

PANTAFLIX

ANNUAL REPORT

2019

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ABOUT PANTAFLIX AG

PANTAFLIX AG is a media and technology company with a clear growth strategy. Thanks to the efficient dovetailing of all Group divisions, the Company achieves a high level of integration in relation to the production, distribution, exploitation and marketing of films and series as well as their rights. The Group comprises the classic film production business at PANTALEON Films, the music label PantaSounds, the production unit PANTAFLIX Studios and the creative agency Creative Cosmos 15, as well as the cloud-based video-on-demand platform (VoD) PANTAFLIX. The focus of the VoD platform is to deliver a tailor-made premium content offering for users via all relevant access channels.

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

PANTAFLIX AG is listed on the stock exchange under XETRA symbol PAL and ISIN DE000A12UPJ7.

Further information is available at www.pantaflixgroup.com and www.pantaflix.com.

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LETTER TO THE SHAREHOLDERS



Dear shareholders,

In the past 2019 fiscal year, we successfully implemented further key elements of our growth-oriented corporate strategy. In the streaming sector, in particular, we have been vigorously looking for and finding new possibilities for monetization. In this respect, we perceive great opportunities. An even more agile, digital and highly integrative media group is clearly emerging. Nevertheless, in the situation influenced by the coronavirus pandemic, we now need to weigh up all decisions wisely and examine all options for action in the spirit of due commercial prudence in order to ensure that our company is fit and on track for the future.

The PANTAFLIX Group generated revenues of EUR 28.7 million in the 2019 fiscal year, compared with EUR 35.1 million in the previous year. Although a reduction in revenues occurred due to project postponements, these were within the range of the management's expectations. Total operating performance plus other operating income amounted to EUR 24.5 million in the 2019 fiscal year, compared with EUR 34.2 million in the previous year. Due to the completion of commissioned productions, the inventory of finished and unfinished products – and consequently the total operating performance reported – decreased. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved from EUR 2.9 million in 2018 to EUR 3.3 million in the year under review. At EUR -8.6 million, earnings before interest and taxes (EBIT) was recorded slightly above the level of the previous year (EUR -9.0 million). With EUR 7.2 million in cash and cash equivalents, the PANTAFLIX Group commands a solid financial foundation.

At PANTAFLIX, we focus on the best in entertainment, from the initial idea and its production through to exploitation of the content – whether for the movie theater, via our cloud-based video-on-demand (VoD) platform PANTAFLIX, or for partners in the context of commissioned productions. We leverage synergies by combining this business with our ability to offer our market-proven platform technology to business customers. We are thereby successfully on the path to our goal of tapping up new sales areas.

Digital strategy paying off tangibly

Our PANTAFLIX VoD platform's high integrative power forms the core of our digital strategy. In 2019, we began to expand our transactional VoD business (TVoD) with an advertising-based variant (AVoD) that is free of charge for consumers. We are thereby creating an offering that is particularly flexible for users. Productions by major Hollywood studios such as Sony Pictures Entertainment and Paramount Pictures are supplementing our comprehensive media library. A supply of exclusive content is also provided. For this purpose, we have founded PANTAFLIX Studios as an agile and creative production unit. Together with high-reach social media influencers, this unit is developing short and mostly series formats for PANTAFLIX's AVoD section as well as for third parties. From the very outset of our AVoD offerings, KRASS KLASSENFAHRT ranked among the first successful licensed productions. With further exclusive series such as STREET LEGENDS, LEOO HILFT and DAS INTERNAT, as well as the first PANTAFLIX Original Movie ROCCOS REISE, our pipeline is also well filled.

The possibilities and potential that PANTAFLIX is offering have not gone unnoticed by business customers. Our PANTAFLIX technology has already proven its high-performance capabilities at the German Film Academy. Just recently, we also succeeded in gaining the multi-channel bookselling company Weltbild in our B2B business. It is clearly evident that PANTAFLIX can make significant contributions to the digitalization of business models in a very wide and diverse range of user sectors. We are currently experiencing strong demand and are engaged in advanced and constructive discussions with additional potential partners.

Broad project foundation securing the future

With DEM HORIZONT SO NAH (CLOSE TO THE HORIZON), AUERHAUS and ABIKALYPSE, three PANTALEON Films productions debuted in movie theaters in 2019. The production of GENERATION BEZIEHUNGSUNFÄHIG (GENERATION RELATIONSHIP-SHY), based on Michael Nast's bestselling book, had to be interrupted in spring 2020 due to the coronavirus pandemic. We plan to resume filming before the end of the current year. We are also planning to start shooting for OSKARS KLEID. For both productions, progress depends directly on the development of the coronavirus pandemic and restrictions imposed by containment measures. Owing to the COVID19 pandemic, our first major international production RESISTANCE was launched on 26 March 2020 in only a few selected movie theaters in the USA. At the same time, RESISTANCE was available on various streaming platforms on launch. In Germany, the story about mime artist Marcel Marceau is expected to hit the movie theaters in autumn 2020. TAKEOVER – VOLL VERTAUSCHT is the name of a further promising production that is expected to reach the big screen in July 2020. Heiko and Roman Lochmann (formerly known as "The Lochis") take on the leading roles in this film for the entire family. We are particularly proud of the completion of DAS LETZTE WORT (THE LAST WORD), our first series for US streaming service Netflix, with Anke Engelke in the leading role. The release is planned for autumn 2020.

As a consequence, our project pipeline is well filled. Ongoing partnerships with potential clients such as AMAZON Prime Video, Netflix, Apple, Sky and Joyn is placing our film and serial production business area on a broader footing.

Significant earnings improvement expected despite coronavirus challenge

The 2020 current fiscal year is being influenced and affected to a considerable extent by the coronavirus pandemic. Work on film projects had to be interrupted or postponed indefinitely due to authorities' orders to contain the virus. The resumption of work continues to depend on the further progress of restrictions to contain the coronavirus pandemic. The same applies to production starts already planned for the year 2020. At the end of March, the Company adopted short-time working due to the shutdown in its production business, and for the protection of its employees. At the same time, the possibility of recourse to aid measures at both federal and state level was investigated.

All efforts that have been both planned and undertaken address employee health and the securing of the company's medium and long-term performance and success. These also include options for action that can exert a lasting effect on our current corporate structure, including a spin-off and potential disposal of individual business units.

According to current project planning for the PANTAFLIX Group, we expect a significant decrease in revenues in the 2020 fiscal year due to the COVID-19 pandemic. Thanks to various efficiency and optimization measures, however, a significant improvement is anticipated in the negative operating income (EBIT) that is expected in 2020, which should also be reflected in cash flow from operating activities.

To date, the sum of revenue expectations for the 2020 and 2021 fiscal years has not changed on an overall perspective. In this respect, pandemic-related postponements in 2020 still have the potential to lead to an exceptionally strong 2021 fiscal year.

I am confident that PANTAFLIX will gain in strength despite the current adverse environment, and all the existing challenges the Group faces. With our passion and expertise, we will continue to represent an important partner for filmmakers, business customers, cineastes and movie buffs. Our team forms the sound foundation for this, and I would like to take this opportunity to thank them once again for their outstanding commitment.

Yours sincerely,



Nicolas Paalzow

SUPERVISORY BOARD REPORT

Dear shareholders,

In the following report, the Supervisory Board would like to inform you about its activities in the 2019 financial year. In particular, the report discusses the ongoing dialogue with the Management Board, the main topics of consultations at Supervisory Board meetings, and the review of the 2019 annual and consolidated financial statements.

Supervisory Board activity in the 2019 financial year

In the 2019 financial year, the Supervisory Board concerned itself with the Company's business performance, as well as with its financial performance and position, on an ongoing basis in accordance with the tasks and responsibilities incumbent upon it according to the law and the articles of association. It regularly advised the Management Board on its intended business policy and other fundamental issues and supervised its management of the Company. Standards for such supervision included the legality, compliance, functionality and efficiency of the Management of the Company. The Supervisory Board received information on key business transactions both verbally and in writing as part of regular reporting in accordance with Section 90 of the German Stock Corporation Act (AktG). This was also the case outside the scope of Supervisory Board meetings.

The Supervisory Board held a total of 20 meetings in the year under review, of which three were attended meetings and 17 were telephone meetings. At these meetings, the Supervisory Board discussed in detail the Company's position, its annual financial statements, the Management Board's strategy and the risk controlling system, as well as the human resources situation. Consultations in the year under review focused on the reporting of revenues and earnings trends, risk management, as well as the strategic and operational development of the Company, including the financing of the Company and of its main subsidiaries. The object of the resolutions passed included the conclusion of various cinema film productions, the issue of stock options to members of the Management Board, the implementation of a stock option plan, capital measures, Management Board and other personnel matters, as well as budget planning. All meetings were attended by all of the members of the Supervisory Board. For individual items of the Supervisory Board meetings, the Management Board and other employees were invited as guests to present issues and answer any questions that arose.

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

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 notified, or arose, with regard to the Management Board and the 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 tasks of the Supervisory Board.

Personnel changes in the Supervisory Board

Pursuant to the provisions of the articles of association of PANTAFLIX AG, the Supervisory Board is 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.

Personnel changes occurred in the Supervisory Board during the reporting period. The term of office of Mr. Eerik Budarz expired at the end of the Annual General Meeting on 23 July 2019. Mr. Budarz has been strengthening the PANTAFLIX AG team as Chief Financial Officer (CFO) since September 2019.

As part of regular elections to the Supervisory Board, whose terms of office duly ended on 23 July 2019, the representative of major shareholder BlackMars Capital GmbH, in agreement with the Company, submitted an extraordinary motion for the election of Klemens Hallmann to the Supervisory Board. Klemens Hallmann, who with his Hallmann International Investment GmbH is a core shareholder of PANTAFLIX AG, was elected to the Supervisory Board on 23 July 2019. The term of office of the newly elected Supervisory Board members Klemens Hallmann, Marcus Machura and Marc Schönberger ends with the Annual General Meeting that approves the discharge for the 2023 fiscal year.

