<b>Total</b>	<b>26,661,560</b> (2020: 38,474)	<b>25,328,227</b> (2020: 35,474)	<b>1,333,333</b> (2020: 3,000)	<b>0</b> (2020: 0)

Bank balances of EUR 100 thousand are restricted as of December 31, 2021.

**NOTES TO THE INCOME STATEMENT**

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

Other operating income comprises income from currency translation in an amount of EUR 35 thousand. Other operating expenses comprise expenses from currency translation in an amount of EUR 7 thousand.

**DISCLOSURES ON CAPITAL****SUBSCRIBED CAPITAL**

The Company's subscribed capital was increased by EUR 3,551,174 in the year under review from EUR 16,910,355 to EUR 20,461,529 through two capital increases and is divided into 20,461,529 bearer shares in the form of no-par value shares.

**CONTINGENT CAPITAL**

The Annual General Meeting on August 28, 2021 passed a resolution to partially cancel Contingent Capital 2019/I, create Contingent Capital (Contingent Capital 2021/I), and increase Contingent Capital 2018/I.

By resolution of the Annual General Meeting on July 19, 2017, and reduction by resolution of December 10, 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 7,440,556 by resolution of the Annual General Meeting on July 25, 2018, and after the increase by resolution of August 26, 2021 (Contingent Capital 2018/I).

By resolution of the Annual General Meeting on July 25, 2018, and reduction by resolution of December 10, 2020, the Company's share capital was conditionally increased by EUR 896,000 (Contingent Capital 2018/II).

By resolution of the Annual General Meeting on July 23, 2019, and after partial cancellation by resolution of August 26, 2021, the company's share capital was conditionally increased by EUR 383,000 (Contingent Capital 2019/I).

By resolution of the Annual General Meeting on August 26, 2021, the Company's share capital was conditionally increased by EUR 526,139 (Contingent Capital 2021/I).

#### AUTHORISED CAPITAL

On August 26, 2021, the Annual General Meeting resolved to cancel Authorized Capital 2020/I and create Authorized Capital 2021/I.

By resolution of the Annual General Meeting on August 26, 2021, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by August 25, 2026 against cash and/or non-cash contributions once or several times by a total of up to EUR 9,300,695 with shareholders' subscription rights able to be excluded (Authorized Capital 2021/I). After partial exploitation, the remaining authorized capital of August 26, 2021 amounts to EUR 7,440,556.

#### CAPITAL RESERVES

The capital reserves increased by EUR 708,543.76 to EUR 18,827,525.81 in the year under review due to two capital increases. As of December 31, 2021, the Group's capital reserves amount to EUR 18,685,715.10 due to topping up and reducing capital shares in subsidiaries.

#### OTHER DISCLOSURES

##### MANAGEMENT BOARD

- NICOLAS SEBASTIAN PAALZOW, businessman, Munich
- STEPHANIE SCHETTLER-KÖHLER, businesswoman, Munich (from August 2, 2021)

Both members of the board are entitled to represent the Company on their own and they are exempt from the restrictions under Section 181 of the German Civil Code (BGB).

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 2021 amounts to EUR 110,156.25.

##### NUMBER OF EMPLOYEES

The average number of employees in the year under review was 55 (2020: 143).

##### EMPLOYEE OPTIONS

As at December 31, 2021, the Company had issued 1,334,000 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 relevant 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 44 thousand and includes all audit services.

OTHER FINANCIAL OBLIGATIONS

Other financial obligations exist amounting to EUR 374 thousand, particularly from rental agreements, of which EUR 213 thousand were due in 2022.

PROPOSAL FOR THE APPROPRIATION OF PROFITS

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

EVENTS OF PARTICULAR SIGNIFICANCE AFTER THE END OF THE FISCAL YEAR (SECTION 285 NO. 33 HGB)

The global market environment in the 2022 fiscal year is characterized by the continuing COVID-19 pandemic as well as the war in Ukraine and their associated developments. Any further effects are not reliably foreseeable at the present time.

Munich, May 18, 2022  
Management Board



Nicolas Paalzow  
CEO



Stephanie Schettler-Köhler  
COO

# AUDIT OPINION OF THE INDEPENDENT AUDITORS

TO PANTAFLIX AG:

## AUDIT OPINION

We have audited the consolidated annual statements of PANTAFLIX AG, Munich, – consisting of the consolidated balance sheet as at December 31, 2021, 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, 2021. Further we have audited the group management report of PANTAFLIX AG, Munich, for the business year from January 1 to December 31, 2021.

The inclusion of the accounting records in the audit of the consolidated financial statements in accordance with § 317 I 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 did not give rise to any objections.

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, 2021 and of its results of operations for the fiscal year from January 1, 2021 to December 31, 2021 in accordance with German 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 German legal requirements and appropriately presents the opportunities and risks of future developments.

Pursuant to Section 322 III 1 HGB, we hereby declare that our audit did not give rise to any objections to the consolidated financial statements or 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 responsibilities in

accordance with these regulations and principles are further described in the section “Responsibilities 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 companies in accordance with the requirements of German commercial law and professional regulations and have performed our other German professional duties in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our 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 annual financial statements and 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 of the consolidated financial statements and their compliance in all material respects 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 developments. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and the group management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future developments, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and 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 can result from fraud or error and are con-

sidered 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 assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinions. The risk that material misstatement will not be detected is greater in the case of violations than in the case of errors as violations may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.
- 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 of the company.
- we evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- we draw conclusions on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or circumstances that may cast significant doubt on the group's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may lead to a situation in which the group is unable to continue as a going concern.
- we evaluate the overall presentation, structure and contents of the consolidated financial statements including the disclosures, as well as whether the consolidated financial statements reflect

the underlying transactions and events in a way that gives a true and fair view of the group's net assets, financial position and results of operations in accordance with German generally accepted accounting principles.

