

PANTAFLIX

HALF-YEAR REPORT

2020

PANTAFLIX

HALF-YEAR REPORT 2020

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,

The COVID-19 pandemic and the restrictions imposed as a consequence have presented major challenges to the economy in general and the film and entertainment industry in particular – and never more so than during the lockdown from March 2020. Film and series productions have also been hit especially hard by the COVID-19 crisis, with work on film projects having to be interrupted and postponed due to the restrictions.

Action that we took immediately after lockdown in Germany to minimize the risks for the Group and ensure its ability to act reduced the impact of the pandemic and the associated restrictions. To this end, the management engaged in constant dialog with the Supervisory Board to assess and implement potential measures. For instance, we adapted our cost structure in line with the new market requirements. We applied for short-time working for most staff in April in view of the loss of work that we were anticipating and to protect our employees. At the same time, the possibility of claiming all available government aid measures at federal and state level was explored and, in some cases, applied for.

The postponement of film projects due to COVID-19 led to a marked decline in Group revenues to EUR 4.9 million in the first half of 2020, compared with EUR 14.5 million in the same period last year. The inventory of finished and unfinished products – and thus total operating performance as presented – contracted to EUR 4.4 million due to commissioned productions being completed. The corresponding figure for the first half of 2019 had been EUR 7.3 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -3.3 million in the first half of 2020 as against EUR -1.1 million in the same period last year. Earnings before interest and taxes (EBIT) improved to EUR -4.3 million following EUR -6.3 million in the first half of 2019. With EUR 3.6 million in cash and cash equivalents, the PANTAFLIX Group still has ample financial scope for achieving its strategic objectives.

Production activities resumed

We were able to resume production activities already in the second half of 2020. These include the shooting of GENERATION BEZIEHUNGSUNFÄHIG (GENERATION RELATIONSHIP-SHY), which was successfully completed at the beginning of July 2020 after being interrupted. The film is scheduled to debut in movie theaters in the first half of 2021, distributed by Warner Bros. Pictures. It has been a similar story with the production of OSKARS KLEID (OSKAR'S DRESS), which we finished shooting in mid-August, i.e. after the reporting date. Likewise, it is currently slated to open in movie theaters in the first half of 2021 by Warner Bros. Pictures. More good news in terms of movie theater debuts comes in the form of RESISTANCE, our first international production, which cinema-goers will be able to enjoy from 5 November 2020.

We have also wrapped up some exciting series production projects, which audiences have been able to enjoy for themselves since mid-September. Specifically, the six-part comedy-drama DAS LETZTE WORT (THE LAST WORD), which was produced by PANTALEON Films and has already garnered positive media reviews, has been available to stream on Netflix since 17 September. The lead role is played by Anke Engelke.

Our new subsidiary PANTAFLIX Studios is producing DAS INTERNAT (THE BOARDING SCHOOL) on behalf of the streaming platform Joyn. The series can be streamed free of charge on Joyn from 15 October 2020. The cast reads like the A-list of Germany's social media stars, who between them boast nearly 8 million followers on Instagram and over 16 million on TikTok.

Surge in digitalization boosts B2B2C business

While the restrictions on everyday life made production very difficult or even impossible, we succeeded in growing our B2B2C business via PANTAFLIX Technologies GmbH. Demand among professional users for a state-of-the-art video streaming solution is growing significantly, steadily and in multiple industries. Both Weltbild, one of the largest multi-channel bookselling companies with one of the richest traditions, and Airbus – working on behalf of the German military – are using tailor-made PANTAFLIX technology for their streaming services. In traditional movie theaters, too, we are exploiting the opportunities that the surge in digitalization triggered by the coronavirus is opening up. In these times of social distancing, for instance, PANTAFLIX is adding a new dimension to film festivals by creating an innovative hybrid form. This allows festival-goers who are unable to attend live events in person to stream clips, interviews and discussions with cast and crew to their screens at home. After the reporting date, the Oldenburg International Film Festival, the GOLDEN SPARROW – German Children’s Film and Media Festival), the LUCAS – International Festival for Young Film Lovers, and the FILMSCHOOLFEST MUNICH all opted for the PANTAFLIX platform to reach a wider audience. We still believe that the B2B2C business is a growing market with a wealth of opportunities and will further expand our position during the current fiscal year.

