

PANTAFLIX

ANNUAL REPORT

2022

ABOUT PANTAFLIX AG

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

Besides the traditional film production business of PANTALEON Films, the production unit PANTAFLIX Studios, the creative agency Creative Cosmos 15 (CC15) and the audio production unit PantaSounds, PANTAFLIX Technologies also form part of the Group. This is the tech player behind the video-on-demand platform pantaflix.com.

The Group is represented in Munich, Berlin and Stuttgart.

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

You can obtain further information at www.pantaflixgroup.com.

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We perceive ourselves as an inclusive company, and we endeavor to use gender-neutral language. In some passages of the annual report, however, we decided to use the generic masculine form for reasons of readability and understanding.

DEAR SHAREHOLDERS,



Stephanie Schettler-Köhler
COO

Nicolas Paalzow
CEO

We can look back on a challenging 2022 fiscal year for the PANTAFLIX Group. 2022 was supposed to be a year in which we branched out – we were hoping to use the growth initiatives already launched to achieve success in the areas of audio and documentary.

Instead, the end of coronavirus protective measures was followed by the war in Ukraine with its economic, political and social impact which also hit the project-driven, cyclical media and entertainment industry.

Due to changes in the market situation, we therefore decided to focus all the PANTAFLIX Group's attention on its profitable business units as we will explain in more detail below. Nevertheless, even in these turbulent, unpredictable times, we succeeded in completing film and entertainment projects and celebrating creative success. In film and series production, in particular, the PANTAFLIX Group was able to record further success and steadily expand its production pipeline.

THE 2022 FINANCIAL YEAR MARKED BY THE MACROECONOMIC CLIMATE

With sales revenues of EUR 19.7 million, the PANTAFLIX Group was just able to surpass its adjusted forecast of EUR 18 million to EUR 19 million (originally: at least EUR 22 million). While lower project volumes and project postponements until 2023, in particular, adversely affected business growth in 2022, a significant proportion of sales in the previous year was accounted for by the film *ARMY OF THIEVES* produced exclusively for Netflix. Total operating revenue plus other operating income, standing at EUR 23.2 million, was accordingly below the level of the prior year (2021: EUR 32.6 million), but clearly exceeded the adjusted forecast of at least EUR 21 million (originally: at least EUR 28 million). On the income side, lower sales, project postponements and accounting losses from the disposal of film and series productions left their mark on earnings before interest and taxes (EBIT) of EUR -7.9 million (2021: EUR -1.9 million). Thanks to an additional negative effect resulting from a non-cash deferral in connection with advance payments received, EBIT came in under the adjusted forecast of between EUR -7.0 million and EUR -6.5 million (originally: EUR -4.5 million to EUR -2.5 million).

SUCCESS WITH FILMS AND SERIES AS WELL AS ADVERTISING AND PODCASTS

Although we were unable to escape the effects of macroeconomic and industry-specific developments in the past financial year of 2022, the PANTAFLIX Group successfully realized numerous entertainment productions even in these turbulent, unpredictable times.

For example, together with our collaboration partner of many years, Warner Bros., Germany, we debuted three films in movie theaters: *WOLKE UNTERM DACH*, *DIE GESCHICHTE DER MENSCHHEIT – LEICHT GEKÜRZT* and *OSKARS KLEID*. The comedy *TRAUZEUGEN* was created with Paramount.

In the series production area, the PANTAFLIX Group was able to maintain its success of previous years. For example, the reality format *MARIO NOVEMBRE – AUCH DAS NOCH!* as well as the fourth and final season of the comedy series *DAS INTERNAT* were produced with the streaming service Joyn. One genuine highlight is the prison drama *ASBEST* produced with ARD Degeto which not only enjoyed the best start of any series in the ARD media library, ARD Mediathek, with more than three million viewers. In the meantime, more than ten million viewers have streamed this story of clan criminality, turf wars and corruption. ARD Degeto has already announced *ASBEST – Season 2*.

In addition, our creative agency CC15 posted dynamic growth – entertainment aimed at a specific target market is a genuinely successful model for effective branding and advertising. The furniture chain XXXLutz extended its very well received testimonial campaign, launched in 2020, with actor and director Matthias Schweighöfer, while CC15 was able to win prestigious new clients in the shape of online pet supplies dealer Fressnapf and smartphone manufacturer Xiaomi.

Finally, the PANTAFLIX Group released its first audio productions in the previous year in the form of *KEINE ZWEI MÄNNER*, *TALK OF FAME* and *MITTEN AM TAG*. The resounding success of *MITTEN AM TAG* was a particular source of pleasure to us. The podcast became the Number 1 fiction podcast across all platforms, topping the charts for weeks.

FOCUS ON PROFITABLE BUSINESS UNITS

As mentioned at the outset, prompted by changes in the market situation, we decided to focus the activities of the PANTAFLIX Group exclusively on its profitable business units. For us that included the painful decision no longer to pursue the loss-making Platform business unit (streaming technology) with the wholly owned subsidiary PANTAFLIX Technologies GmbH.

The idea and technology behind the video-on-demand platform were promising when we embarked on the project to realize our ambitious vision of a digital entertainment and adventure world with our own video-on-demand platform. With innovative features and revenue models for users and producers, we were always one step ahead of the times. In the meantime, the world has kept turning. The streaming landscape is dominated by various global competitors and PANTAFLIX today is a different company with different goals.

We have already started concrete negotiations for the sale of the company and signed a corresponding letter of intent. The buyer is to keep PANTAFLIX Technologies GmbH running and meet the commitments given to customers and partners. Although we did not find the decision to sell PANTAFLIX Technologies an easy one, it was the right step to take.

While podcasts in Germany sometimes attract listeners in the millions, they are frequently unprofitable in the current economic climate marked by falling ad revenues. By contrast, the market for documentaries is admittedly booming but there are higher margins to be achieved by focusing on film and series productions. For example, we assume that in the current, tough economic environment, it will take longer for new business ideas to become profitable. Although the PANTAFLIX Group will therefore maintain its investments in the as yet unprofitable growth areas of audio and documentaries over the long term, it will put them on the back burner until further notice.

OUTLOOK FOR 2023 APPRECIABLE INCREASE IN SALES AND EBIT LOSS TO BE HALVED

The PANTAFLIX Group is well positioned to steadily expand its market position, especially in its Production business unit. The entertainment market with global sales expectations of EUR 2.6 billion continues to offer huge potential. According to management consultants PwC, the entertainment and media industry in Germany alone is set to top the sales mark of EUR 70 billion for the first time in financial 2023. At the same time, demand for high-quality productions from Germany is at an all-time high. For that reason, we intend in future to concentrate on our established, profitable film and series productions.

In fiscal 2023, viewers can once again look forward to great productions from the PANTAFLIX Group. In the comedy TRAUZEUGEN, a relationship therapist and a divorce lawyer of all people are supposed to ensure that their friends' wedding is a success. The dramedy 791 KM is about the contradictions of human nature. Five very different people share a taxi from Munich to Hamburg when their train is canceled due to a storm. Great things can be expected of Iris Berben and Joachim Król. A further highlight is most definitely the thriller series UNWANTED produced in conjunction with Sky Studios; focusing on the global refugee crisis, human trafficking and the lack of willingness to accept refugees, this series addresses a major societal problem.

Notwithstanding the potential of the Production business unit, the accounting specifics relating to film and series productions and the characteristic volatility of project business will continue to shape the limited predictability of future sales and earnings growth for the PANTAFLIX Group in fiscal 2023. On the basis of current project planning, we expect the PANTAFLIX group to achieve sales of between EUR 29.5 million and EUR 33.5 million in fiscal 2023. The expected sales are thus in line with the planning announced in the 2021 annual report signaling a significant year-on-year rise in sales. Total operating revenue plus other operating income is likely to increase to at least EUR 33 million. In the event that it proves impossible to realize the sale of PANTAFLIX Technologies GmbH planned at short notice, we have assessed the Platform business unit in the forecast with lower sales revenues until the end of 2023 with the assumption of a loss in earnings before interest and taxes (EBIT) of EUR -1.4 million.

Nevertheless, in terms of EBIT, the Management Board is expecting the operating loss after depreciation and amortization to at least halve to between EUR -3.7 million and EUR -1.5 million.

We would like to thank all employees for their passionate commitment in these extraordinary times. You are crucial for our ability to meet the challenges we are presently facing and for the upcoming successes we will achieve.

We also thank you, our shareholders, for your trust in us, especially when we encounter headwinds. We will be delighted if you would continue to accompany PANTAFLIX AG in charting the course to a new future.

Kindest regards



Nicolas Paalzow
CEO



Stephanie Schettler-Köhler
COO

DEAR SHAREHOLDERS,

At its meetings in fiscal 2022, the Supervisory Board focused mainly on all film and series productions. In the challenging economic environment of 2022, all members of the Supervisory Board were kept fully informed at all times of the current status and development of projects. Various film and series projects were realized in fiscal 2022. Three films were launched in 2022 in collaboration with Warner Bros. Germany: *WOLKE UNTERM DACH*, *DIE GESCHICHTE DER MENSCHHEIT – LEICHT GEKÜRZT* and *OSKARS KLEID*. In addition, films and series such as *TRAUZEUGEN* (Paramount) and *ASBEST* (ARD Mediathek) were completed. The reality format *MARIO NOVEMBRE – AUCH DAS NOCH!* and the final season of the series *DAS INTERNAT* can also be called up on the streaming service Joyn. All the productions were the subject of regular discussions in meetings of the Supervisory Board at which corresponding resolutions were passed.

With its customary thoroughness and diligence, the Supervisory Board addressed current developments in the industry, in the company's business and in the company itself in fiscal 2022. In doing so, it maintained an intensive dialog with the Management Board which it would like to thank explicitly for the work it performed.

MAIN TOPICS AT MEETINGS OF THE SUPERVISORY BOARD IN FISCAL 2022

In fiscal 2022, the Supervisory Board performed the duties assigned to it under the law, the articles of association and its rules of procedure conscientiously and with due diligence. The Supervisory Board advised the Management Board on the management of the company, monitoring it on an ongoing basis and supporting the strategic development of the company and significant individual measures in an advisory capacity, as well as satisfying itself that the management of the company and the internal control and risk management system set up were lawful, appropriate and expedient.

In fiscal 2022, the Supervisory Board met on a total of ten occasions in order to perform its duties – on February 8, March 30, May 18 (meeting to review the balance sheet for fiscal 2021), July 21, August 19, August 29, November 17, November 23, December 20 and December 29, 2022. All meetings apart from the constituting meeting following the Annual General Meeting of July 21, 2022 were held by means of a video or telephone conference. The Supervisory Board also took urgent decisions by circulation. The average rate of attendance of Supervisory Board meetings in 2022 stood at 100%. The Management Board and further employees were consulted as guests on individual items of Supervisory

Board meetings to enable them to explain circumstances and answer any questions.

At its meetings, the Supervisory Board debated the Management Board's reports in detail and together discussed the company's position, its sales and earnings growth, the company's annual financial statements, the Management Board's strategy, its risk control system, the human resources situation as well as the financial position of PANTAFlix AG. Budget and target variances were communicated to the Supervisory Board by the Management Board.

In fiscal 2022, the following major issues also formed part of Supervisory Board meetings:

- Financing the Group and its main subsidiaries
- Completion of various movie productions for theatrical release
- Capital and finance measures
- Management Board issues and other human resources matters within the Group
- Approval and convening of the Annual General Meeting as a virtual event
- Approval and adoption of separate financial statements for 2021
- Approval of the consolidated financial statements for 2021

COLLABORATION BETWEEN SUPERVISORY BOARD AND MANAGEMENT BOARD

The Supervisory Board provided active, close support to the Management Board in fiscal 2022 by means of consultations and discussions and it was involved in all decisions of major importance for the company. The work of the Supervisory Board was marked by an active monitoring process. The Management Board kept the Supervisory Board regularly, promptly and comprehensively informed on all issues of importance to the company relating to planning, the business strategy and growth, the company's assets and financial position and results of operations, the risk position, risk management and controlling as well as the status of compliance with statutory provisions and in-house directives (compliance). As a result, the Supervisory Board was at all times informed of all relevant transactions and, thanks to this close support of the Management Board, careful supervision was guaranteed on an ongoing basis. The Supervisory Board received information on key business transactions both verbally and in writing as part of regular reporting in accordance with Section 90 of the German Stock Corporation Act (AktG).

In addition, the Supervisory Board was in regular contact with the Management Board outside the scope of Supervisory Board meetings and ensured that it was comprehensively informed about the current course of business and significant business transactions.

The Supervisory Board also examined key individual business transactions and passed resolutions on matters requiring its approval. All decisions and measures requiring approval were discussed extensively and resolutions passed on the basis of such consultations and the resultant proposals of the Management Board.

COMPOSITION OF THE SUPERVISORY BOARD – CHANGES IN THE 2022 FINANCIAL YEAR

Pursuant to the provisions of the articles of association of PANTAFLIX AG, the Supervisory Board was composed of three members. In fiscal 2022, the Supervisory Board consisted of Mr Marcus Machura (Chairman), Mr Marc Schönberger (Deputy Chairman) and Mr Klemens Hallmann up until the Annual General Meeting of PANTAFLIX AG on July 21, 2022.

Mr Klemens Hallmann resigned from the Supervisory Board of PANTAFLIX AG at the end of the Annual General Meeting on July 21, 2022. Pursuant to a proposal from the Supervisory Board, the Annual General Meeting of July 21, 2022 elected Ms Kerstin Trottnow for the period until the end of the Annual General Meeting which will decide on whether to discharge Supervisory Board members for the 2023 financial year.