At the constitutive meeting following the Ordinary Annual General Meeting on 23 July 2019, the Supervisory Board appointed Marcus Machura as Chairman and Marc Schönberger as Deputy Chairman.

Personnel changes in the Management Board

Pursuant to the provisions of the articles of association of PANTAFLIX AG, the Management Board is composed of one or several members. Mr. Nicolas Paalzow is currently the sole member of the Management Board of PANTAFLIX AG.

On 30 January 2019, Mr. Stefan Langefeld resigned as a member of the Management Board of PANTAFLIX AG with effect from 31 January 2019.

Audit and adoption of the annual financial statements

VOTUM AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Frankfurt am Main, audited the annual financial statements of PANTAFLIX AG for the year ended 31 December 2019, and the voluntarily prepared consolidated financial statements and Group management report for the year ended 31 December 2019 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 consider the findings of the functionality of the risk management system in the further selection of audit procedures. The audit did not give rise to any indications of weaknesses in the risk management system.

The Supervisory Board examined the separate annual financial statements as well as the consolidated financial statements and Group management report of PANTAFLIX AG for the year ended 31 December 2019 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 9 June 2020, 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 on the results of the audit. The Supervisory Board was satisfied with regard to the proper nature of the audits and the audit reports. The Supervisory Board subjected the separate annual financial statements, the consolidated financial statements and the Group management report to its own comprehensive review. We concur with the results of the audit.

The Supervisory Board conducted a final examination of the separate annual financial statements, the consolidated financial statements and the Group management report of PANTAFLIX AG for the year ended 31 December 2019, 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 9 June 2020, 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 2019 financial year as voluntarily prepared by the Management Board.

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

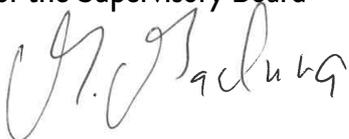
After our dutiful examination and assessment, we confirm that:

- the actual details of the report are correct,
- in the transactions listed in the report, the performance of the Company was not unduly high, or 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 9 June 2020 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.

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.

For the Supervisory Board



Marcus Machura

Supervisory Board Chairman

PANTAFLIX ON THE CAPITAL MARKET

The PANTAFLIX AG Share

The shares of PANTAFLIX AG have been included in the new Scale 30 selection index of the Deutsche Börse since February 2018. PANTAFLIX AG qualified for inclusion based on its order book turnover at the Xetra and Frankfurt trading centers. The Scale 30 index tracks the price performance of the 30 most liquid shares in the Scale segment in real time and is available in a price version and a performance version (ISIN: DE-000A2J0PW5/DE000A2GYJT2).

Share price performance in 2019

In the year under review, international equity markets performed very well overall, reflecting the expansive monetary policy pursued by major international central banks, with low interest rates favoring stock market performance and cushioning the effects of a global economy that proved to be weak overall. Despite the trade conflict between the USA and China and continuing uncertainty surrounding Brexit, market participants enjoyed the successful performance of stock market indices worldwide. US equities took the lead with an average gain of 31.6%, followed by European equities, which were up by 24.6%.

In Germany, too, the DAX continued its positive trend after getting off to an upbeat start. On 2 January 2019, the leading German index opened the stock market year at 10,478 points and reached its annual high of 13,426 points on 16 December 2019. The German index closed the 2019 year at 13,249

points on 30 December. This corresponds to an appreciation of 25.5% both in the period under review and compared to the previous year. The PANTAFLIX share is listed in the Scale All Share Index. This index's target group includes companies with tried and tested business models that have already proven their worth to investors. The Scale All Share Index ended 2019 with a gain of 6.8% at 1,079 points. The Scale 30 index also put in a sound performance, ending the period under review with a price appreciation of 24.1%.

The shares of PANTAFLIX AG opened the 2019 reporting year on 2 January at a price of EUR 1.39. On 30 December, the shares ended the 2019 stock market year at a price of EUR 1.66, thereby closing the 2019 stock market year on a positive note with an increase of 20.3% over the previous year. The high for the year of EUR 3.18 was reached on 7 March 2019. On 31 January 2019, the PANTAFLIX AG share reached its low for the 12-month period at EUR 1.20 (all data based on Xetra prices).

SHARE PRICE PERFORMANCE IN 2019



The average daily trading volume in PANTAFLIX shares on all German stock exchanges increased by 5.7% to 62,726 shares in 2019 compared with 59,338 shares in the previous year.

On 30 December 2019, the market capitalization stood at EUR 25.5 million based on 15,373,050 shares (all figures based on Xetra prices).

SHARE PRICE PERFORMANCE IN 2019

Opening price	2 January 2019	EUR 1.39
Low	30 January 2019	EUR 1.20
High	7 March 2019	EUR 3.18
Closing price	30 December 2019	EUR 1.66
Market capitalization	30 December 2019	EUR 25.5 million
Share price performance		+ 20.3%

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

the Investor Relations area of the website at pantaflixgroup.com.

SHARE INFORMATION

Stock exchange	Xetra, Frankfurt
Ticker symbol	PAL
Total number of shares	15,373,050
Amount of share capital	EUR 15,373,050.00
ISIN	DE000A12UPJ7
GSIN	A12UPJ
Market segment	Open Market
Transparency level	Scale
Index membership	Scale 30, MSCI Germany Index
Designated Sponsor	Hauck & Aufhäuser Privatbankiers AG

*As of 31 December 2019

Investor Relations

As a listed company, PANTAFLIX AG is subject to numerous disclosure obligations. The PANTAFLIX Group regards this as an opportunity to enter into a transparent and constructive dialogue with all stakeholders. In the 2019 financial year, the Management Board held numerous discussions with investors, financial analysts and representatives of the financial and business press.

Moreover, the Management Board presented the Company's business performance at a total of five road shows, including the Hauck & Aufhäuser Stockpicker Summit in Madrid in May 2019 and the German Equity Forum in Frankfurt in November 2019.

OVERVIEW OF INVESTOR RELATIONS CONFERENCES IN 2019

15 – 17 May 2019Stockpicker Summit, Madrid

27 September 2019Baader Investment Conference, Munich

19 November 2019Deutsche Börse Cash Market Investor Targeting, Madrid

25 – 27 November 2019German Equity Forum, Frankfurt

11 December 2019MKK – Munich Capital Market Conference, Munich

Ordinary Annual General Meeting

The Ordinary Annual General Meeting of PANTAFLIX AG was held on 23 July 2019 in Munich. The shareholders approved by large majorities the actions of the Management and Supervisory boards and adopted the Management's proposals for all agenda items. The Annual General Meeting focused on the re-election of the Supervisory Board. Marcus Machura and Marc Schönberger were re-elected to the Supervisory Board. Klemens Hallmann was newly elected to the Supervisory Board. With his Hallmann International Investment GmbH, he forms a core shareholder of PANTAFLIX AG and currently holds around 19% of the shares in PANTAFLIX AG. Klemens Hallmann is the founder and owner of the Vienna-based, internationally active Hallmann Corporate Group, which focuses primarily on real estate

and acquisitions. Mr. Hallmann is also the owner of Hallmann Entertainment Company and a core shareholder in Filmhouse Germany AG, as well as the producer of numerous international documentary and film projects. The terms of office of the newly elected Supervisory Board members Klemens Hallmann, Marcus Machura and Marc Schönberger end with the Annual General Meeting that approves the discharge for the 2023 fiscal year. At the constitutive meeting following the Annual General Meeting, the Supervisory Board appointed Marcus Machura as Chairman and Marc Schönberger as Deputy Chairman. The results of the voting at the 2019 Annual General Meeting are available to download at pantaflixgroup.com.

Cash capital increase

On 18 February 2019, the Management Board, with Supervisory Board approval, passed a resolution to increase the Company's share capital by issuing 1,397,550 new no-par value bearer shares (equivalent to 10% of the previous share capital) against cash capital contributions, making partial use of the existing authorized capital of EUR 13,975,500, and excluding shareholders' subscription rights. The new shares are profit participation-entitled from 1 January 2018. The 1,397,550 new shares were placed by way of a private placement excluding subscription rights. As a consequence, the share capital increased to EUR 15,373,050 in the first half of the year with a total of 15,373,050 shares.

Shareholder structure

As at the reporting date of 31 December 2019, the Company is aware of the shares that must be disclosed pursuant to Section 20 (5) of the German Stock Corporation Act (AktG). As a consequence, BlackMars Capital GmbH continues to directly hold more than a quarter of the shares in PANTAFLIX AG. Around 50% of the PANTAFLIX shares are held by the Management, BlackMars Capital GmbH and PANTAFLIX founding shareholders Marco Beckmann, Dan Maag and Matthias Schweighöfer. Via Hallmann International Investment GmbH, Klemens Hallmann is a core shareholder of PANTAFLIX AG and holds around 19% of the shares in PANTAFLIX AG. The free float amounts to approximately 31%.

FINANCIAL CALENDAR 2020

Autumn 2020

Ordinary Annual General Meeting

September/October 2020

Half-year report 2020

25 September 2020

Baader Investment Conference, Munich

16 – 18 November 2020

German Equity Forum, Frankfurt

GROUP MANAGEMENT REPORT

Basic information about the Group

PANTAFLIX AG is an integrated media company with a strong focus on movie theatre and video-on-demand. The core activity of PANTAFLIX AG and its subsidiaries is the development and production of movie theatre feature films, series and short serial video contents as well as the licensing rights to such content on a national and international basis, mainly through globally leading film distributors across many stages of the licensing chain. PANTAFLIX AG now operates its eponymous, innovative cloud-based video-on-demand (VoD) platform PANTAFLIX, which gives the Group a further pillar in one of the fastest-growing market segments of the entertainment industry. PANTAFLIX is thereby evolving from a media company into an integrated digital company with access to corresponding economies of scale.