Another important project was completed by our creative and production agency CC15. Matthias Schweighöfer is now brand ambassador for the XXXLutz furniture brand in Germany, for which CC15 initially created five ads for the first flight. Over the course of the partnership, these TV ads are to be joined by online, print and radio campaigns.

Overall, we are making good progress towards adapting to the new general conditions in order to achieve the best for PANTAFLIX in challenging circumstances. Growing demand for our platform technology among professional users and the productions we have already completed offer us ample potential to keep on holding our own in an environment characterized by low visibility.

LETTER TO THE SHAREHOLDERS

Based on the current project schedule, we are expecting a marked decline in revenues for the PANTAFLIX Group in the 2020 fiscal year as a result of the COVID-19 pandemic. Nevertheless, various efficiency-boosting and optimization measures are expected to result in a significantly improved operating earnings (EBIT). Although this is likely to remain negative in 2020, the improvement should also have a positive knock-on effect on cash flow from operating activities.

On behalf of the Management Board and Supervisory Board, I would like to take this opportunity to thank our team and, not least, you our valued shareholders for the trust you have placed in us.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'N. Paalzow', with a stylized flourish at the end.

Nicolas Paalzow

PANTAFLIX ON THE CAPITAL MARKET

The PANTAFLIX AG share

The shares of PANTAFLIX AG have been included in Deutsche Börse's Scale 30 selection index 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.

Share price performance

The COVID-19 pandemic impacted negatively on equity markets across the globe in the first half of 2020. Restrictive measures to curb the spread of the virus triggered a sharp downturn in the global economy and major losses on the capital markets, particularly in the first quarter of the year. Thanks to an easing of quarantine regulations, extensive state aid packages and injections of liquidity from the central banks, the equity markets recovered unexpectedly quickly in the second quarter of the period under review.¹ US equities made up most of their lost ground, dropping an average of 2.8% overall, while their European counterparts shed 13.9%.^{2,3}

The DAX, Germany's equity market index, also posted a negative performance in the first half of 2020 as a result of the coronavirus pandemic, losing 7.1%. Although it mounted a significant recovery between April and June, gaining 23.9%, the DAX was unable to fully offset the losses sustained in the first three months. At the end of the first quarter, it stood 25% below its closing price at year-end 2019.⁴ The Scale All Share Index, in which the PANTAFLIX share is also listed, closed out the period under review up 1.1% in nominal terms.⁵ The Scale 30 Index, meanwhile, lost 2.8%.⁶

The restrictive measures imposed by the authorities to fight the virus had a particularly severe impact on film production activities and the PANTAFLIX AG share price in the first half of 2020. The shares of PANTAFLIX AG opened the 2020 reporting year on 2 January at a price of EUR 1.74. On 30 June, the shares ended the first half of 2020 at EUR 1.38, down 17.2% on the closing price at the end of the previous year. After plunging 28.3% in the first three months of the current fiscal year, the PANTAFLIX share regained some ground in the second quarter of 2020 with an increase of 15.5%.

¹ Metzler: Outlook for July 2020

² <https://investing.com/indices/msci-usa-historical-data>

³ <https://investing.com/indices/msci-europe>

⁴ <https://www.boerse-frankfurt.de/indices/dax/price-history/historical-prices-and-volumes>

⁵ <https://www.boerse-frankfurt.de/indices/scale-all-share-performance/price-history/historical-prices-and-volumes>

⁶ <https://www.boerse-frankfurt.de/indices/scale-30-performance/price-history/historical-prices-and-volumes>

SHARE PRICE PERFORMANCE IN H1 2020

Opening price	2 January 2020	EUR 1.74
Low	28 April 2020	EUR 1.07
High	19 February 2020	EUR 2.60
Closing price	30 June 2020	EUR 1.38
Market capitalization	30 June 2020	EUR 21.1 million
Share price performance		-17%

The average number of PANTAFLIX shares traded daily on all German stock exchanges was 39,764 during the period under review (H1 2019: 65,434).

On 30 June 2020, PANTAFLIX AG had a market capitalization of EUR 21.1 million based on 15,373,050 shares (all figures based on Xetra prices).