At its constituting meeting following the Annual General Meeting of July 21, 2022, the Supervisory Board elected Mr Marcus Machura as its Chairman and Mr Marc Schönberger as Deputy Chairman.

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.

No conflicts of interest arose with regard to members of the Supervisory Board in the past financial year.

COMPOSITION OF THE MANAGEMENT BOARD

At its meeting on August 29, 2022, the Supervisory Board of PANTAFLIX AG extended the contract of CEO Nicolas Paalzow for a further three years. Nicolas Paalzow has been a member

of the Management Board since 2017 and CEO of PANTAFLIX AG since 2019. The Management Board of the Company, consisting of Nicolas Paalzow (CEO) and Stephanie Schettler-Köhler (COO), has had an equal number of men and women since 2021.

ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

CONCEPT Renkes & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Mainz, audited the annual financial statements of PANTAFLIX AG as of December 31, 2022 and the voluntarily prepared consolidated financial statements together with the Group management report as of December 31, 2022 in accordance with the principles of the German Commercial Code (HGB) and the supplementary regulations of the German Stock Corporation Act (AktG) and issued an unqualified audit opinion in both cases, supplemented by a reference to the major uncertainty in relation to continuation of business operations in view of the loss amounting to half of the share capital in PANTAFLIX AG. The auditor conducted an audit of the accounting-related internal control system as part of the audit of the annual financial statements in order to take account of the findings with respect to the functionality of the risk management system in selecting further audit procedures. The audit did not give rise to any indications of weaknesses in the risk management system.

The Supervisory Board examined the separate annual financial statements as well as the consolidated financial statements and Group management report of PANTAFLIX AG for the year ended December 31, 2022 with a particular view to their legality, compliance and functionality, and discussed the documents forming the basis for the draft audit report in detail with both the Management Board and the auditor. The auditor of the financial statements reported on the results of their audit in their entirety and on individual priorities of the audit at the Supervisory Board meeting on June 26, 2023, which was held by video conference, and responded in detail to the questions posed by members of the Supervisory Board. The Supervisory Board members took note of, and critically evaluated, the audit reports and the audit opinions, and discussed them with the auditor along with the audits themselves, which included questions on the nature and scope of the audit and its results. The Supervisory Board was satisfied with regard to the proper nature of the audits and audit reports. The Supervisory Board subjected the separate annual financial statements, the consolidated financial statements, and the Group management report to its own comprehensive review.

No objections were raised on conclusion of the audit. The Supervisory Board therefore approved the results of the audit at the Supervisory Board meeting on June 26, 2023. The annual financial statements prepared by the Management Board were adopted and the consolidated financial statements approved by the Supervisory Board. The Supervisory Board declared its agreement with the group management report and the assessment of the company's further development.

AUDIT OF THE DEPENDENT COMPANY REPORT PURSUANT TO SEC. 314 (2 AND 3) AKTG

Furthermore, at its meeting on June 26 2023, the Supervisory Board examined the Management Board's report pursuant to Sec. 312 AktG on relationships with affiliated companies for the 2022 financial year (dependent company report).

The Supervisory Board's review of this report did not lead to any objections. In the process, the Supervisory Board requested a presentation from the Management Board of the benefits and potential risks of the legal transactions portrayed in the dependent company report, and weighed them up from its own perspective. The Supervisory Board also requested an explanation of the principles according to which services rendered by the company and the consideration received for them were defined.

The report prepared by the Management Board on relationships with affiliated companies in accordance with Section 312 (1) AktG was also examined by the auditor. The auditor issued the following unqualified audit opinion in accordance with Section 313 (3) AktG:

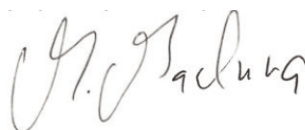
"Based on our audit and assessment conducted in accordance with professional standards, we confirm that:

1. the actual details of the report are correct,
2. in the transactions listed in the report, the performance of the Company was not unduly high, or disadvantages were compensated,
3. no circumstances in the measures listed in the report suggest an assessment other than that of the Management Board."

We concur with this assessment. After the final result of the audit, the Supervisory Board raises no objections to the declaration of the Management Board at the end of the dependent company report.

The Supervisory Board thanks the Management Board as well as all employees for their personal dedication and their good work in the past financial year. The Supervisory Board would also like to extend its thanks to you, our esteemed shareholders, for your continued support and confidence in PANTAFLIX AG.

For the Supervisory Board



Marcus Machura
Supervisory Board Chairman

The PANTAFLIX AG share

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

SHARE PRICE DEVELOPMENT 2022

2022 was a difficult year for international stock markets. It proved impossible to maintain the recovery initiated in the fourth quarter of 2021. The start of the Ukraine war in February 2022, in particular, unnerved investors, although the markets initially recovered after a setback. However, the geopolitical upheavals led to a rise in energy prices which in turn had a massive impact on the inflation rate. Central banks responded to this development by continually raising interest rates throughout the year. This had a negative effect on share prices. Although energy prices fell slightly towards the end of the year and global supply chain pressures showed signs of easing, the major indexes nevertheless closed the 2022 trading year in red figures.

The DAX opened the year's trading on 15,947 points on January 3 and by January 5 had already reached its high for the year at 16,285 points. Germany's benchmark index recorded its low for the year on September 28 at 11,862 points. On December 30, 2022, the index closed the trading year at 13,923 points, down 12.7% from its 2021 closing price. Measured by the MSCI USA index, US equities dropped by 21.2%. European equities – as measured by the MSCI Europe index – declined by 16.6%. The Scale All Share Index in which the PANTAFLIX stock is also listed, ended 2022 36.3 % down at 1,228 points.

The shares of PANTAFLIX AG opened the 2022 reporting year on January 3 at a price of EUR 1.23. On December 30, 2022, they closed the year at EUR 0.83, finishing 32.5% down. The high for the year of EUR 1.79 was reached on January 18, 2022. On October 5, 2022, PANTAFLIX AG shares reached their low for the whole year at EUR 0.68 (all data based on Xetra prices).

SHARE PRICE PERFORMANCE IN 2022



The average daily trading volume in PANTAFLIX shares on all German stock exchanges amounted to 7,120 shares in 2022 by comparison with 17,241 shares in 2021.

On December 30, 2022, the market capitalization amounted to approximately EUR 17.3 million based on 20,888,879 shares and a closing price of EUR 0.83 (all data based on Xetra prices).

SHARE PRICE DEVELOPMENT IN 2022

Opening price	January 3, 2022	EUR 1.23
Low	October 5, 2022	EUR 0.68
High	January 18, 2022	EUR 1.79
Closing price	December 30, 2022	EUR 0.83
Market capitalization	December 30, 2022	EUR 17.3 million
Share price development		-32.5%

As the designated sponsor, Hauck Aufhäuser Lampe Privatbank AG provides binding bid and ask prices thus ensuring appropriate tradability of the PANTAFLIX share. Further information is available to interested Investors in the Investor Relations area of the homepage at pantaflixgroup.com.

SHARE INFORMATION*

Exchanges	Xetra, Frankfurt
Symbol	PAL
Total number of shares	20,888,879
Amount of share capital	EUR 20,888,879.00
ISIN	DE000A12UPJ7
GSIN	A12UPJ
Market segment	Freiverkehr
Transparency level	Scale
Designated Sponsor	Hauck & Aufhäuser Lampe Privatbank AG

*) as of: December 31, 2022

INVESTOR RELATIONS

PANTAFLIX AG stands for reliable, transparent communication with all its stakeholders. In the spirit of making its transactions more transparent, PANTAFLIX further enhanced and increased transparency vis-à-vis investors in fiscal 2022. In this context, both the annual figures and 6-monthly figures were accompanied by an earnings call. As in previous years, the Management Board of PANTAFLIX AG exchanged views with representatives of the financial and business press to present the company and its business model. The Management Board also presented the business model and strategy of PANTAFLIX AG both at the Hamburg Investor Day in August and at the German Equity Forum in Frankfurt in November.

ANNUAL GENERAL MEETING

Due to the COVID-19 pandemic, the Annual General Meeting of PANTAFLIX AG was once again held as a purely digital event. The shareholders discharged the Management Board as well as the Supervisory Board with a clear majority and approved the management's proposals in all agenda items. Nicolas Paalzow, CEO of PANTAFLIX AG, together with Stephanie Schettler-Köhler (COO), presented the developments in fiscal 2021 as well as the cornerstones of the PANTAFLIX growth strategy for the coming years. The voting results and the resolutions at the 2022 AGM are available for viewing and download at pantaflixgroup.com.

ANALYST RESEARCH

The PANTAFLIX AG stock was regularly analyzed and rated by the prestigious research companies AlsterResearch and Montega in fiscal 2022. Particular emphasis was given to the sale of the streaming business unit announced after the end of the 2022 financial year and the company's focus on its established business units.

<u>UPDATE</u>	<u>INSTITUTE</u>	<u>ANALYST</u>	<u>RECOMMENDATION</u>	<u>PRICE TARGET</u>
March 30, 2023	AlsterResearch	Alexander Zienkowitz	Buy (Buy)	EUR 1.55 (EUR 1.62)
April 5, 2023	Montega Research	Nils Scharwächter/ Tim Kruse	HOLD (Buy)	EUR 0.75 (EUR 2.00)

CAPITAL MEASURE

On August 19, 2022, PANTAFLIX AG carried out a non-cash capital increase excluding subscription rights. As a result, the company's share capital increased from EUR 20,461,529 to EUR 20,888,879. The capital increase was fully placed, and the new shares included in the existing listing in the Scale segment of the Frankfurt Stock Exchange without a prospectus. The capital increase served to remunerate services with regard to a film production. The share capital therefore amounts to EUR 20,888,879.00 with a total of 20,888,879 shares.

SHAREHOLDER STRUCTURE

Over and above the shareholdings of management bodies and founding shareholders known to the company – the company is aware as of December 31, 2022 of the following shareholders who have submitted one or more reports pursuant to Sec. 20 AktG. BlackMars Capital GmbH informed the company in the past financial year that it owns a majority shareholding in PANTAFLIX directly, equating to a share of over 50%. Around 70 % of the shares are held by the management, BlackMars Capital GmbH, members of the Supervisory Board and PANTAFLIX founding shareholders Marco Beckmann, Dan Maag and Matthias Schweighöfer. The free float amounts to approximately 30%.

FINANCIAL CALENDAR 2023

May 15, 2023
Extraordinary Annual General Meeting

June 2023
Annual Report 2022

August 17, 2023
Annual General Meeting

August 23, 2022
Hamburg Investor Day

September 2023
Half-Year Report 2023

SUSTAINABILITY AT PANTAFLIX

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

Molière (1622-1673)

FOREWORD BY THE MANAGEMENT BOARD

2022 was a challenging year that once again showed how necessary it is for a company to create more value for its stakeholders through sustainability. As the PANTAFamily, it is important to us not only to produce entertainment but also to act sustainably as a company in all three aspects – ecology, society and corporate governance – and take concrete steps that can contribute to making the world a better place. The transformation to a sustainable society can only succeed if we go down this road together. For that reason, the PANTAFLIX Group has been committed for years to promoting sustainable business practices in all aspects of its activities. We have defined and implemented Environment, Social and Governance goals as pillars of our sustainability perception in our corporate strategy. The aim is to allow ESG aspects to permeate all our plot lines by means of tailored measures and to communicate both our sustainability strategy and our results transparently.

Sustainability is a central component of our corporate philosophy. We recognize the importance of integrating social, environmental and governance aspects in our business strategies and decision-making processes. True to the motto “PANTAFLIX goes more sustainable”, we launched various initiatives in 2022 to further reinforce our sustainability approach. Among other things, we took further steps to enhance our awareness when dealing with our own environmental footprint and promote sustainable use of resources. One of the cornerstones of our sustainability strategy in 2022 was to promote a diverse, inclusive working environment in which all employees are treated with respect and enjoy equal opportunities. The promotion of diversity and integration, including gender equality, cultural diversity and the integration of under-represented groups, constitute for us key components of our strategic and operational planning. We support the well-being and further growth of our employees to boost their career development and work-life balance. Our corporate culture also embraces high standards of corporate governance, transparency and responsibility.

We are delighted to share our progress in the area of sustainability in 2022 in our third sustainability report.

SUSTAINABILITY STRATEGY

In 2022, the PANTAFLIX Group remained true to the sustainability strategy that has been put in place. The PANTAFamily further reinforced its commitment to sustainability issues identified in the previous year as pivotal. As an entertainment company, our priority in 2022 remained the production of high-end entertainment without ignoring our obligation to environmental and social sustainability. Sustainability is a challenge and an opportunity at one and the same time, and for us it's a top priority. That's why sustainability forms an important part of our corporate strategy. In this way, we can minimize risks, maximize opportunities and create a working environment in which everyone feels at ease. Our sustainability strategy comprises issues regarding the environment, society and corporate governance. It creates value added for our stakeholders and is based on four principles:



Responsibility for the PANTAFLIX Group's sustainability issues resides with the Management Board. Stephanie Schettler-Köhler, COO of PANTAFLIX AG, is responsible for implementing the sustainability strategy and corresponding measures. An ESG team had also been established in 2021 consisting of employees from different departments. This is how we ensure that the sustainability strategy permeates all corporate processes. In the reporting year, the ESG team was responsible for monitoring and gathering the ESG indicators.