PANTAFLIX AG, as the holding company, performs a strategic management function for the PANTAFLIX Group. In addition to core functions such as management and controlling, the Munich-based holding company also handles public and investor relations as well as additional management, business development and administrative tasks for its subsidiaries.

The basis of the PANTAFLIX Group was created in 2009 with the founding of PANTALEON Entertainment GmbH in Berlin. Today, PANTAFLIX is one of the leading German production companies for movies and innovative entertainment formats. Its feature films and series, most of which rank among the most successful German productions of recent years, are developed at its offices in Berlin, Munich and Cologne.

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

PANTALEON Pictures GmbH focuses on contract productions. The company, which was founded in 2014 and is domiciled in Munich, is a wholly owned subsidiary of PANTAFLIX AG.

PANTAFLIX Studios GmbH, formerly March & Friends GmbH, based in Munich, will ensure that the PANTAFLIX Group maintain its momentum in the expansion of new content. PANTAFLIX Studios focuses on high-quality Original Productions for exploitation on the group's own platform and in some cases with other partners. The focus is primarily on exclusive content, both from

and with social media influencers who command extensive reach.

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

The subsidiary PantaSounds GmbH, headquartered in Berlin, pools the PANTAFLIX Group's activities in the music sector. In addition to the PANTAFLIX Group's movie theatre film and series soundtracks, the goal is also particularly to provide PANTAFLIX's own artists with the best possible springboard and expert marketing in the music sector. The resultant rights are marketed together with international partners. The company is a 57.5 percent subsidiary of PANTAFLIX AG. The company was founded in the second quarter of 2016.

Creative Cosmos 15 GmbH (CC15), in which PANTAFLIX AG holds a 56 percent interest, significantly extends the Group's value chain in terms of innovative marketing concepts and media strategies. In the 2019 reporting year, CC15 realized concepts for the Mercedes-Benz, eBay, Audi and ARD brands. In addition to cinematic production, CC15 developed a voice application together with the Mercedes-Benz User Interaction & Software department, which curates various InCar applications and thereby creates new problem solvers. This development was communicated in a clip that was one of the most successful clips in terms of organic reach in social media in 2019. Creative Cosmos 15 was founded in April 2016.

Business model**FILM AND SERIES PRODUCTION
DIVISION**

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

accordingly, as the coverage of the total amount including interest, and thereby also its repayment, is already arranged and determined in advance by other financing 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 theatre, such as from the sale of remake rights for geographical territories or broadcast rights for free TV.

In addition to the focus on in-house and commissioned film production, the PANTAFLIX Group's established infrastructure enables it to expand its business activities to include VoD series. Contract production describes the production of TV content (e.g. TV and show formats) on behalf of a TV network, TV station or video-on-demand provider. Contract production is performed for a fixed fee. In cooperation with streaming services such as Amazon, YouTube and Netflix, PANTALEON Films GmbH produces premium content in series formats. To date, these have included two seasons of the thriller series YOU ARE WANTED in co-production with Warner Bros. Entertainment GmbH and Warner Bros. International Television Production Deutschland GmbH, and one season of the

series BEAT for Amazon Prime Video. With BULLSPRIT, PANTALEON Pictures produced a series for the premium offering of the online video portal YouTube. The first season of the series DAS LETZTE WORT (THE LAST WORD) for the Netflix streaming service is currently being completed. MAPA, a first series season for the Joyn streaming service, was also produced together with Readymade Film. Moreover, several development contracts for new series formats were concluded with well-known streaming platforms for production in 2020 and 2021.

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

PANTALEON Films GmbH and PANTALEON Pictures GmbH develop, finance, produce and license films, with PANTALEON Pictures GmbH focusing on contract productions.

VIDEO-ON-DEMAND DIVISION

The Video-on-Demand (VoD) division intermeshes the overall corporate strategy in an innovative manner. To this end, the cloud-based VoD platform PANTAFLIX offers consumers a wide range of films, series and exclusive video content (Originals) on demand. Furthermore, the platform gives filmmakers and business customers unique access to the media market in order to offer content or to utilize PANTAFLIX technology for their own offerings as part of a white label solution that can be highly individualized. Consumers can use the media library via a transactional (TVoD) or advertising-based (AVoD) access channel.

With PANTAFLIX Studios, the PANTAFLIX Group has established an innovative production unit for exclusive original content to be played on PANTAFLIX. Because of their brevity and the possibility of accessing PANTAFLIX Original Productions in the AVoD sector free of charge, they are particularly low-threshold for consumers. The protagonists are high-reach social media influencers and content creators. For example, the series KRASS KLASSENFAHRT formed part of the portfolio. Further productions are in the pipeline with ROCCOS REISE, the first PANTAFLIX Original Movie, as well as the series LEOO HILFT, DAS INTERNAT and STREET LEGENDS.

Moreover, the business development function is intensifying its efforts to identify new, additional business areas that are emerging significantly within a media market that is currently undergoing rapid change,

especially for a technologically advanced platform such as PANTAFLIX.

OTHER DIVISIONS

In addition to the production of feature films and series as well as the PANTAFLIX video-on-demand platform, PANTAFLIX AG with its subsidiary March & Friends GmbH continued to position itself particularly in the areas of branded entertainment, brand integration and social media in 2019. Since March 2020, it has been focusing as PANTAFLIX Studios primarily on high-quality original productions (in-house productions) for utilization via the Group's own platform and partly with other licensees. March & Friends GmbH was renamed PANTAFLIX Studios GmbH in March 2020.

Thanks to its majority (56%) interest in creative and production agency Creative Cosmos 15 GmbH (CC15), PANTAFLIX AG has tied its creative potential as well as access to a vital business segment more closely to the Group. Consolidation within the Group is now possible. Thanks to this transaction, the Group is extending its value chain in terms of innovative marketing concepts and media strategies. The focus here is on an "Entertainment for Brands" approach. In the past, the company has already succeeded in successfully implementing eye-catching and wide-ranging marketing concepts for renowned customers such as Mercedes-Benz, eBay, Audi and ARD. The appointment of Nico Buchholz as Client Service Director at the beginning of March 2019 underlines

the importance of CC15 for the entire Group.

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

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

Objectives and strategy

PANTAFLIX AG derives its strategy from the objective of growing together with its subsidiaries over the coming years in the dynamic European media market with a focus on film and series production as well as video-on-demand. 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 division and the expansion of the project and development pipeline, the Group aims to grow its operating earnings (EBIT) long-term. Accordingly, it is committed to achieving an appropriate balance between investing in growth and optimizing its cost structure.

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

Project development and project pipeline

FILM AND SERIES PROJECTS

DEM HORIZONT SO NAH (CLOSE TO THE HORIZON)

The novel adaptation *DEM HORIZONT SO NAH (CLOSE TO THE HORIZON)* forms the first part of a trilogy and represents an impressive success story. Within a few weeks, the novel ranked first on the Amazon bestseller list and has sold almost 800,000 copies to date. It tells an emotional story of love, courage, strength and trust. Luna Wedler and Jannik Schümann under the direction of Tim Trachte assume the lead roles for the movie theatre adaptation. The film was released on 10 October 2019 in German movie theatres distributed by StudioCanal and has reached an audience of around 350,000.

RESISTANCE

With *RESISTANCE*, PANTALEON Pictures produced the largest and most international feature film production to date for the Company. The heroic story tells of the life and, above all, work of the great mime artist Marcel Marceau, who saved thousands of Jewish orphans during the Second World War. Director Jonathan Jakubowicz places Jesse Eisenberg (Marcel Marceau) and Matthias Schweighöfer (Klaus Barbie, head of the Gestapo in Lyon) before the cameras. Other first-class actors such as Ed Harris, Édgar Ramírez, Félix Moati, Bella Ramsey, Géza Röhrig and Karl Markovics also make appearances.

The film debuted in US movie theatres in March 2020, and the movie theatre release in Germany is planned for September.

AUERHAUS

Surprise bestseller *AUERHAUS* by successful author Bov Bjerg has sold more than 250,000 copies in book form and has already been staged at 40 German theatres before enthusiastic audiences. Now PANTALEON has brought this bestseller to the big screen with an impressive young ensemble, including Max von der Groeben, Damian Hardung and Luna Wedler. The coproduction between PANTALEON Films, Brainpool TV and Warner Bros. Entertainment launched in German movie theatres on 5 December 2019.

TAKEOVER – VOLL VERTAUSCHT

With *TAKEOVER – VOLL VERTAUSCHT*, PANTALEON has produced a film for the whole family. Last but not least, the two leading actors Heiko and Roman Lochmann (Die Lochis), with their many followers on social media channels, are expected to attract the very young target group to the cinemas. The film was shot almost completely in the Europa-Park amusement park. The movie theatre release is planned for July 2020 under Warner Bros. distribution.

DAS LETZTE WORT (THE LAST WORD)

“The sudden death of her beloved husband turns fun-loving Karla first into a speechless wreck and then into a gifted funeral orator, although she is so absorbed in her new vocation that she forgets her own grief and above all that of her children.” With *DAS LETZTE WORT (THE LAST WORD)*, PANTALEON is producing for the first time for the Netflix streaming service. The series was shot in late 2019 and is currently in the final post-production stages. The Netflix release is planned for autumn 2020.

PROJECT PIPELINE

In 2019, around 70 innovative and commercial movie theatre films and series formats were in various stages of development and production within the PANTAFLIX Group. Continuous collaboration with potential commissioning companies such as AMAZON Prime Video, Netflix, Apple, Sky and Joyn expands PANTAFLIX Group business in its Film and Series Production area.