SHARE PRICE TREND IN FIRST HALF OF 2020



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
WKN	A12UPJ
Market segment	Open market
Transparency level	Scale
Index membership	Scale 30, MSCI Germany Index
Designated sponsor	Hauck & Aufhäuser Privatbankiers AG

*As of 30 June 2020

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 dialog with all stakeholders. During the period under review, the Management Board of PANTAFLIX AG kept institutional and private investors and financial analysts up to date on the company's business performance.

The Management Board also engaged in dialog with representatives of the financial and business press in the first half of 2020 to showcase the company to the capital market. As events were postponed due to the coronavirus, the Management Board was unable to present the company's development and strategy as planned at the Spring Conference in Frankfurt am Main and the Investor Targeting conference in Paris. Instead, a telephone exchange was held with investors and other interested parties.

Shareholder structure

The company is aware of the shares that must be disclosed pursuant to Section 20 (5) of the German Stock Corporation Act (AktG). Based on this information, 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 the company. The free float amounts to approximately 31%.

FINANCIAL CALENDAR FOR SECOND HALF OF 2020

15 October 2020Half-Year Report 2020

16-18 November 2020German Equity Forum, Frankfurt (virtual)

10 December 2020Annual General Meeting, Munich (virtual)

INTERIM MANAGEMENT REPORT

Macroeconomy and sector conditions

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 feature films, the global licensing of resultant rights, and sales via the PANTAFLIX video-on-demand platform are of great significance.

The coronavirus pandemic triggered a severe global economic recession in the first half of 2020. In June, the spread of the pandemic across the world and the measures taken to curb it prompted the International Monetary Fund (IMF) to forecast a 4.9% slump in global economic output for 2020 as a whole. This figure reflects the worldwide fall in consumer spending and the impact of social distancing and lockdowns as well as a rise in precautionary saving amongst consumers. At the start of the year, the IMF had been anticipating growth of 3.3%.⁷ The Fund also downgraded its 2020 predictions for the eurozone as a result of the coronavirus and is now expecting a fall in GDP of 10.2%, 2.7 percentage points more severe than it had forecast in April.

An economic recovery with growth of up to 6% is on the cards for 2021.⁸

The IMF revised its Germany forecast downwards by 0.8 of a percentage point and is now expecting the economy to shrink by 7.8% in 2020 as a whole. It is now expecting growth of 5.4% for 2021, up by 0.2 of a percentage point on its previous forecast.⁹

The sectors and market segments in which PANTAFLIX AG operates benefited from the restrictions on contact imposed to combat the coronavirus pandemic. This applied particularly to the entertainment industry, which the PANTAFLIX Group plays a key role in shaping with its innovative PANTAFLIX video-on-demand platform. By contrast, the same measures had an adverse impact on box office revenues, which are essential for film and serial production activities.

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<https://www.imf.org/~media/Files/Publications/WEO/2020/Update/June/English/WEOENG202006.ashx?la=en>

8

<https://www.imf.org/~media/Files/Publications/WEO/2020/Update/June/English/WEOENG202006.ashx?la=en>

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9

<https://www.imf.org/~media/Files/Publications/WEO/2020/Update/June/English/WEOENG202006.ashx?la=en>

According to management consultants PwC, revenues in the global entertainment and media (E&M) industry were down by 5.6% in 2020, the sharpest decline since the turn of the millennium. In the long term, however, growth in the sector is expected to remain strong, with PwC expecting a rapid recovery and growth of 6.4% for large parts of the E&M industry in 2021. The firm anticipates that this growth will be driven by the increasing importance of media offerings in consumers' day-to-day lives. The global media and entertainment industry is expected to grow by an average of 2.8% a year between now and 2024.¹⁰

After hitting some USD 45 billion in the previous year, international box office revenues are expected to slump by 65.5% in 2020, says PwC, due to movie theaters being closed and film releases postponed as a result of COVID-19. Average declines of 2.4% are anticipated every year until 2024, when box office revenues are set to be recorded around USD 40 billion.¹¹

To cushion the impact of the coronavirus crisis on the German film and movie theater industry, the German Federal Film Board (FFA) agreed an extensive package of measures and resolved to set up an emergency fund to be supported by the FFA, the Federal Government Commissioner for Culture and Media (BKM) and the sponsors at federal state level. This includes waiving the repayment of funding for projects that had been interrupted due to the pandemic at

the production, distribution and sales stages and deferring loan repayments due.¹² The BKM also launched another funding program for the commercial movie theater sector worth a total of EUR 40 million to fund protective measures against the spread of the COVID-19 pandemic and forward-looking investments to make movie theaters more attractive when they reopened and resumed operations.¹³