STAKEHOLDER ANALYSIS

As a company operating in the media and entertainment industry, continuous dialog with our stakeholders is paramount for us. In 2021, the most important stakeholder groups for the PANTAFLIX Group had already been identified and their expectations and impact on the Group determined. It was not necessary to update the stakeholder analysis in 2022.

INTERNAL STAKEHOLDERS*:

Employees / interns / volunteers	Founder
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EXTERNAL STAKEHOLDERS*:

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

MATERIALITY ANALYSIS

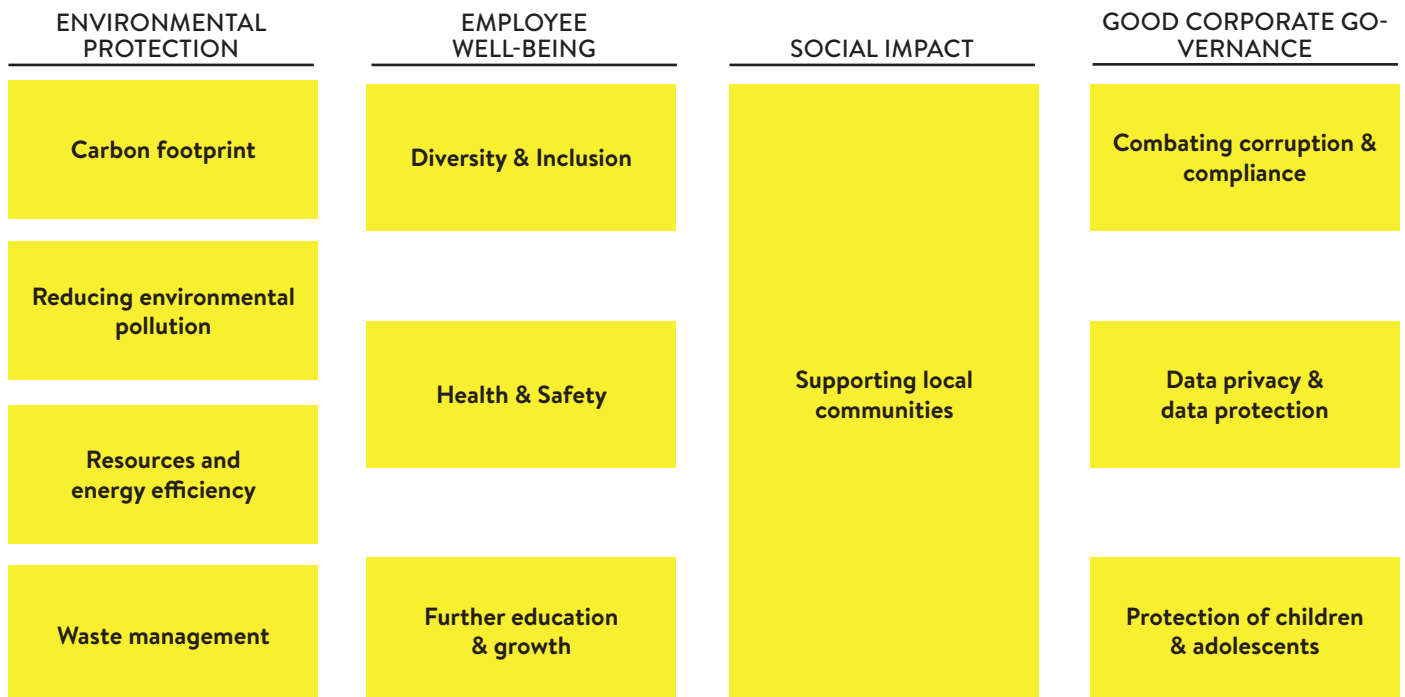
The main ESG spheres of action for the Group had already been determined for the media and entertainment industry in 2021 on the basis of the UN Sustainable Development Goals (SDG) and SASB requirements – Sustainability Accounting Standards Board. The following entrepreneurial sustainability aspects were also taken into account in identifying the main sustainability issues:



In 2022, the Management Board reviewed the main sustainability issues already identified and reconciled them with the progress made on integration measures and the Group’s new priorities with regard to sustainability topics. In the environmental area, the ESG sphere of action “Carbon footprint” was added. This area has increased in importance for the entire Group as the PANTAFLIX Group has undertaken to monitor and reduce its greenhouse gas emissions. The update to the materiality analysis resulted in the following significant sustainability issues:

* For reasons of legibility, the simultaneous use of female and male forms has been dispensed with in this graphic representation, and the generic masculine is used.

OUR MAIN SPHERES OF ACTION:



OUR GUIDELINES:

THE UN SUSTAINABLE DEVELOPMENT GOALS

The 17 goals for sustainable development (UN Sustainable Development Goals) serve as a guideline for the PANTAFLIX Group for its way of working and its daily business activities. Nine of the 17 goals were already identified in 2021 to serve as guiding principles for the Group in implementing its sustainability strategy:





3. GOOD HEALTH AND WELL-BEING

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



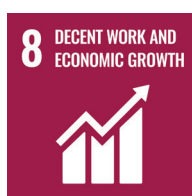
5. GENDER EQUALITY

5.1 End all forms of discrimination against all women and girls,



7. AFFORDABLE AND CLEAN ENERGY

7.3 Double the rate of improvement in energy efficiency,



8. DECENT WORK AND ECONOMIC GROWTH

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

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



10. REDUCED INEQUALITIES

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



12. RESPONSIBLE CONSUMPTION AND PRODUCTION

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



13. CLIMATE CHANGE

13.2 Integrate climate change measures into strategies and planning,



15. LIFE ON LAND

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



16. PEACE. JUSTICE AND STRONG INSTITUTIONS

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

The following table shows a comparison of the main ESG indicators for 2022 with the previous year. This comparison serves to create greater transparency and measurability for the implementation of our ESG measures:

KEY ESG INDICATORS

ENVIRONMENT

	2021	2022	Δ (in %)
Electricity consumption*	9,295 kWh	10,248 kWh	+10.3%
Proportion of green electricity*	100%	100%	-
Compensation for CO ₂ emissions	454 tons	389 tons	-14.3%

SOCIAL ASPECTS

	2021 (in %)	2022 (in %)	Δ (in P%)
Permanent contracts	78	71	-7
Fixed-term contracts	22	29	+7
Staff turnover rate	28	6	-22
Proportion of women (excl. managerial positions)	44	53	+9
Proportion of women in managerial positions	14	27	+13
Proportion of women on Management Board	50	50	-

GOVERNANCE

	2021	2022
Cases reported via the whistleblower system	0	1

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

ENVIRONMENTAL PROTECTION

The results of climate change can already be felt. The latest report from the Intergovernmental Panel on Climate Change (IPCC) clearly identified the need for action in the field of climate protection and warned against any, even temporary, exceeding of the 1.5 degree threshold. This may be a point of no return, and if exceeded, we risk irreversible damage and impact. The more and the longer the 1.5 degree threshold is exceeded, the likelier we are to reach tipping points in the global eco system which will further accelerate the climate crisis. We have to act, and we must do so now! Only an immediate, drastic reduction in carbon emissions would help to prevent an environmental catastrophe.

CARBON FOOTPRINT

Environmental responsibility forms part of our identity. In the PANTAFLIX Group, we therefore decided in 2022 to implement specific measures to monitor and reduce the carbon emissions for which we are responsible. For this reason, the Management Board introduced the CO₂ calculator for companies from KlimAktiv for the first time in 2022 to calculate the Corporate Carbon Footprint (CCF). The CO₂ calculator allows transparent registration and calculation of all direct and indirect emissions in accordance with the internationally recognized Greenhouse Gas Protocol Standard – Scopes 1, 2 and 3.

Besides carbon emissions, this CCF takes account of all further greenhouse gases in the Kyoto Protocol. For better comparability, these are converted to CO₂ equivalents (CO₂e) in accordance with their global warming potential relative to CO₂. In the reporting year, we caused 389.20 tons of CO₂e of which 367.08 tons from Scope 3 emissions, 17.91 tons from Scope 1 and only 4.22 tons from Scope 2. The emissions for 2022 were calculated for the main offices in Berlin and Munich and for the following main productions:

- UNWANTED
- TRAUZEUGEN
- ASBEST
- ASBEST Documentary
- 791KM
- DAS INTERNAT – Season 4

The emissions from the productions are calculated under Scope 3. As the methods used for calculating carbon emissions vary between 2021 and 2022, there is no one hundred percent reliable comparison between emissions in the previous year and those in 2022.

Also with regard to 2022, we arranged for the carbon emissions caused by us and measured (389.20 tons) to be offset by the climate protection organizations *atmosfair*.

RESOURCES & ENERGY EFFICIENCY; WASTE MANAGEMENT

We work in a sector, the film and media industry, which consumes many resources and causes greenhouse gas emissions. By converting to production methods that conserve more resources, we can make an effective contribution to climate protection. Climate protection and environmental protection are therefore key issues for us as the producers of high-end entertainment.

As early as 2021, we had already committed to the Green Motion minimum ecological standards of the “Green Shooting” working group for our productions. These standards served to achieve production methods in German cinema, TV and online/VoD productions that are more protective of the climate and resources. In the reporting year, we were part of the “real-world lab” working group of the German Federal Film Board (FFA) with the production of TRAUZEUGEN. The purpose of the real-world lab was to check whether the sustainability criteria on which the minimum ecological standards were based, are practicable. The experiment was carried out on behalf of the

Federal Government Commission for Culture and Media (BKM) and in collaboration with State Film Funds from July 2021 to February 2022. A total of 22 productions of different genres and formats participated in the real-world lab. The Ökopol and KlimAktiv institutes provided the scientific leadership. After completion of the real-world lab, the process of adapting the minimum ecological standards began. By July 1, 2023 at the latest, compliance with the new ecological standards throughout Germany is to be a prerequisite for all publicly funded cinema, TV and online/VoD productions in Germany. In terms of the ecological standards, there are 21 compulsory requirements. In order to enable a production to earn the “Green Motion” label, parts of the production realized within Germany must meet at least 16 of the 21 obligatory specifications, and from July 1, 2024 this figure rises to at least 18. The recommendations for the film and media industry drawn up in the real-world lab were published in a final report on the BKM website.

As a player in the film and media industry, it is not only our utmost responsibility to make an active contribution towards climate protection. For that reason, we are optimizing our operating processes and sequences both in our productions and in our everyday office work. The most important measures implemented include the following:

- Procurement of green electricity from Polarstern
- Sufficient vegetarian meals in catering
- Travel by train preferred to flying
- Accommodation in hotels with climate
- programs (incl. green electricity, measures for saving water, etc.)

REDUCING ENVIRONMENTAL POLLUTION

The protection of our environment is a key issue for the PANTAFLIX Group. Germany produces huge quantities of waste, including household waste, commercial waste and industrial waste. Although Germany is one of the exemplary countries in Europe with regard to separating waste, a considerable proportion of this waste ends up in landfills or is incinerated in a process that is harmful to the environment. Waste pollutes our rivers, seas, forests and meadows. We therefore avoid causing waste, we separate our garbage and our processes are predominantly paperless. We also participated in Polarstern’s “Isar Clean-Up” initiative for the second year in succession. Seven of our colleagues from the Munich office took part in the garbage collection campaign on July 9, 2022.

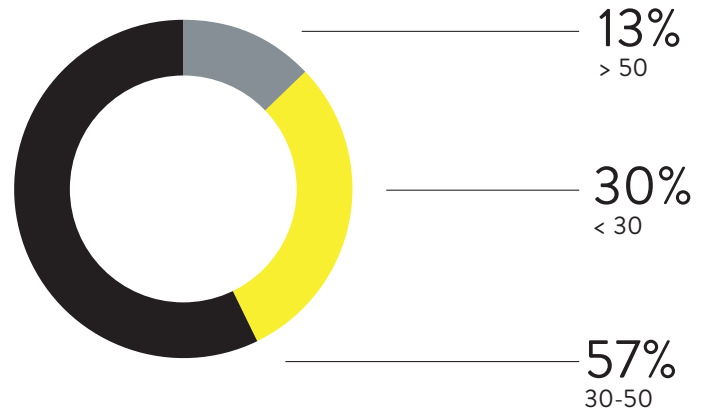
SOCIAL ASPECTS

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

WELL-BEING OF EMPLOYEES DIVERSITY & INCLUSION

We are convinced that diversity of culture, knowledge and personalities harbors great potential to create high-end entertainment. In 2021, we undertook to include the themes of diversity and inclusion in all aspects of our business activities. Consequently, in 2022, we joined the "Diversity Charter". The Diversity Charter is an initiative of employers to promote diversity in companies and institutions. It was launched in December 2006 by four companies and it is supported by the Federal Government Commission for Migration, Refugees and Integration. Federal Chancellor Olaf Scholz is the patron of the initiative. The aim of the initiative is to advance the recognition, appreciation and inclusion of diversity in the working environment in Germany. More than 4,900 companies and institutions have already signed the "Diversity Charter". In 2022, a workshop was held to discuss the subject of diversity in the productions of the PANTAFLIX Group internally and also to define implementation targets. Our film and series productions grapple constantly with current social issues because we want our range of entertainment to make an active contribution towards reducing all kinds of discrimination. No quota system for the productions has been defined as yet, but each project is analyzed separately.