For the PANTAFLIX Group, the 2020 production year started off with shooting for *GENERATION BEZIEHUNGSUNFÄHIG (GENERATION RELATIONSHIP-SHY)*. Unfortunately, these activities had to be put on hold due to the COVID-19 pandemic. Moreover, the shooting of *OSKARS KLEID* (script and leading actor Florian David Fitz) and *WOLKE UNTERM DACH* (leading actor Matthias Schweighöfer) was planned, which also had to be postponed. PANTALEON is constantly working on concepts to realize these and other planned films despite the pandemic. Furthermore, it is in contact with clients, partners, city councils and, above all, insurance companies, in order to minimize risk for the Company in the event of a potential restart of shooting.

Macroeconomic and sector conditions in 2019

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

According to the International Monetary Fund (IMF), the expansion of the global economy in 2019 was the weakest since the last global financial crisis, with growth of 2.9%. This represents a deceleration of 0.1 percentage points compared with the October 2019 forecast. Uncertainties in trade policy and geopolitical tensions in key emerging markets weighed on the global economy in the second half of the year. Natural catastrophes, such as the bushfires in Australia and the hurricanes in the Caribbean, also posed new challenges. Nevertheless, at the end of 2019 some indications emerged that the global growth rate should have reached the lower limit of the forecast. Major central banks continued throughout the year to pursue expansive monetary policies. At the same time, the announcement of a “Phase I Trade Deal” between China and the USA and the lower probability of a no-deal Brexit reduced political risk for the economy.

In Europe too, the economy slowed in 2019. Compared to the previous year, economic growth decreased from 1.9% to 1.2%. The main reason for this was weakness in commerce and manufacturing. A slackening of domestic demand, especially for investments, also had a negative impact on the economic situation in Europe. In contrast, growth in the service sector and in consumption remained dynamic. Expansive monetary policy and the easing of financing conditions in many countries supported domestic demand.

According to the German Federal Statistical Office (Destatis), gross domestic product (GDP) in 2019 will have risen for the tenth year in a row, with an increase of 0.6% over the previous year. However, this dynamic is losing momentum. The growth rate of the German economy in 2019 was weaker than the average of 1.3% over the past ten years. Growth in the year under review was mainly supported by private consumption and government spending. Exports rose by 0.9% on average. The average annual inflation rate in Germany in 2019 stood at 1.4%, according to Destatis.

The sectors and market segments in which PANTAFLIX AG operates performed very dynamically, particularly in the entertainment industry area, which the PANTAFLIX Group plays a key role in shaping with its innovative PANTAFLIX video-on-demand platform. Box office revenues, which are essential for film and serial production activities, reached an all-time high in the year under review.

Global revenues in the entertainment and media (E&M) industry increased by USD 0.1 trillion to USD 2.2 trillion in 2019 compared to the previous year, according to management consultancy PwC. This confirms the forecast of an average growth rate of 4.3% for the period from 2018 to 2023. Entertainment sector companies are focusing on individualizing and digitalizing their offerings. The share of digital media content distribution revenues in the E&M industry is increasing year by year: from 53.1% in 2018 to 55.4% in 2019.

Global box office revenues reached a record high of USD 42.5 billion in 2019, according to Comscore. Although streaming platforms are becoming increasingly popular and are continuing to invest in original and feature film content, they are still not considered direct competitors to the movie theatre. ComScore's visitor analysis tool PostTrak shows that while movie fans enjoy watching content on streaming platforms, they also appreciate the conventional movie theatre experience. This is especially true for Oscar-winning films. According to PwC, international box office revenues are expected to grow to more than USD 50 billion by the end

of 2023, thanks to both rising attendance in all major regions and renewed interest and investment in the movie theatre. Measured in terms of total movie theatre revenues, China will overtake the USA in 2020.

The German movie theatre market showed a clear upward trend in 2019, according to the German Federal Film Board (FFA). With 118.6 million tickets sold in German movie theatres and revenues of EUR 1.02 billion, the movie theatre sector closed the 2019 year on a positive note. Compared to the previous year, the number of movie theatre tickets sold rose by 12.6% and revenues by 13.9%. German film offerings proved to be very successful in 2019. Two German productions ranked among the TOP 10 movie theatre films 2019. In addition, the number of German premières rose for the first time in three years, by 24 to 252. German films (including co-productions) accounted for a market share of 21.5% in 2019. Despite a decrease of two percentage points compared to the same period last year owing to the increase in the number of visitors to international films, this rate exceeded the initial forecast for 2019.

According to information from PwC, new players in the digital home entertainment market will challenge the dominant role of services such as Netflix and Amazon, leading to the major streaming services competing for new subscribers in international markets. Revenues in the global VoD market are expected to double to USD 72.8 billion by 2023. According to PwC, consumers' growing expectations of obtaining all services from a single provider will encourage the integration of different streaming platforms into traditional providers' offerings. This generates further potential for series and film production for the PANTAFLIX Group, which offers streaming providers corresponding content, in addition to the steadily increasing number of various VoD providers worldwide.

The global music industry recorded a very positive trend in 2019 after two years of decline, according to the German Federal Music Industry Association (BVMI). In 2019, the music industry in Germany achieved a 4% increase in revenues compared to the previous year. Total revenues from music sales grew by 8.2% to EUR 1.62 billion. Of this growth, 64.4% was generated by the digital music business segment, with audio streaming in first place (55.1%). This corresponds to an increase of 20.8% in digital revenues, thereby underscoring the current massive digital transformation process underway within the music industry.

Course of business**RESULTS OF OPERATIONS,
FINANCIAL POSITION AND NET
ASSETS**

Business activities in 2019 focused particularly on sharpening and implementing the overarching corporate strategy. The plan is to interlink the individual business areas more closely through the high integrative power of the PANTAFLIX VoD platform. In order to identify new sales potentials and to implement the strategy, the PANTAFLIX Group set up an executive team. Since the spring of 2019, this team has consisted of Thilo Schlüter, who has also assumed the position of Chief Operating Officer (COO), and Manuel Uhlitzsch Chief Commercial Officer (CCO). Other personnel changes included the filling of the position of Chief Financial Officer (CFO) by Eerik Budarz and the recruitment of Nico Buchholz as Client Service Director for Creative Cosmos 15 GmbH.

Initial measures addressed technical access routes to PANTAFLIX for consumers. In addition to the established transactional access (TVoD), the platform has had an advertising-based access (AVoD) with its own range of films, series and PANTAFLIX Original Productions since autumn 2019. For the latter exclusive productions, PANTAFLIX founded the production unit PANTAFLIX Studios (since March 2020 PANTAFLIX Studios GmbH, formerly March & Friends GmbH). This unit designs, produces and distributes content for, and via, the PANTAFLIX VoD platform.

PANTAFLIX Studios' first productions include ROCCOS REISE, LEOO HILFT, DAS INTERNAT and STREET LEGENDS, which are in different project stages. At the same time, PANTAFLIX Studios markets its produced content to PANTAFLIX Technologies as well as to third party partners.

A content deal with Sony Pictures Entertainment Deutschland GmbH also expanded the range of products in PANTAFLIX's advertising-based area.

Film production area activities focused on the scheduled execution of the DEM HORIZONT SO NAH (CLOSE TO THE HORIZON), RESISTANCE and AUERHAUS film projects. The production of MAPA was still in post-production at the time of reporting. The answer print, which is decisive for revenue recognition, will be prepared in 2020. The project DAS LETZTE WORT (THE LAST WORD) was also in post-production at the time report preparation. A partial realization of the revenues occurred in the reporting year.

The creative agency Creative Cosmos 15 GmbH made a revenue contribution of EUR 638 thousand in the year under review.

The music production activities of PantaSounds GmbH made a comparatively small contribution to revenues of EUR 405 thousand.

The March & Friends Agency business, and since March 2020 PANTAFLIX Studios, made no significant contribution to revenues in the 2019 fiscal year.

The PANTAFLIX Group generated revenues of EUR 28,746 thousand in the 2019 fiscal year, and total operating performance plus other operating income of EUR 24,532 thousand. In the previous year, the comparative figures for revenues amounted to EUR 35,122 thousand and for total operating performance to EUR 34,186 thousand. Due to the completion of commissioned productions, the inventory of finished and unfinished products decreased – and due to no new projects of comparable magnitude consequently also total operating performance. Despite project postponements, revenues lay within the Company's originally expected range.

All revenues and income were generated in Germany.

The cost of materials decreased in line with total operating performance from EUR 18,968 thousand in 2018 to EUR 11,976 thousand in 2019. This item comprises co-producers' shares in revenues from licensing film rights and follow-up costs for completed projects.

Personnel expenses reduced to EUR 5,729 thousand in 2019 (2018: from EUR 5,884 thousand). The average number

of employees also decreased to 113 (2018: 126).

Depreciation, amortization and extraordinary write-downs amounted to EUR 11,865 thousand in the reporting year, thereby almost corresponding to the previous year's level of EUR 11,866 thousand. Depreciation, amortization and extraordinary write-downs consist chiefly of amortization of internally generated intangible fixed assets (EUR 11,377 thousand). Amortization of purchased intangible fixed assets and depreciation of tangible fixed assets play only a minor role. The licensing profile is not expected to change over time. As a consequence, EBITDA amounted to EUR 3,314 thousand in the fiscal year under review (2018: EUR 2,877 thousand).

EBIT thereby stood at EUR -8,551 thousand in the fiscal year under review (2018: EUR -8,989 thousand). The change in EBIT mainly reflects the loss incurred by PANTALEON Films GmbH as well as the planned platform development of PANTAFLIX, which has not yet been matched by revenues of a corresponding magnitude. The result thereby lay within the scope of expectations, although the improvement could have been more significant.