The restrictions on contact imposed to curb the spread of the COVID-19 pandemic led to an increase in the consumption of media at home. Figures from PwC suggest that revenues in the global video-on-demand (VoD) market will increase by an average of 14.5% per year to hit some USD 87 billion in 2024. This growth is being driven by changes in consumers' viewing habits and the entry onto the market of new competitors that are challenging the supremacy of the streaming giants. Specifically, US film studios are adapting their own sales structures by setting up their own streaming platforms, while local productions are also being boosted by rising demand for offerings with regional content. PwC is expecting the importance of streaming platforms to increase further.¹⁴

The FFA had not released any information on trends in the German movie theater market in the first half of 2020 by the time this report was prepared.

¹⁰ <https://www.pwc.com/gx/en/news-room/press-releases/2020/global-entertainment-media-outlook-2020.html>

¹¹ <https://www.pwc.com/gx/en/news-room/press-releases/2020/global-entertainment-media-outlook-2020.html>

¹²

<https://www.ffa.de/aid=1469.html?newsdetail>

=20200319-1613_corona-krise-ffa-praesidium-beschliesst-massnahmenpaket-fuer-die-deutsche-film-und-kinowirtschaft

¹³ https://www.ffa.de/aid=1469.html?newsdetail=20200715-1613_zukunftsprogramm-kino-ii-antragstellung-ab-182020-moeglich

¹⁴

<https://www.pwc.com/gx/en/industries/tmt/media/outlook/segment-findings.html>

According to the investment banking and securities firm Goldman Sachs, the global music industry is set to be worth USD 58 billion in 2020 as a result of the coronavirus pandemic. Although this figure matches the previous year (2019: USD 58 billion), it is a substantial 29% below the original forecasts. A swift recovery is anticipated, however, with Goldman Sachs continuing to predict average annual growth for the industry of 6% to USD 140 billion by 2030 despite the general downturn. The firm believes that the pandemic is accelerating structural changes in the music industry that had already begun. These include, in particular, the growing acceptance of paid streaming services, which is increasing the average revenue per user (ARPU) and thus growing the music industry's profits.¹⁵

According to the Bundesverband Musikindustrie (BVMI), Germany's federal association for the music industry, the German music industry has grown despite the challenges facing live performances due to the pandemic. Revenues increased to EUR 783.7 million in the first six months of 2020, up by 4.8% on the same period last year. This rise was driven by audio streaming, which maintained its rapid growth from what was already a high level. It posted an increase of 20.7%, thus further strengthening its position as the format that contributes the largest share of revenues. The digital business grew by 16.4% overall, meaning that it contributed 74.2% of total revenues (full year 2019: 64.4%).¹⁶

¹⁵ <https://www.rollingstone.com/pro/news/goldman-sachs-music-revenue-report-2020-1000479/>

¹⁶ <https://www.musikindustrie.de/presse/presseinformationen/bvmi-halbjahresbilanz>

Course of Business

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

The first half of 2020 was influenced and affected to a considerable extent by the coronavirus pandemic. Work on film projects had to be interrupted and postponed due to the authorities' orders imposed to contain the virus. At the end of March, the company was forced to adopt short-time working due to the shutdown in its production and for the protection of its employees. Nevertheless, with MAPA and DAS LETZTE WORT, contract productions in the series sector were successfully completed. Sadcom MAPA, which was produced for the German streaming service Joyn, has been available in the paid SVoD offer Joyn+ since 16 April. The six-part dramedy series THE LAST WORD with Anke Engelke has been available for download from NETFLIX since 17 September. In addition, production activities were resumed at the end of the first half of 2020. After an interruption, shooting of GENERATION BEZIEHUNGSUNFÄHIG was successfully completed in early July 2020, OSKARS KLEID in mid-August. The cinema release of both productions is planned by Warner Bros. Pictures for the first half of 2021.