EMPLOYEES BY AGE IN %



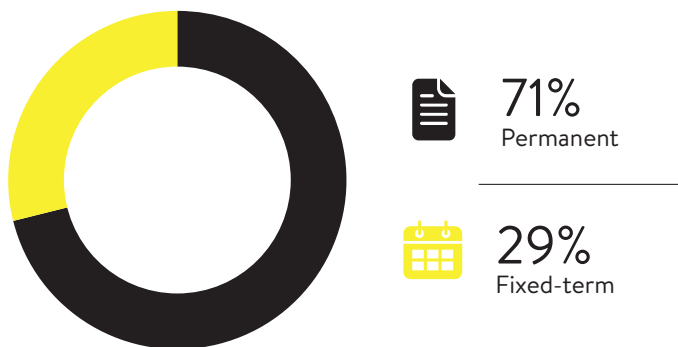
EMPLOYEES BY GENDER IN %



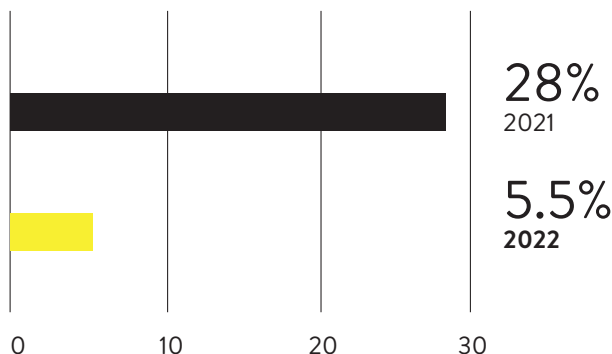
MANAGERS BY GENDER IN %



FIXED-TERM AND PERMANENT CONTRACTS FOR PERMANENT EMPLOYEES AS OF DECEMBER 31, 2022



STAFF TURNOVER (ACCORDING TO SCHLÜTER) YEAR ON YEAR



With our range of content and the way in which we tell our stories, we want to play a major role in promoting and championing diversity. One special example is our film OSKARS Kleid which tells the story of a child with transidentity. An internal seminar on the subject of “Implementing inclusion” was also held in the reporting year. We are currently in the process of implementing our inclusive website with a particularly high-contrast portrayal, a trailer with an audio description and subtitles.

As of December 31, 2022, the PANTAFLIX Group had 53 employees (permanent staff excl. project staff).

HEALTH & SAFETY

The health and safety of its employees takes the highest priority at the PANTAFLIX Group. Comprehensive health and safety measures are in place to ensure that employees can work in a safe, healthy working environment. Besides health and safety at the workplace, the well-being of our PANTAFamily is a key issue for us. Employees are therefore offered flexible working hours to improve their work-life balance and to promote both their psychological and physical health. In the PANTAFLIX Group, we had already broken down the rigid “9 to 5” concept before the pandemic year (2020). Our employees are able to work mobile two days a week. In this way, young families, above all, can more easily reconcile work and family life. We also offer our employees the chance to take part in online fitness programs and use job bikes. The health and well-being of a person also includes a balanced, healthy diet. That’s why we put the focus on healthy snacks instead of sweets and ensure that there are sufficient vegetarian options available in our catering at the productions.

FURTHER EDUCATION & GROWTH

Growth on a personal and professional level contributes to the sustainable success of the PantaFamily. In 2022, the subject of personnel development and growth was pursued more intensively and became a major theme of personnel interviews in order to openly communicate needs and wishes. This promotes the individual growth of employees. Various voluntary, but also some compulsory in-house seminars, were offered in the reporting year on a wide range of topics, among them data protection, accounting and annual financial statements. On average, between 30% and 50% of all employees participated in the various training offerings. The PANTAFLIX Group also provides the opportunity to gain your first professional experience. In 2022, one working student, two volunteers and 17 interns formed part of our PANTAFamily at our headquarters and in productions.

SOCIAL IMPACT

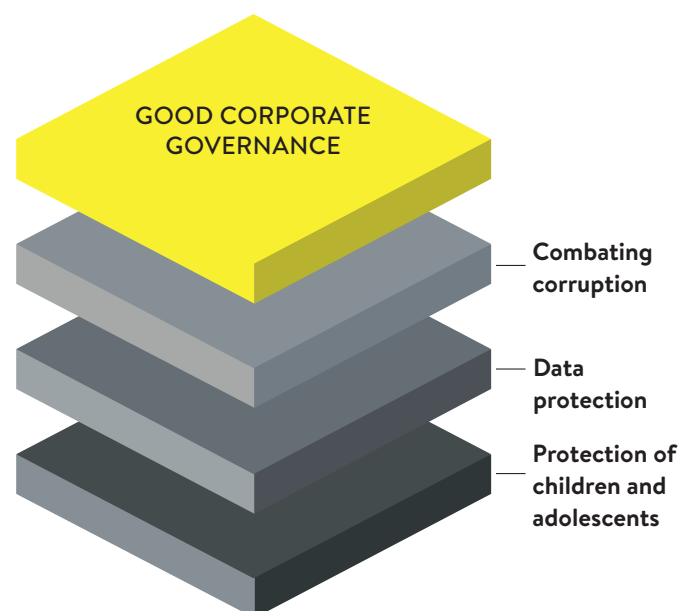
SUPPORTING LOCAL COMMUNITIES

In the PANTAFLIX Group, the concept of “good neighborliness” constitutes a core value that determines how we work and treat our stakeholders. We know how important it is to nurture positive relationships and generate a feeling of community – among our team members, partners, customers and society in general. At the heart of the concept of good neighborliness is the conviction that we all live together and our actions impact our fellow men and women. We believe that we can give something back and exercise a positive influence on society. We support initiatives that promote social and environmental sustainability, education and cultural enrichment. We also encourage our employees to volunteer and participate in neighborhood activities.

vities. With our annual participation in the River Isar Clean-Up initiative, we are not only playing an active role in combating environmental pollution, but at the same time also lobbying for the preservation of local recreation areas in the Munich area. In the reporting year, we also supported refugees and children in and from Ukraine through various donations: SOS Children's Villages Donation for Ukraine, Ministry of Social Policy Donation for Ukraine, Ukraine War Donation, Go Fund Me Donation Kiev – to the tune of around 15,000 euros.

GOVERNANCE

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



COMBATING CORRUPTION & COMPLIANCE

In the PANTAFLIX Group, we combat and reject any form of corruption. Corruption destroys trust and the reputation of the company. Besides laws with which we have to comply, we also adopted two codes of conduct in 2022 – one code for employees and one for business partners – with which we have undertaken to meet in-house rules and guidelines governing everyday business. Compliance with our core principles is not only important for us as the PANTAFamily. We expect our business partners to act within the law and observe our rules of conduct. We also defined our new guideline for gifts and hospitality in the reporting year. Separate seminars for all employees were also offered on the subject of compliance and a management workshop is targeted for 2023. In 2022, we began installing an online-based whistleblower system. Internal and external stakeholders can reach the whistleblower system via our corporate website. There was one notification via the online system in the year under review with regard to the wording in one section of the corporate website. The case was first carefully investigated and subsequently all the necessary steps were taken to quickly solve the problem.

DATA PRIVACY & DATA PROTECTION

For us as a media company, the subjects of data privacy and data protection are of great importance. Many of our productions are located abroad, however, and numerous business partners are headquartered in other European countries. For that reason, strict compliance with the EU General Data Protection Regulation is extremely important for us. That is why we have appointed a data protection officer for both staff and clients who acts as a point of contact for all questions relating to this subject. We work constantly on reviewing and adjusting the implementation of measures to protect personal data. In 2022, compulsory online training was held for all employees.

PROTECTION OF CHILDREN & ADOLESCENTS

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

BUSINESS ACTIVITY AND GROUP STRUCTURE

PANTAFLIX is a broad-based entertainment group focusing on the creation and production of content for films and series. As a result of collaborations with prestigious partners such as Warner Bros., Netflix, Amazon, StudioCanal, Sky (Studios), Paramount or Joyn, the PANTAFLIX Group is steadily expanding its market position, particularly in the Production business unit, and intends in the future to focus on its established, profitable business with film and series productions for new projects. Growth areas such as Audio and Documentaries that are not yet profitable will be pursued in the long term due to the changes in the market situation and consumer behavior; investments will only be made on an opportunistic basis. The PANTAFLIX Group pursues the goal of expanding the proportion of large-scale productions with international licensing opportunities in future.

The expertise of the PANTAFLIX Group is pooled in its operating subsidiaries and functionally, it is allocated to the business units described below:

PRODUCTION

The Production business unit comprises the established, profitable business with the production of content for films and series. While PANTALEON Films develops, finances and produces fictional series and films, marketing them as the rights owner, PANTALEON Pictures concentrates on documentary series and films. PANTAFLIX Studios also produces content, but focuses on high-reach social media influencers and potential brand and reach partnerships.

Film projects realized by PANTALEON Films in fiscal 2022 include the co-productions TRAUZEUGEN (together with Paramount Pictures), UNWANTED (for Sky Studios – revenue realization not until 2023) and DIE GESCHICHTE DER MENSCHHEIT – LEICHT GEKÜRZT (together with Warner Bros.). The series format ASBEST was also created for ARD Mediathek as a Degeto co-production. PANTALEON Pictures prepared a documentary on the poaching of snow leopards. Last year, PANTAFLIX Studios realized the first season of the reality format MARIO NOVEMBRE – AUCH DAS NOCH in collaboration with the streaming service Joyn.

IN-HOUSE PRODUCTIONS, CO-PRODUCTIONS AND CONTRACT PRODUCTIONS

In the Production business unit, a distinction is made between in-house productions, co-productions and contract productions. At PANTALEON Films, the ratio of in-house productions and co-productions to contract productions is even, while at PANTALEON Pictures and PANTAFLIX Studios contract productions predominate. Contract productions are normally remunerated

in the form of an agreed fixed price while the rights remain with the client. In-house productions and co-productions are based on secured production finance.

FINANCING IN-HOUSE PRODUCTIONS AND CO-PRODUCTIONS

The first pillar for such financing is the advance sale of rights of use that are initially limited in terms of time, place and content. In particular, this relates to licensing rights for movie theater, home entertainment, pay TV, free TV and global distribution rights, which are monetized by agreeing guarantee payments in the form of minimum guarantees. Funding provided by institutions in Germany and abroad, most of which takes the form of repayable loans, 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 can be accessed in order to finance new film projects.

FINANCIAL LIABILITIES FROM THE INTERIM FINANCING OF IN-HOUSE PRODUCTIONS AND CO-PRODUCTIONS

Interim financing is organized to take account of the fact that the financing components for in-house productions and co-productions are paid in installments over the entire production period. Although this interim financing is recognized in the balance sheet as a financial liability, it does not increase the implied level of debt analogously as the entire amount including interest and thus also its redemption has already been arranged in advance and fixed by other finance components such as minimum guarantees and subsidies. In-house productions and co-productions give rise to commercially relevant rights in the form of a rights library which can be marketed at differing licensing stages.

ADJACENT BUSINESS

The Adjacent Business unit pools the activities of Creative Cosmos 15 (CC15) and PantaSounds.

Creative Cosmos 15 (CC15) combines entertainment offerings with brands for maximum effect and advises clients on how to plan their channels to reach their target market. CC15 has already realized concepts for the Mercedes-Benz, eBay, Audi and ARD brands. The furniture chain XXXLutz extended its testimonial campaign with actor and director Matthias Schweighöfer, while CC15 was also able to convince new, prestigious clients such as online pet supplies dealer Fressnapf and smartphone manufacturer Xiaomi of its creative expertise, among others.

CONTROL SYSTEM

PantaSounds is expanding the value chain of the PANTAFLIX Group to include audio and podcast activities. In fiscal 2022, PantaSounds produced and released various formats aimed at different target markets. These include MITTEN AM TAG, MDR TECHNO, 2 ON THE FLOOR, KEINE ZWEI MÄNNER, TALK OF FAME and ZIEMLICH SCHLECHTE FREUNDE.

PLATFORM

The Platform business unit with subsidiary PANTAFLIX Technologies stands for ultra-modern, digital distribution of premium content. As entertainment-as-a-service, clients such as publishing houses, public institutions and private companies as well as numerous film and movie theater festivals opt for the video-on-demand platform pantaflix.com for their tailored streaming service. With PANTAFLIX Technologies, clients can monetize self-produced content on their own websites or social media channels. In fiscal 2022, such clients included the German Film Academy, Airbus/German Armed Forces and the newspaper, Frankfurter Allgemeine Zeitung. Since the end of March 2023, PANTAFLIX AG has been in specific negotiations for the sale of PANTAFLIX Technologies GmbH. PANTAFLIX AG intends to focus on its established business with film and series productions.

MANAGEMENT

Management comprises PANTAFLIX AG in its capacity as the parent company. PANTAFLIX AG, as the holding company, performs a strategic management function for the PANTAFLIX Group. The holding company is responsible for core functions such as management and controlling as well as public and investor relations and performs additional tasks in the administration and business development areas for its subsidiaries.

CONTROL SYSTEM

The PANTAFLIX Group is managed using the key indicators of sales, revenue and EBIT. Cash flow and the equity ratio are also taken into account. Further qualitative and quantitative factors such as the development of new film and series projects, the winning of new partners or the monetization of realized productions at differing licensing stages serve as further means to measure success.

MACROECONOMIC AND INDUSTRY-RELATED CONDITIONS IN 2022

Over the whole of 2022, global economic activity slowed more broadly and more abruptly than had been expected. According to the International Monetary Fund (IMF), global gross domestic product (GDP) only grew by 3.4% year on year, following 6.2% in 2021. Factors weighing on the global economy included, in particular, the sharp rise in commodity prices caused by the war in Ukraine, dramatic increases in inflation rates, harsher financing conditions as a result of central banks tightening monetary policy and the continuation of the COVID-19 pandemic in China.