Taxes on income amounted to EUR -667 thousand in the 2019 fiscal year. In the case of individual subsidiaries' taxable annual net profits, this is due particularly to the recognition of deferred tax liabilities on internally generated intangible assets and deferred tax assets on losses carried forward in the amount of the deferred tax liabilities.

Consolidated total assets decreased by EUR 19,178 thousand, from EUR 40,286 thousand in the previous year to EUR 21,107 thousand in the year under review. The PANTAFLIX Group's asset structure has shifted: fixed assets decreased by EUR 2,494 thousand compared to the previous year. Current assets reduced from EUR 31,674 thousand to EUR 14,625 thousand.

The decrease in fixed assets concerns mainly the performance-based amortization of completed capitalized film rights, which is offset by additions from completed and not yet completed capitalized film rights. Internally generated assets from film projects, which were recognized under advance payments, comprised a total volume of EUR 3,224 thousand (2018: EUR 5,243 thousand).

The EUR 17,048 thousand reduction in current assets to EUR 14,625 thousand is comprised as follows: inventories decreased by EUR 7,109 thousand compared to the previous year, in particular due to the completion of film projects. In addition, cash and cash equivalents from general business activities reduced by EUR 6,688 thousand to EUR 7,215 thousand, especially reflecting

investments in film projects. Receivables and other assets decreased from EUR 9,270 thousand in 2018 to EUR 6,018 thousand in the reporting year, mainly for project-related reasons.

Equity amounted to EUR 12,128 thousand (2018: EUR 17,124 thousand) as of the 2019 balance sheet date. The equity ratio stood at 57% as at 31 December 2019 (2018: 43%).

In 2019, liabilities to banks amounted to EUR 2,650 thousand due to film projects still in production and projects concluded but not yet invoiced (2018: EUR 4,870 thousand). Trade payables increased by EUR 1,184 thousand in 2018 to EUR 1,769 thousand in 2019. Other liabilities decreased from EUR 5,494 thousand to EUR 1,063 thousand in the reporting year. The reasons are mainly a reduction in repayment obligations arising from conditionally repayable film subsidy loans, as well as third-party revenue shares and the payment of taxes for previous years.

LIQUIDITY

Cash flow from operating activities changed compared to the previous year from EUR 12,884 thousand to EUR 2,075 thousand and, with a net loss for the year of EUR 7,886 thousand, mainly reflects the depreciation of capitalized fixed assets. After film projects are completed, the Group amortizes the resultant copyrights in line with performance. Moreover, the reduction in inventories and operating receivables as well as a decrease in operating liabilities also had an impact on cash flow.

Cash flow from investing activities amounted to EUR -9,432 thousand in 2019 (2018: EUR -16,029 thousand). This consisted especially of investments in fixed assets, mostly in the form of capitalization of the cost of films completed in the year under review, before this item is amortized in line with performance. Cash flow from investing activities amounted to EUR 2,889 thousand in 2019 (2018: EUR 0 thousand). In February of the fiscal year under review, the Company received further capital through an increase in the share capital with partial utilization of the existing authorized capital of EUR 13,975,500 by issuing 1,397,550 new no-par value bearer shares (equivalent to 10% of the previous share capital) 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 total operating performance and operating profit. Above and beyond this, the PANTAFLIX Group seeks to grow its operating cash flow and to utilize its net working capital as efficiently as possible.

NON-FINANCIAL PERFORMANCE INDICATORS, EMPLOYEES

The average number of employees at the 31 December 2019 balance sheet date was 113 (2018: 126 employees). The number of employees includes not only permanent employees, but also project-related employees.

Outlook, opportunity and risk report**FUTURE ECONOMIC AND SECTOR TRENDS**

As a consequence of the coronavirus pandemic, the International Monetary Fund (IMF) expects the global economy to contract sharply by 2020, at a rate of -3%, and thereby more strongly than during the financial crisis in 2008. If the pandemic abates in the second half of 2020, containment efforts can be gradually unwound, and economic growth normalizes thanks to policy support, the IMF expects the global economy to expand by 5.8% in 2021.

In its winter forecast for 2019, the European Commission expected economic growth of 1.2% for the Eurozone in the current year, following a peak in the coronavirus pandemic in the first quarter of 2020. Meanwhile, the European Commission has described the spread of COVID-19 as a major shock to both the European and the global economy and expects that the rate of economic expansion in Europe could fall well below zero, or even be significantly negative in 2020 as a consequence of the coronavirus pandemic.

According to the German government, German economic output will also decrease, although an economic recovery is expected to commence during the second half of the year.

Against the backdrop of major imponderables, the German government, referring to the economic research institutes' joint diagnosis, expects gross domestic product (GDP) to contract by 4.2% in 2020

as a whole. With the help of comprehensive measures to mitigate and manage the economic impact of the pandemic, a strong recovery of 5.8% is expected in 2021. With coronavirus affecting the labor market, employment growth will not continue, and unemployment will increase.

Although uncertainty continues to hamper the preparation of specific forecasts concerning the effects of the spread of coronavirus on the industries addressed by the PANTAFLIX Group, the restrictive measures implemented by the respective state government and the fear of the risk of infection will have a significant impact on people's leisure activities. According to estimates by the World Economic Forum, it is expected that consumer spending by private households will diminish, which will have far-reaching effects on the entertainment and media industries.

At PricewaterhouseCoopers (PwC) management consultants anticipate that the global entertainment and media industries will continue to grow in the coming years. Over the period 2019 to 2023, industry revenues are expected to increase by an average annual growth rate of 4.3%, from USD 2.2 trillion (2,200 billion) in 2019 to USD 2.6 trillion (2,600 billion) in 2023. However, the extent of the effects of coronavirus are still uncertain.

According to PwC, global box office revenues are expected to exceed USD 50 billion by the end of 2023, thanks to both to the increasing number of visitors in all major regions and to investments in movie theatres. With new blockbusters produced in high quality and with a high level of capital employed, studios and movie theatre operators can succeed in attracting more viewers to the movie theatres. Measured in terms of total movie theatre revenues, China will overtake the USA in 2020. The number of movie theatres in the Middle East and Africa is currently expanding at an annual rate of 7.3% over the forecast period from 2019 to 2023. Growth is particularly rapid in Saudi Arabia, where the movie theatre is experiencing a renaissance after a 35-year ban.

In view of the coronavirus outbreak, it is expected that restrictions on mobility and a ban on public assembly will continue for some time to come. Many countries have already introduced restrictions on social gatherings of large groups of people and ordered the closure of movie theatres. As a consequence, the number of visitors to entertainment centers such as movie theatres will diminish. In an initial evaluation, the World Economic Forum estimates that the outbreak of the coronavirus will cause losses of USD 5 billion for the global film industry. Some movie theatre and shooting starts of renowned productions have already been postponed.

According to PwC, revenues in the global VoD market are expected to double to USD 72.8 billion by 2023. The world market will peak in 2021, when Asia-Pacific will

overtake North America as the world's largest region for over-the-top video revenues. Due to confinement measures in connection with the spread of the coronavirus, media consumption via streaming services could increase. Such trends are already observable in China. Following the introduction of isolation measures, the average weekly downloads of entertainment apps in the first two weeks of February 2020 increased by 40% compared to the average for the whole of 2019. In Italy and Spain, for example, initial installations of the Netflix app rose by 57% and 34% respectively.

The music, podcast and radio industry continues to expand. This trend is reflected in the continued growth of new platforms and widespread M&A activity. Consumers worldwide are preferring to stream music rather than to download it. The increasing use of intelligent speakers will promote access to all forms of audio content. Developed markets such as North America and Western Europe are continuing to drive global music sales. The Asia-Pacific region will be the fastest growing streaming region in the 2019 – 2023 forecast period. According to PwC, international music revenues will exceed USD 65 billion by 2023, representing growth of 14.9% compared to 2019. By contrast, the cancellation of numerous live concerts will lead potentially to high and as yet unquantifiable losses. Cancellations of concerts could exert a positive effect on consumers' propensity to subscribe to music streaming services.

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 PANTAFLIX, the Group is targeting the world-spanning growth sector of video-on-demand.

In addition to ongoing hard work to establish and expand the video-on-demand segment, the PANTAFLIX Group will focus in 2020 and the following years on the further scaling of production of potential hit movies, not only in the movie theatre market but also in areas such as TV, VoD, and web series and shows. This is expected to be accompanied by the internationalization of production operations and the Group's broader positioning along the value chain.

With the majority interest it holds in Creative Cosmos 15 GmbH (CC15), PANTAFLIX AG has made a clear commitment to the creative and production agency's innovative marketing approach. The Group will further expand its value chain and benefit from opportunities by networking various business areas such as content production, product placement and entertainment for brands. Marketing strategies for renowned customers have already been successfully implemented to date. These include Mercedes-Benz, eBay, Audi and ARD. One of the ways in which communications have been realized for Mercedes-Benz, among others, was through a clip that proved to be one of the most

successful clips in terms of organic reach in social media in 2019.

The PANTAFLIX Group benefits from high demand for productions in its current core business area – film production – and is now, thanks to PANTAFLIX, in a promising position to benefit from rapidly increasing global demand for innovative video-on-demand services. In future, the Group will increasingly push ahead with the internationalization of production, without losing sight of its domestic market of Germany.

The Group's good and continuously expanded market positioning in all key business areas in the 2019 fiscal year forms a solid basis for further growth. Once again, the Company succeeded in celebrating major successes in the film and series production business and significantly expanding its production pipeline. With TAKEOVER, RESISTANCE, MAPA and DAS LETZTE WORT (THE LAST WORD), these include promising and lavish productions, some of whose answer prints, which are decisive for the effectiveness of revenues, were already drawn in the 2019 fiscal year.