PANTAFLIX reached a significant milestone in its B2B business during the period under review: Weltbild, one of the largest multi-channel bookselling companies with one of the richest traditions, launched its own video-on-demand (TVoD) service in partnership with PANTAFLIX AG and is using the latter's innovative platform technology. As part of the tie-up, PANTAFLIX is acting as a full-service provider for technology issues,

running the platform, handling customer support and supplying the content.

PANTAFLIX also succeeded in further expanding the content it offers for its own streaming platform by signing an agreement with ViacomCBS Global Distribution Group, one of the world's biggest studios, for licensing content for its advertising-based streaming (AVoD) service.

The creative agency Creative Cosmos 15 GmbH contributed EUR 155 thousand to revenue in the six months under review.

The music production activities of PantaSounds GmbH made a contribution to revenues of EUR 271 thousand. During the reporting year, PantaSounds signed a long-term license agreement with the major label Universal Music Germany. The deal mainly covers the musical activities of Matthias Schweighöfer, focusing on his latest album, *HOBBY*. Responsibility for publishing and marketing it lies with Airforce1 Records, a joint venture with Universal Music.

PANTAFLIX Studios made no significant contribution to revenues in the first half of 2020.

The PANTAFLIX Group generated revenues of EUR 4,889 thousand in the first half of 2020 (H1 2019: EUR 14,500 thousand). Total operating performance plus other operating income fell to EUR 4,383 thousand (H1 2019: EUR 7,326 thousand) as a result of reductions in the inventory of finished and unfinished products due to the completion of commissioned productions. Despite the COVID-19 pandemic and the resulting orders from the authorities, which caused all

filming to be interrupted, production activities were able to be resumed as early as at the end of the first half year. This had the effect of merely pushing revenue back to later in the fiscal year.

Revenues and income were chiefly generated in Germany.

The cost of materials – essentially commissioned productions, co-producers' shares in revenues from licensing film rights and follow-up costs for completed projects – fell to EUR 2,996 thousand (H1 2019: EUR 3,574 thousand). Within this item, commissioned products and marketing and sales costs increased while costs for co-productions, project development and third-party revenue shares decreased.

Personnel expenses for non-project-related employees fell to EUR 2,358 thousand in the first half of 2020 (H1 2019: EUR 3,271 thousand). This was due in particular to non-recurring effects in the previous year and partly to state aid claimed in the first half of 2020 in the form of short-time working allowances. The average number of employees increased to 191 as of 30 June 2020 (31 December 2019: 113) as a result of project-related staff. Project-related personnel expenses are reported under the corresponding project costs.

Depreciation and amortization – chiefly amortization of internally generated intangible fixed assets – amounted to EUR 1,000 thousand in the first half of 2020 (H1 2019: EUR 5,191 thousand). Amortization of purchased intangible fixed assets and depreciation of tangible fixed assets play only a minor role.

EBITDA amounted to EUR -3,282 thousand (H1 2019: EUR -1,065 thousand), while EBIT

improved to EUR -4,283 thousand (H1 2019: EUR -6,256 thousand).

Taxes on income amounted to EUR -7 thousand in the first half of 2020.

Consolidated total assets fell to EUR 19,547 thousand as of 30 June 2020 (31 December 2019: EUR 21,107 thousand). Fixed assets increased to EUR 10,845 thousand (31 December 2019: EUR 5,994 thousand) due to the capitalization of film productions not yet completed. Internally generated assets from film projects, which were recognized under advance payments, comprised a total volume of EUR 8,729 thousand (31 December 2019: EUR 3,224 thousand). Current assets, by contrast, shrank to EUR 8,458 thousand (31 December 2019: EUR 14,625 thousand). Cash and cash equivalents fell to EUR 3,609 thousand (31 December 2019: EUR 7,215 thousand), mainly due to the outflow of funds from operating activities. The completion of film projects pushed inventories down to EUR 215 thousand (31 December 2019: EUR 1,391 thousand), while receivables and other assets dropped to EUR 4,633 thousand (31 December 2019: EUR 6,018 thousand).

Equity amounted to EUR 7,842 thousand as of 30 June 2020 (31 December 2019: EUR 12,128 thousand) due to the negative impact of the coronavirus on revenues and results of operations. At a substantial 40%, however, the equity ratio was at the higher end of the range considered standard for media and technology companies (31 December 2019: 57%).