- 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 audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate 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 or on the assumptions on which it is based. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Hofheim am Taunus, May 18, 2022

VOTUM AG  
Wirtschaftsprüfungsgesellschaft (Auditors)  
Steuerberatungsgesellschaft (Tax Consultants)

Lehnert  
Auditor

Leoff  
Auditor

# SEPARATE FINANCIAL STATEMENTS OF PANTAFLIX AG BALANCE SHEET

as of December 31, 2021

ASSETS		31/12/2021	31/12/2020
	EUR	EUR	EUR
<b>A. FIXED ASSETS</b>			
<b>I. Intangible assets</b>			
1. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets		84,106.48	84,399.48
<b>II. Tangible fixed assets</b>			
1. Technical equipment and machinery	9,814.00		7,452.00
2. Other equipment, operating and office equipment	51,983.00	61,797.00	73,839.00
<b>III. Financial assets</b>			
Shares in affiliated companies		7,639,040.00	12,804,731.32
<b>B. CURRENT ASSETS</b>			
<b>I. Receivables and other assets</b>			
1. Trade receivables	2,446.16		42,038.59
2. Receivables due from affiliated companies	5,955,085.21		11,176,031.13
3. Other assets	87,257.19	6,044,788.56	83,061.35
<b>II. Cash on hand, Bundesbank balances, bank balances and cheques</b>		3,221,457.94	1,876,683.84
<b>C. PREPAID EXPENSES</b>		57,814.13	63,711.24
		<b>17,109,004.11</b>	<b>26,211,947.95</b>

EQUITY AND LIABILITIES		31/12/2021	31/12/2020
	EUR	EUR	EUR
<b>A. EQUITY</b>			
I. Subscribed capital		20,461,529.00	16,910,355.00
II. Capital reserves		18,827,525.81	18,118,982.05
III. Revenue reserves			
Legal reserve		14,268.80	14,268.80
IV. Loss carried forward		-9,214,234.37	-8,109,408.26
V. Net loss incurred for the year		-13,193,688.55	- 1,104,826.11
<b>B. PROVISIONS</b>			
Other provisions		75,195.00	151,662.00
<b>C. LIABILITIES</b>			
1. Liabilities to banks	1,295.99		1,694.04
2. Trade payables	81,208.96		112,905.49
3. Liabilities due to affiliated companies	13,784.25		406.42
4. Other liabilities	42,119.22	138,408.42	115,908.52
		<b>17,109,004.11</b>	<b>26,211,947.95</b>

# INCOME STATEMENT

for the period from January 1 to December 31, 2021

		01/01-31/12/2021	01/01-31/12/2020
	EUR	EUR	EUR
1. Revenue		1,038,248.00	1,822,320.21
2. Other operating income		39,418.93	17,954.88
3. Cost of materials			
Cost of purchased services		8,252.74	90,761.65
4. Personnel expenses			
a) Wages and salaries	1,037,261.13		1,471,853.35
b) Social security contributions and expenses for pensions and other employee benefits	138,172.02	1,175,433.15	208,334.80
5. Depreciation, amortization and extraordinary write-downs			
a) on intangible assets and property, plant and equipment	16,729.01		27,803.43
b) on current assets, insofar as these exceed the depreciation customary in the corporation	6,204,200.19	6,220,929.20	0.00
6. Other operating expenses		1,329,625.97	1,438,405.06
7. Other interest and similar income		327,832.09	292,057.09
8. Write-downs of financial assets and marketable securities		5,864,083.32	0.00
9. Interest and similar expenses		863.19	0.00
10. Earnings after taxes		-13,193,688.55	-1,104,826.11
11. Net loss incurred for the year		13,193,688.55	1,104,826.11

# AUDIT OPINION OF THE INDEPENDENT AUDITORS

TO PANTAFLIX AG:

## AUDIT OPINION

We have audited the annual financial statements of PANTAFLIX AG, Munich, consisting of the balance sheet, the income statement and 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, 2021.

The inclusion of the accounting records in the audit of the annual financial statements in accordance with § 317 I 1 HGB is an additional legal requirement that goes beyond those of the International Standards on Auditing.

Our audit conducted in accordance with § 317 HGB did not give rise to any objections.

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, 2021 and of its results of operations for the fiscal year from January 1, 2021 to December 31, 2021 in accordance with German 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 responsibilities in accordance with these regulations and principles are further described in the section "Responsibilities of the auditor for the audit of the annual financial statements" of our audit opinion. We are independent of the company in accordance with the requirements of German commercial law and professional regulations, and have fulfilled our other German professional duties in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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 of the annual financial statements and their compliance in all material respects 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.

## RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, 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 can 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 assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinions. The risk that material misstatement will not be detected is greater in the case of violations than in the case of errors as violations may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.
- we obtain an understanding of the internal control system relevant to the audit of the annual financial statements, 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 these systems of the company.
- we evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- we draw conclusions on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or circumstances that may cast significant doubt on the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may lead to a situation in which the company is unable to continue as a going concern.

- we evaluate the overall presentation, structure and contents of the annual financial statements, including the disclosures, as well as whether the annual financial statements reflect the underlying transactions and events in a way that gives a true and fair view of the company's net assets, financial position and results of operations in accordance with German generally accepted accounting principles.

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

Hofheim am Taunus, May 6, 2022

VOTUM AG  
Wirtschaftsprüfungsgesellschaft (Auditors)  
Steuerberatungsgesellschaft (Tax Consultants)

Lehnert  
Auditor

Leoff  
Auditor

# DISCLAIMER AND IMPRINT

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