The focus of activities relating to the VoD platform PANTAFLIX was on establishment and technical diversification, the expansion of the content catalogue, as well as the penetration and evaluation of new revenues as well as new sales opportunities and channels. By opening up the platform towards B2B, successful projects with media houses and the GERMAN FILM ACADEMY have been validated. The Company identifies great potential for growth and establishment

especially in this area. B2B2C solutions were also made ready for market launch in spring 2019 in order to achieve synergy effects with renowned partners. In 2019, the Company also expanded its product range to include AVoD services, thereby generating additional monetization potential. Initial steps have also been taken in the SVoD area to generate further sales potential.

This, together with harnessing all Group divisions' efforts, will make it possible to leverage more efficiently the opportunities offered by a dynamically developing media market.

In the current fiscal year, the global market environment has been shaped by the COVID-19 pandemic and associated developments, and in some cases has come to a complete standstill. For this reason, any forecasting approach is associated with comparatively high uncertainty. It is not yet possible to foresee reliably when such uncertainty will diminish. As a consequence of the coronavirus pandemic, PANTAFLIX AG had to interrupt all filming activities in spring 2020 on the instructions of the authorities and postpone indefinitely further projects in the planning stage.

According to current project planning for the PANTAFLIX Group, we expect a significant decrease in revenues in the 2020 fiscal year due to the COVID-19 pandemic. Thanks to various efficiency and optimization measures, however, a significant improvement in the negative operating income (EBIT) expected in 2020 is anticipated, which should also be

reflected in cash flow from operating activities.

To date, the sum of revenue expectations for the 2020 and 2021 fiscal years has not changed on an overall perspective. In this respect, pandemic-related postponements in 2020 still have the potential to lead to an exceptionally strong 2021 fiscal year. For projects within the film sector, additional time delays cannot be ruled out in relation to COVID-19. This would lead to a variation in revenues in the mid to high single-digit range in millions of euros.

OPPORTUNITY AND RISK REPORT

RISK MANAGEMENT:

The Group has a risk management system that is tailored to the needs, requirements and individual risks of film productions. 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.

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

After the Company entered the digital film distribution market by establishing the video-on-demand platform PANTAFLIX in 2016, additional industry-specific risks arose. The VoD sector is fast-growing but also highly competitive. Here, too, the PANTAFLIX Group in part faces companies that have greater financial resources, a longer history, more advanced Company structures, greater marketing resources and/or better human resources. This could lead to lower revenues and/or rising costs. In order to position itself successfully within this competitive environment, PANTAFLIX Technologies GmbH needs to feature a sufficient quantity of attractive content and must acquire and retain consumers to a sufficient extent. This

latter aspect, in particular, has a not insignificant impact on expenses, and entails a risk of rising costs.

In addition, the following risks exist, which vary considerably in terms of their significance:

FILM CONTENT RISKS:

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

CURRENCY RISKS:

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

IT RISKS:

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

OPPORTUNITIES AND RISKS OF FILM PRODUCTION:

The development of the Group's net assets, financial position and results of operations depends on various different opportunities and risks that are typical for the industry. Their effects on the net assets, financial position and results of operations are not quantified internally, as their probability of occurrence is difficult 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 film budgets is dependent in part on public subsidies. Specifically, the Federal Republic of Germany and its individual federal states support film production, as such activities have a wide range of positive effects on the local economy.

Depending on the film project and the subsidy program, a large portion of the film budget can be financed by subsidies of this nature, mostly on favorable terms. The restriction or abolition of public-sector film funding in Germany would have a significant detrimental effect on the industry as a whole. In terms of the financing of its film projects, it could also mean that the PANTAFLIX Group is only able to realize film projects with increased risk and increased costs or, in the worst case, not at all.

Accordingly, a 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 film sector, competition for the subsidiaries operating in this area – particularly PANTALEON Films and PANTALEON Pictures – largely exists in the in-house film production area. The main challenge facing market participants is securing access to promising film material 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 of the completed film 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 competes with other film companies for moviegoers' attention with its own in-house film productions and films for which it acquires the exploitation rights. A risk exists that the simultaneous release of in-house productions and productions by competitors could lead to less successful exploitation.

Competition for moviegoers is exacerbated by the fact that the general rise in the number of new films debuting in movie theatres is accompanied by a general lack of growth in the number of moviegoers. This could lead to greater requirements in terms of film marketing and corresponding expenses, while movie theatre operators might also drop films more quickly in the face of heightened competition, thereby reducing income from the distribution of movies as a whole. The growing number of film productions could also lead to increased competition for subsequent rights exploitation, particularly in relation to the sale of DVDs and Blu-rays, TV exploitation, and in the video-on-demand area. These circumstances could also lead to rising costs accompanied by falling revenues. Finally, the growing number of film companies and film productions could have an adverse effect on the award practice for

public-sector film funding, make it more difficult to obtain other forms of funding or lead to a deterioration in the underlying conditions.

The competition that already exists and the increasingly competitive market environment could have an adverse effect on the net assets, financial position, and results of operations and the general course of business of PANTAFLIX AG.

The global market environment in the current fiscal year is characterized by the COVID-19 pandemic and associated developments. For this reason, any forecasting approach is associated with comparatively high uncertainty. It is not yet possible to foresee reliably when such uncertainty will diminish. As a consequence of the coronavirus pandemic, PANTAFLIX AG had to interrupt all filming activities in spring 2020 on the instructions of the authorities and postpone indefinitely further projects in the planning stage.

Last but not least, the current coronavirus pandemic thereby represents a further risk factor which may negatively influence the number of movie theatre visitors and the modalities of film and serial productions in the foreseeable future.

FINANCIAL RISKS:

Above and beyond its holding company function, the Company has financial instruments that are subject to credit risks, liquidity risks and market risks due to 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. Particularly in the case of globally volatile capital markets, the procurement of new capital via the capital markets could prove to be difficult. In addition, PANTAFLIX AG may require additional financing if its subsidiaries fail to generate profits.

Financial planning tools are deployed throughout the Group in order to monitor and manage liquidity. PANTAFLIX AG manages liquidity risks by continuously monitoring the Group's forecast and actual cashflows.

OVERALL RISK:

As of the date of the preparation of the consolidated financial statements for 2019, the Management and Supervisory boards were not aware of any risk that could jeopardize the Company as a going concern due to insolvency or overindebtedness.

Munich, 8 May 2020

The Management Board

Nicolas Paalzow

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

as at 31 December 2019

ASSETS in EUR	31/12/2019	31/12/2018
A. FIXED ASSETS		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and assets	2,102,953	2,233,289
2. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	343,079	622,031
3. Goodwill	159,306	177,078
4. Advance payments	3,224,232	5,243,190
	5,829,571	8,275,588
II. Tangible fixed assets		
1. Technical equipment and machinery	31,819	65,662
2. Other equipment, operating and office equipment	133,086	147,224
	164,905	212,886
	5,994,476	8,488,474
B. CURRENT ASSETS		
I. Inventories		
1. Work in progress	1,391,452	8,462,444
2. Advance payments received	0	38,250
	1,391,452	8,500,694
II. Receivables and other assets		
1. Trade receivables	4,987,930	7,636,813
2. Other assets	1,030,412	1,632,832
	6,018,341	9,269,644
III. Cash-in-hand, bank balances	7,215,362	13,903,226
	14,625,155	31,673,565
C. PREPAID EXPENSES	487,805	123,499
Total assets	21,107,436	40,285,539

EQUITY AND LIABILITIES in EUR	31/12/2019	31/12/2018
A. EQUITY		
I. Subscribed capital	15,373,050	13,975,500
II. Capital reserves	17,995,667	16,499,607
III. Revenue reserves		
Legal reserve	14,269	14,269
IV. Consolidated unappropriated net loss	-20,854,537	-13,125,867
	12,528,450	17,363,509
V. Non-controlling interests	-399,976	-239,607
	12,128,474	17,123,902
B. PROVISIONS		
1. Tax provisions	8,003	0
2. Other provisions	645,149	853,155
	653,152	853,155
C. LIABILITIES		
1. Liabilities to banks	2,650,133	4,870,305
2. Advance payments received on orders	2,844,118	10,665,521
3. Trade payables	1,768,840	584,665
4. Other liabilities	1,062,719	5,494,062
of which taxes EUR 366,443 (previous year: EUR 322,616)		
	8,325,810	21,614,552
D. DEFERRED TAX LIABILITIES	0	693,930
Total assets	21,107,436	40,285,539

Consolidated income statement

for the period from 1 January to 31 December 2019

EUR	2019	2018
1. Revenue	28,745,965	35,122,108
2. Increase or decrease in finished goods and work in progress	-7,070,992	-3,896,407
3. Other own work capitalized	214,464	353,835
4. Other operating income	2,642,935	2,606,632
5. Cost of materials		
a) Cost of purchased services	11,975,725	18,968,363
6. Personnel expenses		
a) Wages and salaries	4,973,217	5,095,239
b) Social security, post-employment and other employee benefit costs	755,592	788,765
– of which from post-employment benefit costs EUR 11,919 (previous year: EUR 14,261)		
	5,728,808	5,884,005
7. Depreciation, amortization and extraordinary write-downs		
a) depreciation, amortization and extraordinary write-downs	11,864,910	11,866,094
8. Other operating expenses	3,514,168	6,457,102
9. Other interest and similar income	0	8,189
10. Interest and similar expenses	2,697	3,460
11. Taxes on income	-666,829	-158,434
– of which deferred taxes EUR -693,930 (previous year: -33,290)		
12. Earnings after taxes	-7,887,106	-8,826,231
13. Consolidated net loss for the year	-7,887,106	-8,826,231
14. Non-controlling interests in net result	158,436	-40,836
15. Consolidated net loss	-7,728,670	-8,867,068
16. Consolidated net loss carried forward	-13,125,867	-4,258,799
17. Consolidated unappropriated net loss	-20,854,537	-13,125,867