Liabilities to banks amounted to EUR 4,615 thousand as of 30 June 2020 (31 December 2019: EUR 2,650 thousand) due to film projects still in production, projects that have been completed but not yet invoiced and a subsidized loan that was drawn on. Trade payables fell to EUR 1,370 thousand (31 December 2019:

EUR 1,769 thousand) and other liabilities to EUR 682 thousand (31 December 2019: EUR 1,063 thousand). 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.

Outlook, opportunity and risk report

OVERALL RISK

As of the date of the preparation of the half-year report for the first half of 2020, the Management and Supervisory boards were not aware of any risk that could jeopardize the company as a going concern due to insolvency or overindebtedness. 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 for our business and the impact of the coronavirus pandemic are presented in comprehensive detail in the group management report of PANTAFLIX AG for the 2019 fiscal year, starting on page 30. In our opinion, the other significant risks for the Group have not changed since the 2019 annual report.

FUTURE DEVELOPMENT OF THE PANTAFLIX GROUP - FORECAST

In the focus of the activities around the VoD platform PANTAFLIX were the further establishment and technical diversification, the expansion of the content catalog, as well as the penetration and evaluation of new revenue and sales opportunities and channels. By opening the platform in the direction of B2B, projects with media houses and the GERMAN FILM ACADEMY were successfully validated. The Company anticipates great potential for growth and establishment in this area in particular. Further B2B2C solutions were also established in the first half of 2020 to achieve synergistic effects with well-known partners. The Company has expanded its product range to include AVoD services, thus generating additional monetization potential. Technical steps have also been taken in the SVoD area to create further revenue potential.

In this way, it will be possible to make even more efficient use of the opportunities offered by a dynamically developing media market through the combination of all Group divisions.

In the current financial year, the global market environment has been affected by the COVID 19 pandemic and the associated developments, and in some cases has come to a complete standstill. Therefore, any forecast approach is coupled with comparatively high uncertainty. When this uncertainty will be reduced is not yet reliably foreseeable. As a consequence of the corona pandemic, PANTAFLIX AG had to interrupt all filming activities or postpone further projects in the planning stage in spring 2020 on the instructions of the authorities.

For financial year 2020, we expect a significant decline in revenues for the PANTAFLIX Group due to the COVID 19 pandemic, according to current project planning. However, as a result of various efficiency and optimization measures, a significant improvement in the operating result is expected in 2020, which should also be reflected in the cash flow from operating activities.

So far, the total revenues expectations for financial years 2020 and 2021 have not changed when collectively considered. In this respect, pandemic-related postponements in 2020 still have the potential to lead to an exceptionally strong financial year 2021. For projects within the film sector, additional delays cannot be ruled out with regard to COVID-19. This would result in a variation in sales in the mid to high single-digit million range.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

as at 30 June 2020

ASSETS in EUR	30/06/2020	31/12/2019
A. FIXED ASSETS		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and assets	1,538,700	2,102,953
2. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	281,295	343,079
3. Goodwill	150,421	159,306
4. Advance payments	8,729,269	3,224,232
	10,699,685	5,829,571
II. Tangible fixed assets		
1. Technical equipment and machinery	22,499	31,819
2. Other equipment, operating and office equipment	122,955	133,086
	145,454	164,905
	10,845,139	5,994,476
B. CURRENT ASSETS		
I. Inventories		
1. Work in progress	181,525	1,391,452
2. Advance payments received	33,875	0
	215,400	1,391,452
II. Receivables and other assets		
1. Trade receivables	3,765,244	4,987,930
2. Other assets	868,037	1,030,412
	4,633,280	6,018,341
III. Cash-in-hand, bank balances	3,609,489	7,215,362
	8,458,170	14,625,155
C. PREPAID EXPENSES	244,107	487,805
Total assets	19,547,416	21,107,436