Europe presents a similar picture. According to the European Union's Statistics Agency (Eurostat), GDP in 2022 rose by 3.6% in the European Union (EU) and by 3.5% in the Eurozone. The German economy, too, held its own well over the whole of 2022. According to the Federal Office of Statistics, economic output grew year on year by a price-adjusted, overall figure of 1.9%. The "Other Services" sector which includes the creative and entertainment industry, posted particularly high growth. On the demand side, private consumption expenditure bolstered the German economy which almost reached its pre-crisis level of 2019 with an annual rise of 4.6%. Private households recovered their appetite for consumption, particularly in the areas of leisure, entertainment and culture.

According to the German Association of Private Media (VAUNET), people in Germany used media content for a total of 10 hours and 52 minutes per day in 2022. The majority of this time (9 hours and 43 minutes) was accounted for by audio and audiovisual offerings with linear consumption of TV and radio (6 hours and 39 minutes) still taking the lion's share. Internet media usage stood at around two hours and 32 minutes. Almost 84% of this figure was made up of online videos, music streaming and podcasts. By comparison with the previous year, overall media usage fell by 26 minutes in 2022.

The German movie market showed clear signs of normalizing in 2022. According to the German Federal Film Board (FFA), 78 million movie theater tickets were sold and sales of EUR 722 million generated. That equates to increases of 85% and 93% respectively by comparison with 2021 although it is still around 34% and 29% lower than in 2019, the last pre-pandemic year. The market share of German film productions of 27% was also one of the highest shares since the FFA began keeping records.

COURSE OF BUSINESS

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

In the past fiscal year of 2022, the PANTAFLIX Group generated sales revenues of EUR 19,705 thousand (2021: EUR 42,579 thousand). The budget had assumed sales revenues of at least EUR 22 million. This figure included among other things the PANTALEON Films projects TRAUZEUGEN, ASBEST and DIE GESCHICHTE DER MENSCHHEIT – LEICHT GEKÜRZT as well as the ongoing CC15 campaign for the furniture house XXXLutz and the 4th Season of DAS INTERNAT from PANTAFLIX Studios. Total operating revenue plus other operating income totaled EUR 23,249 thousand (2021: EUR 32,579 thousand). The increase in inventories for projects in progress amounted to EUR 116 thousand (2021: inventory reduction of EUR 14,591 thousand).

The cost of materials fell to EUR 4,908 thousand (2021: EUR 9,356 thousand) reflecting the reduced number of contract productions by comparison with the previous year with an increase in in-house productions and co-productions. The cost of materials includes expenditure for contract productions, co-producers' shares of licensing revenues for movie rights as well as retrospective expenses for completed projects. The costs for in-house productions and co-productions, on the other hand, are recognized as advance payments under intangible assets and 90% amortized in the year of completion.

Personnel expenses rose, in particular on a project-related basis, and due to the appointment of managers for the planned expansion of business activities, climbing to EUR 4,773 thousand (2021: EUR 4,279 thousand).

Amortization of internally generated, intangible assets from completed in-house productions and co-productions already generating sales amounted to EUR 17,395 thousand (2021: EUR 18,150 thousand). No change is planned to the amortization arrangements.

A change in demand in the streaming market and also in movie theaters led to accounting losses from the disposal of economically no longer viable film and series productions and thus to a rise in other operating expenses to EUR 3,792 thousand (2021: EUR 2,450 thousand).

Overall, EBIT fell to EUR -7,922 thousand (2021: EUR -1,882 thousand) due to lower sales revenues caused by the deterioration in the overall economic environment as well as by project postponements and accounting losses resulting from the disposal of intangible assets in connection with film and series developments. EBIT for fiscal 2022 is thus below the expectation that it would be recorded within a range between EUR 4.5 million and EUR 2.5 million.

The following table shows the sales, total operating revenue and EBIT for the individual business units in the reporting period.

Business Unit	2022	2021
EUR thousand		
Platform		
Sales	709	796
Total operating revenue	730	846
EBIT	-1,315	-1,267
Production		
Sales	17,204	39,488
Total operating revenue	20,520	29,399
EBIT	-4,540	688
Adjacent Business		
Sales	1,757	2,278
Total operating revenue	1,952	2,276
EBIT	-348	149
Administration		
Sales	36	18
Total operating revenue	47	57
EBIT	-1,719	-1,452
Group		
Sales	19,705	42,579
Total operating revenue	23,249	32,579
EBIT	-7,922	-1,882

Taxes on income amounted to EUR -14 thousand in the 2022 financial year following EUR 28 thousand in the previous year.

The Group's total assets increased to EUR 51,609 thousand as of the 2022 reporting date (December 31, 2021: EUR 37,562 thousand). In the process, fixed assets rose to EUR 26,440 thousand (December 31, 2021: EUR 16,006 thousand), current assets to EUR 25,082 thousand (December 31, 2021: EUR 21,483 thousand).

The rise in fixed assets results essentially from advance payments made for in-house productions and co-productions in an amount of EUR 22,773 thousand (December 31, 2021: EUR 12,960 thousand).

Changes in current assets resulted from an increase in trade receivables to EUR 7,468 thousand (December 31, 2021: EUR 6,411 thousand) and other assets to EUR 1,359 thousand (December 31, 2021: EUR 312 thousand) including, in particular, receivables from insurance claims in connection with film productions. Cash and cash equivalents increased as a result of productions to EUR 15,644 thousand (December 31, 2021: EUR 14,080 thousand).

Equity as of the 2022 reporting date amounted to EUR 1,558 thousand (December 31, 2021: EUR 9,014 thousand). Increased liabilities to banks, in particular, among other things for the production of UNWANTED as well as advance payments received led to a fall in the equity ratio in conjunction with the consolidated loss to 3% (December 31, 2021: 24 %).

As of December 31, 2022, liabilities to banks, in particular, increased significantly to EUR 29,254 thousand (December 31, 2021: EUR 12,908 thousand) due to projects still in production or completed but not yet invoiced, and advance payments received for orders rose to EUR 15,970 thousand (December 31, 2021: EUR 11,566 thousand). Trade payables rose to EUR 1,957 thousand (December 31, 2021: EUR 910 thousand). Other liabilities, particularly from conditionally repayable film subsidy loans, third-party revenue shares and taxes increased to EUR 1,695 thousand (December 31, 2021: EUR 1,277 thousand).

LIQUIDITY

The cash flow from operating activities increased to EUR 14,370 thousand in fiscal 2022 (2021: EUR 12,200 thousand). With a consolidated net loss for the year of EUR 7,953 thousand and scheduled, non-cash amortization of capitalized fixed assets well below the level of the previous year, the increase is essentially due to the rise in advance payments received. With the capitalization of the production costs of in-house productions and co-productions, cash flow from investing activities in an amount of EUR 29,595 thousand (2021: EUR 14,535 thousand) was predominantly accounted for by investments in intangible fixed assets. With regard to the cash flow from financing activities in an amount of EUR 223 thousand (2021: EUR 4,237 thousand), the inflow of funds from the capital increase against contributions in kind from the collection of receivables was offset in particular by repayments of financial loans.

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

The aim of the PANTAFLIX Group is to continuously grow its sales, total operating revenue and operating profit. In addition, the PANTAFLIX Group is striving to increase its operating cash flow and to use net working capital as efficiently as possible.

NON-FINANCIAL PERFORMANCE INDICATORS

DEVELOPMENT OF FILM AND SERIES PROJECTS

In the past fiscal year of 2022, the PANTAFLIX Group was not able to escape the impact of macroeconomic and industry-related developments, but nevertheless succeeded in realizing numerous entertainment productions – even in these turbulent, unpredictable times.

With Warner Bros. Germany, a collaboration partner of many years standing, the PANTAFLIX Group launched three films in movie theaters, namely *WOLKE UNTERM DACH*, *DIE GESCHICHTE DER MENSCHHEIT – LEICHT GEKÜRZT* and *OSKARS KLEID*. The comedy *TRAUZEUGEN* was created in collaboration with Paramount.

In the area of series productions, the PANTAFLIX Group maintained its successes of previous years. For example, 2022 saw the creation of the drama series *ASBEST* with ARD Degeto, the reality format *MARIO NOVEMBRE – AUCH DAS NOCH!* In collaboration with the streaming service Joyn and the fourth and final season of the comedy series *DAS INTERNAT*. The eight-part thriller series *UNWANTED* produced with Sky Studios is currently in postproduction.

SUSTAINABILITY

As an entertainment group, PANTAFLIX has a special role to play in society due to the significance of media in everyday life. The PANTAFLIX Group therefore not only stands for high-class entertainment, but also for sustainable productions and for values such as inclusion, diversity, tolerance and respect.

In the course of its production and business activities, the PANTAFLIX Group assumes the responsibility to keep its impact on the environment as low as possible.

At the same time, the PANTAFLIX Group also holds responsibility vis-à-vis society. For PANTAFLIX, for example, this means addressing social problems in plot lines such as the global refugee crisis, human trafficking and the lack of willingness to accept refugees as evidenced in the collaboration with Sky Studios and Indiana Production for the *UNWANTED* thriller series. PANTAFLIX's perception of its own responsibility also includes the social concerns of its employees as a contribution to a fair and open society.

The PANTAFLIX Group also views responsible corporate governance as the key to sustainable success. This is more than mere compliance with laws and regulations. PANTAFLIX combats and rejects any form of corruption. This is aided by a code of conduct that commits us to observe in-house guidelines and rules in our everyday business activities. The PANTAFLIX Group also expects the same of its international business partners. As a media company, it goes without saying that for the PANTAFLIX Group the highest standards are maintained in data protection and in the protection of children and adolescents.

A detailed description can be found in the sustainability section of the 2022 annual report.

OUTLOOK, RISK AND OPPORTUNITY REPORT

OUTLOOK

FUTURE ECONOMIC AND SECTOR TRENDS

According to the International Monetary Fund (IMF), the global economy is set to grow by 2.9% in 2023. This would be around 0.5 percentage points less than in 2022 when the growth rate was 3.4%. The experts attribute this downturn in global economic growth to the uncertainty regarding the course of the war in Ukraine as well as persistently high inflation rates. In the first half of the year, in particular, economies are likely to face major challenges before an economic trend reversal occurs around the middle to the end of 2023 and the start of 2024. In terms of inflation, the IMF expects the rate to decline in the coming years. After a global inflation rate of 8.8% in 2022, this is expected to drop to 6.6% in the current year and fall back to 4.3% in the following year.

In the Eurozone, the IMF expects economic growth of 0.7% for 2023, picking up to 1.6% in 2024. The reasons for this year's weak growth in the currency union are the modest growth prospects in Germany, Italy and France. Although the European economies should benefit from the easing of pressures in supply chains, they are also likely to feel the impact of the war in Ukraine that continues to represent a source of great uncertainty. Further rises in base rates could also impede investments and lead to renewed budgetary tightening in highly indebted countries in the currency union.

The German economy also sees itself confronted with numerous challenges in 2023, and for that reason the IMF is assuming stagnation in its economic forecast. The economy here is thus expected to grow by only 0.1%. The risks inherent in the energy supply remain high and are incurring negative effects. However, the challenges for companies also include rising wages and salaries which are expected to increase more sharply this year than at any time in the last 30 years. The German labor market, however, can be seen as a positive. According to the Kiel Institute for the World Economy (IfW), the unemployment rate is only expected to increase from 5.3% in 2022 to 5.5% in 2023. However, the one factor which will continue to negatively impact the German economy is the risk to energy supplies that remains extremely high. With regard to consumer prices in Germany, Deutsche Bundesbank is assuming an average inflation rate for the year of 7.2% and 4.1% in 2024. In 2025, the inflation rate is expected to be around 2.8%.

In its German Entertainment & Media Outlook 2022–2026, management consultants PwC make various predictions for the E&M industry (Entertainment & Media) in which the PANTAFLIX Group operates. These predictions are directly influenced by the global pandemic which digitized the population in a flash. PwC are expecting the E&M industry in Germany to exceed the overall sales mark of EUR 70 billion for the first time in 2023. Average annual growth of 3.4% is expected until 2026, giving total sales of a probable EUR 75.0 billion.

Series and films produced by PANTALEON Films and PANTAFLIX Studios can be seen on the streaming portals Netflix and Amazon Prime Video, among others. The VoD (Video-on-Demand) market has benefited in recent years from the restrictions on going out caused by the pandemic. PwC are expecting the VoD segment to enjoy an annual growth rate of 6.7% until 2026, and thus to achieve sales of EUR 3.3 billion in 2026. In 2019, before the pandemic, they were still languishing at EUR 1.3 billion.

The music, radio and podcast segment is one that received a boost from the pandemic and will also enjoy rising sales in the future. After strong growth peaking at 24.9% in 2022, annual growth in the coming years will flatten off. By 2026, this segment will generate a sales volume of EUR 5.5 billion.

The importance of the film industry already described in the Section "Macroeconomic and Sector-related Developments in 2022" resulted in numerous subsidies in 2022. Support for the sector will also continue in 2023. Added to this, PwC are expecting movie theater sales to grow at an average annual rate of 21.8%, resulting in sales of EUR 1.1 billion in 2026.