Consolidated cash flow statement

for the period from 1 January to 31 December 2019

EUR thousand	2019	2018
Operating activities		
1. Consolidated net loss for the year	-7,887	-8,826
2. + Depreciation, amortization and extraordinary write-downs of fixed assets	11,865	11,866
3. + Increase/decrease in provisions (not including tax provision)	-208	411
4. - Decrease (previous year: increase) in inventories, trade receivables and other assets not attributable to investing or financing activities	9,996	6,283
5. + Increase in trade payables and other liabilities not attributable to investing or financing activities	-11,594	4,528
6. + Loss on fixed asset disposals	61	628
7. +/- Interest result	3	-5
8. +/- Taxes on income	-7	-158
9. - Income tax payments	-154	-1,843
10. = Cash flow from operating activities	2,075	12,884
Investing activities		
11. + Proceeds from disposals of intangible assets	2	0
12. - Payments for investments in intangible fixed assets	-9,419	-16,144
13. - Payments for investments in tangible fixed assets	-15	-126
14. + Proceeds from additions to the scope of consolidation	0	233
15. - Payments for investments in financial fixed assets		
16. + Interest received		8
	0	
17. = Cash flow from investing activities	-9,432	-16,029
Financing activities		
18. + Receipts from additions to equity by shareholders	2,893	0
19. - Disbursements for the acquisition of minority interests	-1	0
20. + Proceeds from the disposal of minority interests	0	4
21. - Interest paid	-3	-4
22. = Cash flow from financing activities	2,889	0
23. Net change in cash and cash equivalents	-4,468	-3,145
24. Cash and cash equivalents at start of period	9,033	12,178
25. Cash and cash equivalents at end of period	4,565	9,033
Composition of cash and cash equivalents at end of fiscal year		
Cash-in-hand, bank balances	7,215	13,903
Bank overdrafts repayable at any time	-2,650	-4,870
Cash funds at end of fiscal year	4,565	9,033

Consolidated statement of changes in fixed assets

as at 31 December 2019

EUR						Cost
	Balance carried forward 01/01/2019	Additions	Additions from corporate acquisitions	Disposals	Transfers	As at 31/12/2019
FIXED ASSETS						
I. Intangible assets						
1. Internally generated industrial property rights and similar rights and assets	48,869,325	7,415,587	0	0	3,831,557	60,116,468
– of which interest on loans	224,519	126,510.67	0	0		351,030
2. Acquired concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	1,225,268	130,043	0	0	0	1,355,311
3. Goodwill	177,710	0	0	0	0	177,710
4. Advance payments on internally generated industrial rights and similar rights and assets	5,243,190	1,873,248	0	60,650	-3,831,557	3,224,232
– of which interest on loans	25,712	0	0	0	0	25,712
Total intangible assets	55,515,494	9,418,878	0	60,650	0	64,873,722
II. Tangible fixed assets						
1. Technical equipment and machinery	180,499	3,983	0	13,685	0	170,798
2. Other equipment, operating and office equipment	255,731	10,757	0	15,493	0	250,994
Total tangible fixed assets	436,230	14,740	0	29,178	0	421,792
Total fixed assets	55,951,724	9,433,618	0	89,827	0	65,295,514

EUR	Depreciation, amortization and extraordinary write-downs			Carrying amounts		
	Balance carried forward 01/01/2019	Additions	Disposals	As at 31/12/2019	As at 31/12/2018	As at 31/12/2019
FIXED ASSETS						
I. Intangible assets						
1. Internally generated industrial property rights and similar rights and assets	46,636,036	11,377,480	0	58,013,515	2,233,289	2,102,953
– of which interest on loans	0	0	0	0	224,519	351,030
2. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	603,237	408,995	0	1,012,232	622,031	343,079
3. Goodwill	633	17,771	0	18,404	177,078	159,306
4. Advance payments on internally generated industrial rights and similar rights and assets	0	0	0	0	5,243,190	3,224,232
– of which interest on loans	0	0	0	0	25,712	25,712
Total intangible assets	47,239,905	11,804,246	0	59,044,151	8,275,588	5,829,571
II. Tangible fixed assets						
1. Technical equipment and machinery	114,837	36,941	12,800	138,979	65,662	31,819
2. Other equipment, operating and office equipment	108,507	23,723	14,321	117,908	147,224	133,086
Total tangible fixed assets	223,344	60,664	27,121	256,887	212,886	164,905
Total fixed assets	47,463,249	11,864,910	27,121	59,301,038	8,488,474	5,994,476

Consolidated statement of changes in equity
as at 31 December 2019

EUR						Parent company	
	Subscribed Capital	Capital reserves	Legal reserves	Reserves Total reserves	Result carried forward	Equity attributable to the parent company	
Balance as at 1 January 2018	1,270,500	29,159,500	14,269	29,344,269	-4,258,799	26,185,470	
Capital increase from company funds	12,705,000	-12,705,000	0	-12,705,000	0	0	
Acquisition/disposal of shares	0	45,107	0	45,107	0	45,107	
Consolidated net loss for the year	0	0	0	0	-8,867,068	-8,867,068	
Balance as at 31 December 2018	13,975,500	16,499,607	14,269	16,684,376	-13,125,867	-17,363,509	
Balance as at 1 January 2019	13,975,500	16,499,607	14,269	16,684,376	-13,125,867	17,363,509	
Capital increase in cash	1,397,550	1,495,379	0	1,495,379	0	2,892,929	
Acquisition of shares	0	682	0	682	0	682	
Consolidated net loss for the year	0	0	0	0	-7,728,670	-7,728,670	
Balance as at 31 December 2019	15,373,050	17,995,667	14,269	18,180,436	-20,854,537	12,528,450	

EUR	Minority shareholders			Consolidated equity
	Non-controlling interests in equity	Losses attributable to non-controlling interests	Total non-controlling interests	
Balance as at 1 January 2018	6,886	-87,487	-80,601	26,104,868
Capital increase from company funds	0	0	0	0
Acquisition/disposal of shares	-199,842	0	-199,842	-154,735
Consolidated net loss for the year	0	40,836	40,836	-8,826,231
Balance as at 31 December 2018	-192,956	-46,651	-239,607	17,123,902
Balance as at 1 January 2019	-192,956	-46,651	-239,607	17,123,902
Capital increase in cash	0	0	0	2,892,929
Acquisition of shares	-1,932	0	-1,932	-1,250
Consolidated net loss for the year	0	-158,436	-158,436	-7,887,106
Balance as at 31 December 2019	-194,888	-205,087	-399,976	12,128,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING 31 DECEMBER 2019

General information

The Company is entered under the corporate name of PANTAFLIX AG (“PANTAFLIX” or the “PANTAFLIX Group”) in the commercial register of the Munich District Court under commercial register sheet number 235252. The Company’s 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 options exist to disclose either on the balance sheet all 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 applying the nature of expense method.

The Company’s shares have been listed in Deutsche Börse’s “Scale” segment since 1 March 2017.

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

Consolidation methods and consolidated Group

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

FULLY CONSOLIDATED COMPANIES

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

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

* Wholly-owned subsidiary of PANTALEON Films GmbH

PANTAFLIX AG acquired a further 5% of the shares in Creative Cosmos 15 GmbH in the past fiscal year. The resultant difference of EUR 681 was allocated to the capital reserves.

CONSOLIDATION METHODS

The fiscal year of the Group and of 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 the 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 have been 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.

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 of only subordinate importance.

FIXED ASSETS

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

Films 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 films 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.

In this connection, with the first-time consolidation of Creative Cosmos 15 GmbH, goodwill of EUR 178 thousand arose. 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 taken over at the time of initial consolidation, and represents the Management's ability to realize value appreciation potential from the sales network, as well as an expansion of the sales network and

associated improved utilization possibilities for those of 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). 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 cost (nominal values) 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 judgement. The term of each provision is less than one year, so provisions are not discounted.

LIABILITIES

Liabilities are carried at their settlement amount.

DEFERRED TAXES

Deferred taxes are recognized on differences between the carrying amounts in the trade accounts and the tax accounts as well as tax loss carryforwards, provided they are expected to reverse in subsequent fiscal years. Deferred taxes are calculated on the basis of an effective tax rate of 31.54% (15.825% for corporation tax including solidarity surcharge and 15.715% for trade tax), which is expected to arise on the date when the differences reverse. Deferred tax assets and liabilities are offset against each other. Due to loss carryforwards existing as of 31 December 2019, 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 377 thousand (2018: EUR 250 thousand) capitalized as costs of production.

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 are reported.

The liabilities report the following remaining terms:

EUR (2018: in EUR thousand)	Total	less than 1 year	1 – 5 years	more than 5 years
Liabilities to banks	2,650,133 (2018: 4,870)	2,650,133 (2018: 4,870)	0 (2018: 0)	0 (2018: 0)
Prepayments received for orders	2,844,118 (2018: 10,666)	2,844,118 (2018: 10,666)	0 (2018: 0)	0 (2018: 0)
Trade payables	1,768,840 (2018: 585)	1,768,840 (2018: 585)	0 (2018: 0)	0 (2018: 0)
Other liabilities	1,062,719 (2018: 5,494)	1,062,719 (2018: 5,494)	0 (2018: 0)	0 (2018: 0)
Total	8,325,810 (2018: 21,615)	8,325,810 (2018: 21,615)	0 (2018: 0)	0 (2018: 0)

Bank balances of EUR 100 thousand are restricted as of 31 December 2019.