PANTAFLIX

HALF-YEAR REPORT 2020

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES in EUR	30/06/2020	31/12/2019
A. EQUITY		
I. Subscribed capital	15,373,050	15,373,050
II. Capital reserves	17,995,667	17,995,667
III. Revenue reserves		
Legal reserve	14,269	14,269
IV. Consolidated unappropriated net loss	-25,098,793	-20,854,537
	8,293,193	12,528,450
V. Non-controlling interests	-451,516	-399,976
	7,841,677	12,128,474
B. PROVISIONS		
1. Tax provisions	8,003	8,003
2. Other provisions	1,136,539	645,149
	1,144,542	653,152
C. LIABILITIES		
1. Liabilities to banks	4,614,648	2,650,133
2. Advance payments received on orders	3,894,093	2,844,118
3. Trade payables	1,370,395	1,768,840
4. Other liabilities	682,062	1,062,719
of which taxes EUR 339,897 (previous year: EUR 366,443)		
	10,561,197	8,325,810
D. DEFERRED TAX LIABILITIES	0	0
Total equity and liabilities	19,547,416	21,107,436

Consolidated income statement
for the period from 1 January to 30 June 2020

in EUR	H1 2020	H1 2019
1. Revenue	4,889,311	14,500,499
2. Increase or decrease in finished goods and work in progress	-1,209,927	-8,280,134
3. Other own work capitalized	461,418	214,464
4. Other operating income	242,075	891,355
5. Cost of materials		
a) Cost of purchased services	2,996,303	3,574,377
6. Personnel expenses		
a) Wages and salaries	1,974,724	2,887,331
b) Social security, post-employment and other employee benefit costs	383,703	383,275
– of which from post-employment benefit costs EUR 11,920 (previous year: EUR 6,100)		
	2,358,427	3,270,605
7. Depreciation, amortization and extraordinary write-downs		
a) Depreciation, amortization and extraordinary write-downs	1,000,340	5,191,084
8. Other operating expenses	2,310,382	1,546,037
9. Other interest and similar expenses	11,021	1,366
10. Taxes on income	-6,797	25,774
– of which deferred taxes EUR 0 previous year: -43,220)		
11. Earnings after taxes	-4,286,797	-6,283,059
12. Consolidated net loss for the year	-4,286,797	-6,283,059
13. Non-controlling interests in net result	51,541	75,414
14. Consolidated net loss	-4,235,257	-6,207,645
15. Consolidated net loss carried forward	-20,854,537	-13,125,867
16. Consolidated unappropriated net loss	-25,089,793	-19,333,512

PANTAFLIX

HALF-YEAR REPORT 2020

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2020

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 or in the notes to the financial statements, the option was taken to disclose in the notes to the financial statements.

The income statement was prepared 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.

The Group’s interim financial statements are prepared in euros (EUR). Unless otherwise stated, all amounts are shown in thousands of euros. The amounts are rounded commercially.

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 STAKE IN %
PANTALEON Films GmbH, Munich	100.00
PANTAFLIX Studios 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, Munich*	100.00

*Wholly owned subsidiary of PANTALEON Films GmbH

There were no changes compared with the previous year.

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 presenting a true and fair view of the Group's results of operations.

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

Accounting policies

The accounting policies applied to the PANTAFLIX Group's interim consolidated financial statements are consistent with those presented in the consolidated financial statements as of 31 December 2019. For this reason, the interim consolidated financial statements as of 30 June 2020 are to be read in conjunction with the consolidated financial statements as of 31 December 2019.

Disclosures and notes on individual items of the consolidated balance sheet

Intangible assets include borrowing costs of EUR 406 thousand (31 December 2019: EUR 377 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.

Bank balances of EUR 100 thousand are restricted as of 30 June 2020.

Notes to the income statement

The Group's revenues are generated primarily from the exploitation and sale of copyrights to film titles. The AVoD service launched in the previous year also made a significant contribution to revenues in the first half of 2020.

Other notes explaining changes in the net assets, financial position and results of operations can be found in the management report.

Other disclosures

MANAGEMENT BOARD

NICOLAS SEBASTIAN PAALZOW, businessman

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)

KLEMENS HALLMANN, Managing Director of HALLMANN HOLDING International Investment GmbH

NUMBER OF EMPLOYEES

The average number of employees in the period under review was recorded at 191 (2019: 113).

Subsequent events

No further events of material significance have occurred since the reporting date of 30 June 2020.

Munich, 12 October 2020

The Management Board

Nicolas Paalzow

NOTE ON LIABILITY

Published by

PANTAFLIX AG

Holzstrasse 30

80469 Munich / Germany

www.pantaflixgroup.com**Disclaimer**

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