FUTURE DEVELOPMENT OF THE PANTAFLIX GROUP – OUTLOOK

The PANTAFLIX Group can look back on a challenging financial year in 2022. The mood of optimism after the end of the coronavirus protective measures was followed by the war in Ukraine with its economic, political and social effects that also left their mark on the PANTAFLIX Group. Instead of posting success with the launch of its growth initiatives, the changed market position required the company to focus on its profitable business units. The PANTAFLIX Group was able to record further success, particularly in the film and series production area, and steadily expand its production pipeline.

In the Management Board's view, the PANTAFLIX Group is well positioned to build successively on its market position, particularly in its Production business unit. The PANTAFLIX Group intends to focus in the future on its established, profitable business with film and series productions. At PANTALEON Films GmbH, in particular, greater emphasis is to be given to higher budget, international projects offering higher revenue potential besides major movie and streaming projects for the German market. The sale of PANTAFLIX Technologies will have no effect on the consolidated financial statements. A corresponding write-down to the value of the investment and impairment losses on loans and other receivables from PANTAFLIX Technologies are recognized in the separate annual financial statements of PANTAFLIX AG.

In the current environment marked by the economic consequences and changes in consumer behavior caused by the war in Ukraine as well as the aftermath of the coronavirus pandemic, investments in the not yet profitable growth areas of audio and documentaries will be pursued in the long term but put on the shelf until further notice. At the same time, cost optimization measures were implemented in all remaining units, including administration.

Notwithstanding the potential of the Production business unit, the accounting specifics relating to film and series productions and the characteristic volatility of project business will continue to be a key determinant behind the limited predictability of future sales and earnings growth for the PANTAFLIX Group. On the basis of current project planning, the Management Board expects the PANTAFLIX Group to achieve sales of between EUR 28 million EUR 31 million for fiscal 2023. Sales expectations are thus in line with the planning announced in the 2021 annual report signaling a significant year-on-year rise in sales. Total operating revenue plus other operating income is expected to rise to at least EUR 30 million. In the event that the sale of PANTAFLIX Technologies GmbH planned for the near term cannot be realized, the Platform business unit

is reflected in the outlook until the end of 2023 with lower sales revenues and the assumption of an EBIT loss of EUR -1.4 million. With regard to earnings before interest and taxes (EBIT), the Management Board expects the operating loss after depreciation and amortization to be at least halved in 2023 to a range between EUR -3.8 million and EUR -2.5 million.

RISK AND OPPORTUNITY REPORT

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

RISK REPORT

RISK MANAGEMENT

The PANTAFLIX Group has a risk management system tailored to its concerns, requirements and individual risks. The measures forming part of the internal control system with the aim of ensuring proper and reliable accounting serve to ensure that transactions are recorded in full, in a timely manner and in accordance with the provisions of both the 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.

MATERIAL INDIVIDUAL RISKS

RISKS OF FILM AND SERIES PRODUCTION

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

GOVERNMENT GRANTS

Depending on the project and the funding program, a good half of the production budget may be financed through such subsidies. Any restriction or abolition of public film subsidies in Germany would entail major disadvantages for the entire sector and for the PANTAFLIX Group, it could lead to a situation with regard to the financing of its projects where productions can only be realized at

a higher risk and higher costs or in the worst case scenario, can no longer be realized at all.

Accordingly, 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 its subsidiaries.

COMPETITION IN THE PRODUCTION AREA

In the production sector, competition for the subsidiaries operating in this area – particularly PANTALEON Films, PANTALEON Pictures and PANTAFLIX Studios – largely exists in the production of in-house films and series. The main challenge facing market participants is securing access to promising content and screenplays, signing up successful directors and actors, signing contracts with film studios and film teams on favorable terms and finding suitable partners for the successful marketing and distribution of the completed productions. In all of these areas, the PANTAFLIX Group is in competition with companies that have greater financial resources, a longer history, more advanced company structures, greater development and distribution resources and / or better human resources.

COMPETITION FOR AUDIENCES

In addition, the Company's film and series productions are in competition with other production companies and their partners for moviegoers and audiences. It cannot be ruled out that the simultaneous release of in-house productions with those of competitors will detrimentally affect the success of their exploitation. Competition for moviegoers is intensifying due to the trend in which a generally rising number of new films opening in movie theaters is matched by a dwindling number of moviegoers. The result could be that the demands placed on marketing and the associated costs increase while movie theater operators drop films more quickly in the face of increased competition, thereby reducing revenues from the distribution of movies as a whole. The growing number of film and series productions could also lead to increased competition for subsequent rights exploitation, e.g. for TV licensing and above all in the area of video-on-demand / streaming. These circumstances could also lead to rising costs and falling sales revenues. Finally, a rising number of production companies and productions could have a negative impact on the way in which public subsidies are awarded in practice, make it harder to take up funding opportunities elsewhere or worsen their underlying terms and conditions. Furthermore, the rising number of productions in Germany and Europe is leading to a shortage of specialists in production teams. This shortage may lead to the postponement or even cancellation of shoots. The existing competition and heightened competitive

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

STREAMING RISKS

Since the end of March 2023, PANTAFLIX AG has been in specific negotiations for the sale of PANTAFLIX Technologies GmbH. The financial risks to the PANTAFLIX Group's net assets, financial position and results of operations are thus limited to the period until the economic transfer of PANTAFLIX Technologies to the buyer.

IT RISKS

The operational reliability and performance of the technical infrastructure, including data centers and billing systems, are very important factors for successful business operations and transactions. 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 or failures can result in 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.

FINANCIAL RISKS

Outside the holding function, financial instruments are subject to credit risks, liquidity risks and market risks resulting from changes in interest rates.

Risks from changes in interest rates can mainly arise due to changes in market interest rates leading to changes in the expected cash flows. Loan liabilities to finance partners are in some cases concluded with variable interest rates and are therefore subject to the risk of changes in interest rates. The company counters its bad debt risks by its choice of business partners and by agreeing advance payments for large volume transactions requiring pre-financing. For other receivables, the bad debt risk is limited by the choice of business partners and short maturities.

In the event of identifiable concerns regarding the impairment of receivables, an impairment loss is immediately recognized for individual receivables or they are derecognized.

If there are identifiable concerns regarding the recoverability of fixed or current assets, an impairment loss is recognized.

LIQUIDITY 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. The procurement of new capital from the capital markets could prove difficult, particularly with volatile capital markets around the world. In addition, PANTAFLIX AG may require additional financing if its subsidiaries fail to generate profits.

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

MEASURES TO HEDGE LIQUIDITY RISKS

As a result of capital increases, the company is able to meet its payment obligations as and when they fall due.

The company has implemented the following measures to secure its liquidity.

After the end of the 2022 fiscal year, the Management Board of PANTAFLIX AG, with Supervisory Board approval, passed a resolution on January 20, 2023 to increase the company's share capital from EUR 20,888,879.00 by issuing 250,000 new no-par value bearer shares against cash capital contributions, making partial use of the existing authorized capital and excluding shareholders' subscription rights, at an issue price of EUR 1.00 per new share, and therefore for a total issue amount of EUR 250,000.00. The capital increase was fully placed. The new shares are to be included in the existing listing in the Scale segment of the Frankfurt Stock Exchange without a prospectus.

After the end of the 2022 fiscal year, the Management Board of PANTAFLIX AG, with Supervisory Board approval, passed a resolution on February 8, 2023 to increase the company's share capital from EUR 21,138,879.00 by issuing 150,000 new no-par value bearer shares against cash capital contributions, making partial use of the existing authorized capital and excluding shareholders' subscription rights, at an issue price of EUR 1.00 per new share, and therefore for a total issue amount of EUR 150,000.00. The capital increase was fully placed. The new shares are to be included in the existing listing in the Scale segment on the Frankfurt Stock Exchange without a prospectus.

After the end of the 2022 fiscal year, the Management Board of PANTAFLIX AG, with Supervisory Board approval, passed a resolution on March 23, 2023 to increase the company's share capital from EUR 21,288,879.00 by issuing 1,000,000 new no-par value bearer shares against cash capital contributions, making partial use of the existing authorized capital and excluding shareholders' subscription rights, at an issue price of EUR 1.00 per new share, and therefore for a total issue amount of EUR 1,000,000.00. The capital increase was fully placed. The new shares are to be included in the existing listing in the Scale segment on the Frankfurt Stock Exchange without a prospectus.

After the end of the 2022 fiscal year, the Management Board of PANTAFLIX AG, with Supervisory Board approval, passed a resolution on May 12, 2023 to increase the company's share capital from EUR 22,288,879.00 by issuing 646,152 new no-par value bearer shares against cash capital contributions, making partial use of the existing authorized capital and excluding shareholders' subscription rights, at an issue price of EUR 1.00 per new share, and therefore for a total issue amount of EUR 646,152.00.

After the end of the 2022 fiscal year, the Management Board of PANTAFLIX AG, with Supervisory Board approval, passed a resolution on June 22, 2023 to increase the company's share capital from EUR 22,935,031.00 to EUR 25,063,918.00 by issuing 2,128,887 new no-par value bearer shares against cash capital contributions, making partial use of the existing authorized capital and excluding shareholders' subscription rights, at an issue price of EUR 1.00 per new share, and therefore for a total issue amount of EUR 2,128,887.00. The capital increase was fully placed. The new shares are to be included in the existing listing in the Scale segment of the Frankfurt Stock Exchange without a prospectus.

COVID-19

Last but not least, the coronavirus continues to represent a further risk factor which may have a negative effect on film and series productions for the foreseeable future as there is still no complete insurance cover for interruptions due to COVID.

OVERALL RISK:

Due to the loss amounting to half the share capital in the separate financial statements of PANTAFLIX AG, the deficit not covered by equity in the separate financial statements of PANTALEON Films GmbH and the risks described in the risk report, there is a potential risk of significant impairment to the PANTAFLIX Group's financial position and financial performance. In summary, the Management Board assumes that in spite of the current risk position, in all probability, solvency will be guaranteed in the period under review. In

particular, the capital increases successfully carried out after the reporting date should be mentioned in this context. Nevertheless, we would point out that in the event of a lasting deterioration in the earnings position, liquidity risks will materialize, thereby posing a threat to the company as a going concern.

OPPORTUNITIES REPORT

OPPORTUNITIES FROM THE REFORM OF GOVERNMENT FILM SUBSIDIES

Government film subsidies in Germany are currently running at a total of almost EUR 600 million. This means that funding is as high as it has ever been in spite of these economically challenging times. This trend could continue and film funding could rise further in the coming year. One of the opportunities in the German film industry is also modernization of the film subsidy system. The new subsidy system is to be significantly less bureaucratic. While the previous principle frequently rewards projects with little hope of success, a modern development and production funding system permits creative content in all forms of films. The new funding system is to create better incentives for film producers, increase planning certainty, reward success earlier and will not cap funding.

OPPORTUNITIES FROM EUROPEAN LOCATION

The production of films and series is riskier and more expensive in the USA than in Europe. Union strikes, statutory regulations and high production costs make production tougher and are much more of an obstacle. This situation presents opportunities for the European film industry as the underlying conditions there are more attractive and the costs are lower. This could influence the major streaming providers and film production companies. In future, the latter could have more of their films and series produced in Europe. PANTAFLIX could be the beneficiary thanks to its long-standing relationships with well-known film producers.

DEPENDENT COMPANY REPORT

The Management Board of PANTAFLIX AG has submitted its report to the Supervisory Board as required by Sec. 312 AktG and has issued the following final statement.

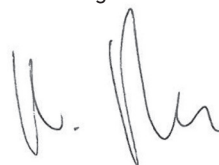
“With respect to the transactions listed in the report on relations with affiliated companies, according to the circumstances known to the Management Board at the time these transactions were conducted, PANTAFLIX AG received adequate consideration in each transaction. No transactions with third parties or measures at the instigation or in the interests of controlling companies or a company affiliated with them were conducted, implemented or omitted.”

FORWARD-LOOKING STATEMENTS AND FORECASTS

This report includes forward-looking statements which reflect the Management Board’s current assessments and forecasts and the information currently available to it. These forward-looking statements involve risks and uncertainties and are based on assumptions that may prove to be inaccurate and may cause future developments and results to differ from the estimations and forecasts issued. These risks include, in particular, the factors specified in the Risk and Opportunity Report on pages 11 to 15. PANTAFLIX AG accepts no obligation beyond its statutory requirement to update the forward-looking statements in this report.