Notes to the income statement

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

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

EUR thousand	2019
Result before income taxes	-8,554
Expected income taxes	-2,728
Reconciliation	
Non-recognition of deferred tax assets	2,729
Other refunds	27
Effect of recognition and valuation of deferred tax liabilities	34
Reported tax income	7

The Group income tax rate is 31.9%.

Disclosures on capital

SUBSCRIBED CAPITAL

The Company's subscribed capital was increased by EUR 1,397,550.00 in the year under review from EUR 13,975,500.00 to EUR 15,373,050.00 through a capital increase from company funds and is divided into 15,373,050 bearer shares in the form of no-par value shares.

CONTINGENT CAPITAL

The Annual General Meeting on 23 July 2019 passed a resolution to amend Contingent Capital 2018/I and Contingent Capital 2018/II, and to create a new Contingent Capital 2019/I.

By resolution of the Annual General Meeting on 19 July 2017, and reduction by resolution of 25 July 2018, the Company's share capital was conditionally increased by EUR 220,000 (Contingent Capital 2017/I).

The Company's share capital was conditionally increased by EUR 6,149,220 by resolution of the Annual General Meeting on 25 July 2018, and by resolution of 23 July 2019 (Contingent Capital 2018/I).

By resolution of the Annual General Meeting on 25 July 2018, and reduction by resolution of 23 July 2019, the Company's share capital was conditionally increased by EUR 929,000 (Contingent Capital 2018/II).

The share capital of the Company is conditionally increased by EUR 388,305.00 through the issuance of up to 388,305 no-par value bearer shares (Contingent Capital 2019/I). The conditional capital increase serves exclusively to satisfy options granted until 22 July 2024 on the basis of the authorization granted by the Annual General Meeting on 23 July 2019. The contingent capital

increase will be implemented only to the extent that the holders of the issued options exercise their right to subscribe to shares in the Company, and the Company makes use of this Contingent Capital 2019 to fulfil the options. The shares from Contingent Capital 2019 are issued at the issue price as determined in accordance with the authorization. The new shares participate in the profits from the beginning of the fiscal year in which they are created by the exercise of options.

AUTHORISED CAPITAL

The Annual General Meeting held on 23 July 2019 passed a resolution to cancel Authorized Capital 2018/I.

By resolution of the Annual General Meeting on 23 July 2019, the Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions in the period up to 22 July 2024 by a total of up to EUR 7,686,525 in return for cash capital contributions and/or non-cash capital contributions (Authorized Capital 2019/I).

CAPITAL RESERVES

The capital reserves increased from EUR 16,499,606.84 to EUR 17,995,667.26 in the year under review due to a capital increase from company funds.

Other disclosures

MANAGEMENT BOARD

NICOLAS SEBASTIAN PAALZOW, businessman, Munich

STEFAN LANGEFELD, businessman, Munich (until 31 January 2019, Management Board Chairman/CEO)

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, lawyer, self-employed, Chairman of the Supervisory Board

MARC SCHÖNBERGER, attorney/partner in the law firm and notary's office of Schönberger & Dielmann (Deputy Chairman since 24 July 2019)

KLEMENS HALLMANN, Managing Director of HALLMANN HOLDING International Investment GmbH (Member since 24 July 2019)

EERIK BUDARZ, Chief Finance Officer at PANTAFLIX AG (Member until 23 July 2019)

The total remuneration of the members of the Supervisory Board for 2019 amounts to EUR 112,500.00.

NUMBER OF EMPLOYEES

The average number of employees in the year under review was 113 (2018: 126).

EMPLOYEE OPTIONS

As at 31 December 2019, the Company had issued 1,187,000 options from the 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 waiting period of four years from the respective issue date. The options issued under the stock option program can only be exercised within five years of their initial exercise.

TOTAL FEE FOR THE AUDITOR OF THE FINANCIAL STATEMENTS

The total auditor's fee for the past fiscal year amounts to EUR 38 thousand and includes the audit performance (EUR 38 thousand).

OTHER FINANCIAL OBLIGATIONS

Other financial obligations exist amounting to EUR 696 thousand, particularly from rental agreements and vehicle leasing, of which EUR 167 was due in 2019.

PROPOSAL FOR THE APPROPRIATION OF PROFITS

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

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

The global market environment in the 2020 fiscal year is characterized by the COVID-19 pandemic and associated developments. It is not yet possible to foresee on a reliable basis when this uncertainty will diminish. As a consequence of the coronavirus pandemic, PANTAFLIX AG had to interrupt all filming activities in spring 2020 on the instructions of the authorities and postpone indefinitely further projects in the planning stage.

Munich, 8 May 2020

The Management Board

Nicolas Paalzow

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Independent auditor's report

AUDIT OPINION

We have audited the consolidated financial statements of PANTAFLIX AG; München, consisting of the consolidated balance sheet, the consolidated income statement, the notes to the consolidated financial statements, which provide a summary of significant accounting policies, the consolidated statement of cash flows and the consolidated statement of changes in equity for the business year from January 1 to December 31, 2019. Further we have audited the group management report of PANTAFLIX AG, München, for the business year from January 1 to December 31, 2019.

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

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

In our opinion, based on the findings of our audit, the accompanying consolidated financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the group as of December 31, 2019 and of its results of operations for the fiscal year from January 1, 2019 to December 31, 2019 in accordance with generally accepted accounting principles and the attached group management report overall gives a true and fair view of the position of the group. In all material respects this group management report is consistent with the consolidated financial statements, complies with the legal provisions and suitably presents the opportunities and risks of future development.

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

BASIS FOR THE AUDIT OPINIONS

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

OTHER INFORMATION

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

The other information includes

- the other parts of the annual report, with the exception of the audited consolidated financial statements and on the group management report as well as our auditor's report. In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information
- is materially inconsistent with the consolidated financial state, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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

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

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

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development.

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

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

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

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

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

In addition

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

· we perform procedures on the prospective information presented by management in the group management report. On the basis of sufficient audit evidence, we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Frankfurt am Main, 8 May, 2020

VOTUM AG

Wirtschaftsprüfungsgesellschaft (Accounting Firm)

Steuerberatungsgesellschaft (Tax Consulting Firm)

Lehnert

Leoff

Auditor

Auditor

SEPARATE FINANCIAL STATEMENTS OF PANTAFLIX AG

Balance sheet

as at 31 December 2019

ASSETS in EUR	31/12/2019	31/12/2018
A. FIXED ASSETS		
I. Intangible assets		
1. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	90,847	102,027
	90,847	102,027
II. Tangible fixed assets		
1. Technical equipment and machinery	12,106	21,032
2. Other equipment, operating and office equipment	88,521	99,224
	100,627	120,256
III. Financial assets		
1. Shares in affiliated companies	12,804,731	12,803,481
	12,804,731	12,803,481
	12,994,956	13,025,765
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	44,948	131,356
2. Receivables due from affiliated companies	8,728,138	8,154,624
3. Other assets	80,069	87,916
	8,853,155	8,373,895
II. Cash on hand, Bundesbank balances, bank balances and cheques	3,663,209	3,638,235
	3,663,209	3,638,235
C. PREPAID EXPENSES	111,730	79,008
Total assets	25,624,300	25,116,903

EQUITY AND LIABILITIES in EUR	31/12/2019	31/12/2018
A. EQUITY		
I. Subscribed capital	15,373,050	13,975,500.00
II. Capital reserves	17,949,879	16,454,500.00
III. Revenue reserves		
Legal reserve	14,269	14,269
IV. Loss carried forward	-5,962,581	-4,187,820
V. Net loss incurred for the year	-2,146,828	-1,774,760
B. PROVISIONS		
1. Other provisions	111,696	85,634
C. LIABILITIES		
1. Liabilities to banks	9,651	5,057
2. Trade payables	95,450	54,004
3. Liabilities due to affiliated companies	77,893	252,623
4. Other liabilities	101,821	237,896
	284,815	549,581
Total assets	25,624,300	25,116,903

Income statement

for the period from 1 January to 31 December 2019

EUR	2019	2018
1. Revenue	1,301,787	1,583,257
2. Other operating income	28,735	32,241
3. Cost of materials		
a) Cost of purchased services	158,987	83,432
4. Personnel expenses		
a) Wages and salaries	1,915,472	1,485,069
of which from affiliated companies EUR 208,428 (EUR 516,507)	190,252	170,233
	2,105,724	1,655,302
5. Depreciation, amortization and extraordinary write-downs		
a) depreciation, amortization and extraordinary write-downs	37,778	53,365
6. Other operating expenses	1,383,290	2,114,667
7. Other interest and similar income	208,429	516,508
8. Earnings after taxes	-2,146,828	-1,774,760
9. Net loss incurred for the year	-2,146,828	-1,774,760

AUDITOR'S REPORT ON THE SEPARATE FINANCIAL STATEMENT

Independent auditor's report

AUDIT OPINION

We have audited the annual financial statements of PANTAFLIX AG; München, consisting of the balance sheet, the income statement, the notes to the annual financial statements, which provide a summary of significant accounting policies, for the business year from January 1 to December 31, 2019.

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

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

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the company as of December 31, 2019 and of its results of operations for the fiscal year from January 1, 2019 to December 31, 2019 in accordance with generally accepted accounting principles.

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

BASIS FOR THE AUDIT OPINIONS

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

OTHER INFORMATION

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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.

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In addition

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

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

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

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

Frankfurt am Main, 8 May, 2020

VOTUM AG

Wirtschaftsprüfungsgesellschaft (Accounting Firm)

Steuerberatungsgesellschaft (Tax Consulting Firm)

Lehnert

Leoff

Auditor

Auditor

NOTE ON LIABILITY

Published by

PANTAFLIX AG

Holzstrasse 30

80469 Munich / Germany

www.pantaflixgroup.com

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