Munich, this day June 23, 2023

The Management Board



Nicolas Paalzow
CEO



Stephanie Schettler-Köhler
COO

CONSOLIDATED BALANCE SHEET

as of December 31, 2022

ASSETS	12/31/2022	12/31/2021
	EUR	EUR
A. FIXED ASSETS		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and assets	2,889,282.00	2,287,257.00
2. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	533,414.48	510,075.48
3. Goodwill	105,993.34	123,764.39
4. Advance payments	22,772,292.43	12,960,188.88
	26,300,982.25	15,881,285.75
II. Tangible fixed assets		
1. Technical equipment and machinery	48,011.00	38,636.00
2. Other equipment, operating and office equipment	90,509.00	85,665.00
	138,520.00	124,301.00
	26,439,502.25	16,005,586.75
B. CURRENT ASSETS		
I. Inventories		
1. Work in progress	610,542.61	494,060.22
2. Advance payments made	0.00	186,062.50
	610,542.61	680,122.72
II. Receivables and other assets		
1. Trade receivables	7,467,518.94	6,410,829.94
2. Other assets	1,359,069.07	311,760.39
	8,826,588.01	6,722,590.33
III. Cash-in-hand, bank balances	15,644,498.57	14,080,085.94
	25,081,629.19	21,482,798.99
C. PREPAID EXPENSES	87,838.23	73,809.56
	51,608,969.67	37,562,195.30

EQUITY AND LIABILITIES	12/31/2022	12/31/2021
	EUR	EUR
A. EQUITY		
I. Subscribed capital	20,888,879.00	20,461,529.00
II. Capital reserves	18,806,848.23	18,685,715.10
III. Revenue reserves		
Legal reserve	14,268.80	14,268.80
IV. Consolidated unappropriated net loss	-37,960,915.43	-30,081,054.11
	1,749,080.60	9,080,458.79
V. Non-controlling interests	-190,747.27	-65,989.93
	1,558,333.33	9,014,468.86
B. PROVISIONS		
1. Tax provisions	2,968.25	21,237.02
2. Other provisions	1,167,542.07	1,864,929.08
	1,170,510.32	1,886,166.10
C. LIABILITIES		
1. Liabilities to banks	29,253,773.82	12,908,418.33
2. Advance payments received on orders	15,969,990.80	11,565,819.95
3. Trade payables	1,956,718.32	910,084.86
4. Other liabilities	1,694,853.33	1,277,237.20
- of which taxes EUR 171,221.31 (previous year: EUR 253,162.72)		
	48,875,336.27	26,661,560.34
D. DEFERRED INCOME		
Deferred income	4,789.75	0.00
	51,608,969.67	37,562,195.30

CONSOLIDATED INCOME STATEMENT

for the period from January 1 to December 31, 2022

	01/01-31/12/2022	01/01-31/12/2021
	EUR	EUR
1. Revenue	19,704,987.36	42,579,269.34
2. Increase or decrease in finished goods and work in progress	116,482.39	-14,590,521.70
3. Other own work capitalized	197,600.00	317,656.00
4. Other operating income	3,229,967.40	4,272,181.12
5. Cost of materials		
Cost of purchased services	4,907,984.35	9,355,750.68
6. Personnel expenses		
a) Wages and salaries	4,117,238.93	3,712,546.90
b) Social security, post-employment and other employee benefit costs	655,765.28	566,517.29
- of which from post-employment benefit costs: EUR 20,378.23 (previous year: EUR 9,130.82)		
	<u>4,773,004.21</u>	<u>4,279,064.19</u>
7. Depreciation, amortization and extraordinary write-downs extraordinary write-downs of tangible and intangible fixed assets	17,697,813.71	18,376,607.37
	<u>17,697,813.71</u>	<u>18,376,607.37</u>
8. Other operating expenses	3,791,795.83	2,449,536.39
9. Other interest and similar income	466.00	360.00
10. Interest and similar expenses	45,251.04	24,529.87
11. Taxes on income	-13,831.45	28,136.89
12. Earnings after taxes	<u>-7,952,514.54</u>	<u>-1,934,680.63</u>
13. Consolidated net loss for the year	<u>-7,952,514.54</u>	<u>-1,934,680.63</u>
14. Non-controlling interests in net result	72,653.22	-191,138.98
	<u>-7,879,861.32</u>	<u>-2,125,819.60</u>
15. Consolidated net loss	-30,081,054.11	-27,955,234.51
16. Consolidated net loss carried forward		
	<u>-37,960,915.43</u>	<u>-30,081,054.11</u>
17. Consolidated unappropriated net loss		

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31, 2022

	2022	2021
	EUR thousand	EUR thousand
Operating activities		
1. Consolidated net loss for the year	-7,953	-1,935
2. + Depreciation, amortization and extraordinary write-downs of fixed assets	17,698	18,377
3. + Increase in provisions (not including tax provision)	-697	1,380
4. - Decrease (previous year: increase) in inventories, trade receivables and other assets not attributable to investing or financing activities	-2,069	10,978
5. + Increase (previous year: decrease) in trade payables and other liabilities not attributable to investing or financing activities	5,873	-16,795
6. + Loss on fixed asset disposals	1,463	95
7. +/- Interest result	53	24
8. +/- Taxes on income	14	28
9. - Income tax payments	-12	48
10. = Cash flow from operating activities	14,370	12,200
Investing activities		
11. + Proceeds from disposals of intangible assets	1	2
12. - Payments for investments in intangible fixed assets	-29,533	-14,487
13. - Payments for investments in tangible fixed assets	-63	-50
14. = Cash flow from investing activities	-29,595	-14,535
Financing activities		
15. + Receipts from additions to equity by shareholders	500	4,260
16. - Disbursements for the acquisition of minority interests	-6	-11
17. + Proceeds from the sale of minority interests	3	12
18. - Cash outflows to repay borrowings	-667	0
19. - Interest paid	-53	-24
20. = Cash flow from financing activities	-223	4,237
21. Net change in cash and cash equivalents	-15,448	1,902
22. Cash and cash equivalents at start of period	3,172	1,270
23. Cash and cash equivalents at end of period	-12,276	3,172
Composition of cash and cash equivalents at end of fiscal year		
Cash-in-hand, bank balances	15,644	14,080
Bank overdrafts repayable at any time	-27,920	-10,908
Cash funds at end of fiscal year	-12,276	3,172

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

as of December 31, 2022

EUR	ACQUISITION AND PRODUCTION COSTS				
	Balance carried forward 01/01/2022	Additions	Additions corporate acquisitions	Disposals	Transfers
FIXED ASSETS					
I. Intangible assets					
1. Internally generated industrial property rights and similar rights and assets	79,878,032.13	11,918,050.93	0.00	0.00	6,078,738.76
- of which interest on borrowed capital		203,532.05	0.00	0.00	
2. Acquired concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	1,923,821.37	260,292.94	0.00	0.00	0.00
3. Goodwill	177,710.47	0.00	0.00	0.00	0.00
4. Advance payments on internally generated industrial property rights and similar rights and assets	12,960,188.88	17,354,790.45	0.00	1,463,948.14	-6,078,738.76
- of which interest on borrowed capital		164,263.03			0.00
Total intangible assets	94,939,752.85	29,533,134.32	0.00	1,463,948.14	0.00
FIXED ASSETS					
II. Tangible fixed assets					
1. Technical equipment and machinery	220,809.09	28,054.78	0.00	0.00	0.00
2. Other equipment, operating and office equipment	231,877.07	34,488.25	0.00	0.00	0.00
Total tangible fixed assets	452,686.16	62,543.03	0.00	0.00	0.00
Total fixed assets	95,392,439.01	29,595,677.35	0.00	1,463,948.14	0.00

	DEPRECIATION				CARRYING AMOUNTS	
	As at 12/31/2022	Balance carried forward 01/01/2022	Additions	Disposals	As at 12/31/2022	As at 12/31/2021
97,874,821.82	77,590,775.13	17,394,764.69	0.00	94,985,539.82	2,287,257.00	2,889,282.00
2,184,114.31	1,413,745.89	236,953.94	0.00	1,650,699.83	510,075.48	533,414.48
177,710.47	53,946.08	17,771.05	0.00	71,717.13	123,764.39	105,993.34
22,772,292.43	0.00	0.00	0.00	0.00	12,960,188.88	22,772,292.43
123,008,939.03	79,058,467.10	17,649,489.68	0.00	96,707,956.78	15,881,285.75	26,300,982.25
248,863.87	182,173.09	18,679.78	0.00	200,852.87	38,636.00	48,011.00
266,365.32	146,212.07	29,644.25	0.00	175,856.32	85,665.00	90,509.00
515,229.19	328,385.16	48,324.03	0.00	376,709.19	124,301.00	138,520.00
123,524,168.22	79,386,852.26	17,697,813.71	0.00	97,084,665.97	16,005,586.75	26,439,502.25

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at December 31, 2022

	Subscribed capital	Reserves		
		Capital reserves	Legal reserve	Total reserves
As at January 1, 2021	16,910,355.00	18,164,770.80	14,268.80	18,179,039.60
Cash capital increase	3,551,174.00	708,543.76	0.00	708,543.76
Acquisition/sale of shares	0.00	-187,599.46	0.00	-187,599.46
Consolidated net loss for the year	0.00	0.00	0.00	0.00
As at December 31, 2021	20,461,529.00	18,685,715.10	14,268.80	18,699,983.90
As at January 1, 2022	20,461,529.00	18,685,715.10	14,268.80	18,699,983.90
Cash capital increase	427,350.00	72,650.00	0.00	72,650.00
Acquisition/sale of shares	0.00	48,483.13	0.00	48,483.13
Reclassification of retained earnings Non-controlling interests	0.00	0.00	0.00	0.00
Consolidated net loss for the year	0.00	0.00	0.00	0.00
As at December 31, 2022	20,888,879.00	18,806,848.23	14,268.80	18,821,117.03

PARENT COMPANY SHAREHOLDERS		MINORITY			CONSOLIDATED EQUITY
Unappropriated retained earnings	Equity attributable to the parent company	Non- controlling interests in equity	Loss attributable to non-controlling interests	Total non-controlling interests	
-27,955,234.51	7,134,160.09	-194,888.18	-251,448.18	-446,336.36	6,687,823.73
0.00	4,259,717.76	0.00	0.00	0.00	4,259,717.76
0.00	-187,599.46	0.00	189,207.46	189,207.45	1,607.99
-2,125,819.60	-2,125,819.60	0.00	191,138.98	191,138.98	-1,934,680.62
-30,081,054.11	9,080,458.79	-194,888.18	128,898.26	-65,989.93	9,014,468.86
-30,081,054.11	9,080,458.79	-194,888.18	128,898.26	-65,989.93	9,014,468.86
0.00	500,000.00	0.00	0.00	0.00	500,000.00
0.00	48,483.13	0.00	-52,104.12	-52,104.12	-3,620.99
0.00	0.00	128,898.26	-128,898.26	0.00	0.00
-7,879,861.32	-7,879,861.32	0.00	-72,653.22	-72,653.22	-7,952,514.54
-37,960,915.43	1,749,080.60	-194,888.18	4,140.92	-190,747.27	1,558,333.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

GENERAL DISCLOSURES

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

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

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

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

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

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

CONSOLIDATION METHODS AND CONSOLIDATED GROUP

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

FULLY CONSOLIDATED COMPANIES

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

COMPANY	EQUITY INTEREST IN %
PANTALEON Films GmbH, Munich	100.00
PANTAFLIX Studios GmbH, Munich	75.50
PANTALEON Pictures GmbH, Munich	100.00
PANTAFLIX Technologies GmbH, Berlin*	100.00
Pantasounds GmbH Munich	90.00
Creative Cosmos 15 GmbH, Munich	56.00
The Special Squad UG, Munich**	100.00

* PANTAFLIX AG has been engaged in concrete negotiations to sell PANTAFLIX Technologies GmbH since the end of March 2023.

** Wholly owned subsidiary of PANTALEON Films GmbH

CONSOLIDATION METHODS

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

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

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

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

NOTES TO THE BALANCE SHEET

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

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

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

FIXED ASSETS

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

The Company's own films and co-productions completed during the 2022 financial year are capitalized at cost within internally generated industrial rights and similar rights and assets, provided the probability of the actual creation of an asset is at least high as of the reporting date. In particular, cost includes the individually attributable costs of the use of goods and services. In addition, interest is recognized for borrowings that are utilized in order to finance production, provided the interest is attributable to the production period. Internally generated industrial rights and similar rights and assets are amortized applying the unit of production method.

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

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

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

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

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

INVENTORIES

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

RECEIVABLES AND OTHER ASSETS

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

CASH ON HAND AND CREDIT BALANCES WITH BANKS

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

PREPAID EXPENSES

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

EQUITY

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

PROVISIONS

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

LIABILITIES

Liabilities are carried at their settlement amount.

DEFERRED TAXES

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

verse in subsequent fiscal years. Deferred taxes are calculated on the basis of an effective tax rate of 31.54 % (15.825 % for corporation tax including solidarity surcharge and 15.715 % for trade tax), which is expected to arise on the date when the differences reverse. Deferred tax assets and liabilities are offset against each other. Due to loss carryforwards existing as of December 31, 2021, a surplus of deferred tax assets exists which is not recognized in accordance with the option under Section 274 (1) of the German Commercial Code (HGB).

DISCLOSURES AND NOTES ON INDIVIDUAL ITEMS OF THE CONSOLIDATED BALANCE SHEET

Intangible assets include borrowing costs of EUR 368 thousand (2021: EUR 199 thousand) in the 2022 financial year 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 as well as holiday accruals are reported.

The liabilities report the following remaining terms:
Bank balances of EUR 100 thousand are restricted as of December 31, 2022.

NOTES TO THE INCOME STATEMENT

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

Other operating income includes income from currency translation amounting to EUR 58 thousand. Other operating expenses include expenses from currency translation amounting to EUR 3 thousand.

DISCLOSURES ON CAPITAL

SUBSCRIBED CAPITAL

The Company's share capital was increased by EUR 427,350 in the 2022 financial year from EUR 20,461,529 to EUR 20,888,879 through a capital increase and is divided into 20,888,879 bearer shares in the form of no-par value shares.

CONTINGENT CAPITAL

By resolution of the Annual General Meeting on July 21, 2022, the Company's share capital was conditionally increased by EUR 8,184,612 (Contingent Capital 2022/I).

By resolution of the Annual General Meeting on July 21, 2022, the company's share capital was conditionally increased by EUR 712,152 (Contingent Capital 2022/II).

The Annual General Meeting on July 21, 2022 passed a resolution to cancel Contingent Capital 2018/I and Contingent Capital 2021/I, and to create Contingent Capital 2022/I and a further Contingent Capital 2022/II.

EUR thousand	Total	less than 1 year	1 - 5 years	more than 5 years
Liabilities to banks	29,254 (2021: 12,908)	28,587 (2021: 11,575)	667 (2021: 1,333)	0 (2021: 0)
Prepayments received on orders	15,970 (2021: 11,566)	14,970 (2021: 11,566)	1,000 (2021: 0)	0 (2021: 0)
Trade payables	1,957 (2021: 910)	1,957 (2021: 910)	0 (2021: 0)	0 (2021: 0)
Other liabilities	1,695 (2021: 1,277)	1,695 (2021: 1,277)	0 (2021: 0)	0 (2021: 0)
Total	48,875 (2021: 26,662)	47,209 (2021: 25,328)	1,667 (2021: 1,333)	0 (2021: 0)

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

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

By resolution of the Annual General Meeting on July 19, 2017, and reduction by resolution of December 10, 2020, the company's share capital was conditionally increased by EUR 55,000 (Contingent Capital 2017/I).

AUTHORIZED CAPITAL

On July 21, 2022, the Annual General Meeting resolved to cancel Authorized Capital 2021/I and create Authorized Capital 2022/I. By resolution of the Annual General Meeting on July 21, 2022, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital once or several times by a total of up to EUR 10,230,764 against cash and/or in-kind contributions by July 20, 2027 whereby shareholders' subscription rights may be excluded (Authorized Capital 2022/I). The authorized capital of July 21, 2022 (Authorized Capital 2022/I) stands at EUR 9,803,414 after partial utilization.

CAPITAL RESERVES

Capital reserves increased by EUR 72,650 to EUR 18,758,365 in the 2022 financial year due to a capital increase. Due to increases and decreases in subsidiaries' capital shares, the Group's capital reserves as at December 31, 2022 amount to EUR 18,806,848.

OTHER DISCLOSURES

MANAGEMENT BOARD

- NICOLAS SEBASTIAN PAALZOW, businessman, Munich
- STEPHANIE SCHETTLER-KÖHLER, businesswoman, Munich

Both members of the Management Board have the power of sole representation and are exempt from the restrictions of Section 181 of the German Civil Code (BGB).

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

SUPERVISORY BOARD

- MARCUS BORIS MACHURA, attorney, self-employed, Chairman of the Supervisory Board
- MARC SCHÖNBERGER, attorney/partner in the law firm and notary's office of Schönberger & Dielmann, Deputy Chairman
- KERSTIN TROTTNOW, Group Director Finance and Authorized Company Officer at HolidayCheck Group AG (Member since July 21, 2022)
- KLEMENS HALLMANN, Managing Director of HALLMANN HOLDING International Investment GmbH (Member since July 21, 2022)

The total remuneration of the members of the Supervisory Board for 2022 amounts to EUR 112,500.00.

NUMBER OF EMPLOYEES

In the 2022 financial year, the PANTAFLIX Group employed an average of 85 members of staff (2021: 55).

EMPLOYEE OPTIONS

As at December 31, 2022, the Company had issued 1,334,000 options from the 2017, 2018 and 2019 stock option programs for the acquisition of no-par value shares in the Company. The options can be exercised for the first time after a vesting period of four years from the respective issue date. The options issued under the stock option program can only be exercised within five years of first becoming exercisable.

TOTAL FEE FOR THE AUDITOR OF THE FINANCIAL STATEMENTS

The total auditor's fee for the past fiscal year amounts to EUR 50 thousand and includes all audit services.

OTHER FINANCIAL OBLIGATIONS

Other financial obligations exist amounting to EUR 1,015 thousand, particularly from rental agreements, of which EUR 127 thousand were due in fiscal 2023.

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)

PANTAFLIX AG has entered into concrete negotiations for the sale of its wholly owned subsidiary PANTAFLIX Technologies GmbH and signed a corresponding letter of intent. The company intends to focus on its established production business and not to pursue its Platform business unit (streaming technology). The buyer is to keep PANTAFLIX Technologies GmbH running and meet the commitments given to customers and partners.

In the wake of the decision to focus the activities of PANTAFLIX AG on film and series productions, the Management Board and Supervisory Board jointly resolved on June 21, 2023 to adjust the composition of the company's Management Board. As a result, Nicolas Paalzow, CEO and Chairman of the Management Board of PANTAFLIX AG, will resign his post effective June 30, 2023 by mutual agreement with the Supervisory Board. Stephanie Schettler-Köhler will manage PANTAFLIX AG from July 1, 2023 as the sole member of the Management Board.

After the end of the fiscal year, the Group implemented capital increases in a total amount of EUR 4,175,039.00 making partial use of the existing authorized capital and excluding shareholders' subscription rights. As a result of these increases, the Group is able to meet its payment obligations as and when they fall due.

Due to the ongoing support of a major shareholder through a funding commitment and as a result of capital increases, the Group is able to meet its payment obligations as and when they fall due.

The global market environment in the 2023 fiscal year is marked by the ongoing COVID-19 pandemic, war in Ukraine and energy crisis and their associated developments. Any further effects cannot be reliably foreseen at the present time.

No further events occurred that require reporting.

Munich, June 23, 2023

The Management Board



Nicolas Paalzow
CEO



Stephanie Schettler-Köhler
COO

INDEPENDENT AUDITOR'S REPORT

TO PANTAFLIX AG:

OPINIONS

We have audited the consolidated annual statements of PANTAFLIX AG, Munich, – consisting of the consolidated balance sheet as at December 31, 2022, 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, 2022. Further we have audited the group management report of PANTAFLIX AG, Munich, for the business year from January 1 to December 31, 2022.

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 did not give rise to any objections.

- In our opinion, based on the findings of our audit, the accompanying consolidated financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the group as of December 31, 2022 and of its results of operations for the fiscal year from January 1, 2022 to December 31, 2022 in accordance with German generally accepted accounting principles
- and the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future developments.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of 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 responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report' section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on 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 group management report as well as our auditor's report.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

SUBSTANTIAL UNCERTAINTY IN CONNECTION WITH THE COMPANY AS A GOING CONCERN

As of the reporting date, the parent company has reported a loss amounting to half of the share capital. The company is dependent on further finance from shareholders as of the reporting date in order to maintain the company as a going concern.

To this end, the company had carried out the following measures by the date of the report in 2023:

On the basis of its authorization to use the authorized capital, the company increased the company's share capital by a total of EUR 4,175 thousand against cash capital contributions in several meetings of the Management Board. The new shares were issued at an issue price of EUR 1.00 per share.

Leaving aside the above-mentioned steps, the financial and operational circumstances show that material uncertainty exists giving rise to significant doubts in the company's ability to continue as a going concern and representing an existential risk as defined by Section 322 (2) Sentence 3 HGB. Our audit opinion has not been modified with regard to this set of circumstances.

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

The management is responsible for the preparation of the consolidated financial statements and their compliance in all material respects with the requirements of German commercial law applicable to corporations and for the presentation of a true and fair view of the net assets, financial position and results of operations of the group in accordance with German generally accepted accounting principles. In addition, the management is 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, management is responsible for assessing the Group's ability to continue as a going concern.

They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for accounting for the continuation of operations on the basis of the accounting principle unless there are factual or legal grounds to the contrary.

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

and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future 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 can result from fraud or error and are considered material if it is reasonably expected that they will affect, individually or in aggregate, the economic decisions of users made on the basis of these consolidated financial statements and the group management report.

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

In addition

- we identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinions. The risk that material misstatement will not be detected is greater in the case of violations than in the case of errors as violations may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.
- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems of the company.
- we evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- we evaluate the overall presentation, structure and contents of the consolidated financial statements including the disclosures, as well as whether the consolidated financial statements reflect the underlying transactions and events in a way that gives a true and fair view of the Group's net assets, financial position and results of operations in accordance with German generally accepted accounting principles.
- we evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

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

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

Mainz, June 23, 2023

CONCEPT Renkes & Partner mbB
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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SEPARATE FINANCIAL STATEMENTS OF PANTAFLIX AG BALANCE SHEET

as of December 31, 2021

ASSETS		21/31/2022	12/31/2021
	EUR	EUR	EUR
A. FIXED ASSETS			
I. Intangible assets			
Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets		83,911.48	84,106.48
II. Tangible fixed assets			
1. Technical equipment and machinery	8,277.00		9,814.00
2. Other equipment, operating and office equipment	58,909.00	67,186.00	51,983.00
III. Financial assets			
Shares in affiliated companies		1,142,662.00	7,639,040.00
B. CURRENT ASSETS			
I. Receivables and other assets			
1. Trade receivables	38,052.91		2,446.16
2. Receivables due from affiliated companies	5,002,499.82		5,955,085.21
3. Other assets	60,301.95	5,100,854.68	87,257.19
II. Cash on hand, Bundesbank balances, bank balances and cheques			
		295,648.21	3,221,457.94
C. PREPAID EXPENSES			
		72,705.00	57,814.13
		6,762,967.37	17,109,004.11

EQUITY AND LIABILITIES		21/31/2022	12/31/2021
	EUR	EUR	EUR
A. EQUITY			
I. Subscribed capital		20,888,879.00	20,461,529.00
II. Capital reserves		18,900,175.81	18,827,525.81
III. Revenue reserves			
Legal reserve		14,268.80	14,268.80
IV. Loss carried forward		-22,407,922.92	-9,214,234.37
V. Net loss incurred for the year		-11,106,118.68	-13,193,688.55
B. PROVISIONS			
Other provisions		205,930.00	75,195.00
C. LIABILITIES			
1. Liabilities to banks	1,967.34		1,295.99
2. Trade payables	86,765.69		81,208.96
3. Liabilities due to affiliated companies	0.00		13,784.25
4. Other liabilities	179,022.33	267,755.36	42,119.22
		6,762,967.37	17,109,004.11

INCOME STATEMENT

for the period from January 1 to December 31, 2021

		01/01-31/12/2022	01/01-31/12/2021
	EUR	EUR	EUR
1. Revenue		1,040,808.00	1,038,248.00
2. Other operating income		11,402.70	39,418.93
3. Cost of materials			
Cost of purchased services		46,171.33	8,252.74
4. Personnel expenses			
a) Wages and salaries	1,167,467.61		1,037,261.13
b) Social security contributions and expenses for pensions and other employee benefits	136,108.16	1,303,575.77	138,172.02
5. Depreciation, amortization and extraordinary write-downs			
a) on intangible assets and property, plant and equipment	27,274.23		16,729.01
b) on current assets, insofar as these exceed the depreciation customary in the corporation	2,736,336.40	2,763,610.63	6,204,200.19
6. Other operating expenses		1,393,767.80	1,329,625.97
7. Other interest and similar income		353,399.42	327,832.09
8. Write-downs of financial assets and marketable securities		6,999,999.00	5,864,083.32
9. Interest and similar expenses		4,604.27	863.19
10. Earnings after taxes		-11,106,118.68	-13,193,688.55
11. Net loss incurred for the year		-11,106,118.68	-13,193,688.55

INDEPENDENT AUDITOR'S REPORT

TO PANTAFLIX AG:

OPINIONS

We have audited the annual financial statements of PANTAFLIX AG, Munich, consisting of the balance sheet as of December 31, 2022, 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, 2022.

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

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

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the company as of December 31, 2022 and of its results of operations for the fiscal year from January 1, 2022 to December 31, 2022 in accordance with German generally accepted accounting principles.

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

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements in accordance with § 317 HGB and international auditing standards (ISA). Our responsibilities under those requirements and principles are further described in the

“Responsibility of the auditor for the audit of the annual financial statements” section of our auditor’s report. We are independent of the company in accordance with the requirements of German commercial law and professional regulations, and have fulfilled our other German professional duties in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements.

OTHER INFORMATION

The company’s management is responsible for the other information. The other information includes

- the other parts of the annual report, with the exception of the audited annual financial statements as well as our auditor’s report.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

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

SUBSTANTIAL UNCERTAINTY IN CONNECTION WITH THE COMPANY AS A GOING CONCERN

As of the reporting date, the company has reported a loss amounting to half of the share capital. The company is dependent on further finance from shareholders as of the reporting date in order to maintain the company as a going concern.

To this end, the company had carried out the following measures by the date of the report in 2023:

On the basis of its authorization to use the authorized capital, the company increased the company’s share capital by a total of EUR 4,175 thousand against cash capital contributions in several meetings of the Management Board. The new shares were issued at an issue price of EUR 1.00 per share.

Leaving aside the above-mentioned steps, the financial and operational circumstances show that material uncertainty exists giving rise to significant doubts in the company’s ability to continue as a going concern and representing an existential risk as defined by Section 322 (2) Sentence 3 HGB. Our audit opinion has not been modified with regard to this set of circumstances.

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS

The legal representatives are responsible for the preparation of the annual financial statements and their compliance in all material respects with the requirements of German commercial law applicable to corporations and for the presentation of a true and fair view of the net assets, financial position and result of operations

of the company in accordance with German generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error. In preparing the annual financial statements, management is responsible for assessing the company's ability to continue as a going concern. It also has a responsibility to report matters relating to the continuing operation of the company, if relevant. In addition, it is responsible for accounting for the continuation of operations on the basis of the accounting principle unless there are factual or legal grounds to the contrary.

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

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our opinions on the annual financial statements.

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

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

In addition

- we identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.

- we obtain an understanding of the internal control system relevant to the audit of the annual financial statements, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the company.

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

- we draw conclusions on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or circumstances that may cast significant doubt on the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may lead to a situation in which the company is unable to continue as a going concern.

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

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

Mainz, June 23, 2023

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DISCLAIMER AND IMPRINT

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