

PANTAFLIX

ANNUAL REPORT

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2023

# ABOUT PANTAFLIX AG

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PANTAFLIX Group is an entertainment company with a strong focus on AI (Artificial Intelligence). With over a decade of experience producing successful movies and series at PANTALEON Films and an expert team creating AI-generated content at Storybook Studios, PANTAFLIX is uniquely positioned for cutting-edge, modern entertainment. With offices in Munich and Berlin, PANTAFLIX Group cooperates with renowned partners such as Amazon, Disney, Sky, Netflix, Degeto, Paramount, and Warner Bros. Discovery. PANTAFLIX AG is listed on the Frankfurt Stock Exchange under the XETRA symbol PAL and ISIN DE000A12UPJ7.

For further information, visit [www.pantaflixgroup.com](http://www.pantaflixgroup.com).

## **Letter to the shareholders**

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# DEAR SHAREHOLDERS,



Stephanie Schettler-Köhler  
CEO

I address you today with great confidence and pride in order to report on the developments at PANTAFLIX in the 2023 financial year. This was a year for setting out the roadmap, one in which we resolutely played to our strengths and took far-sighted decisions.

Focusing on our core business in the production of films and series proved to be a smart decision which enabled us to achieve considerable success in this sphere. In a constantly changing market, we regarded it as essential to concentrate on what we do best. This specialization has honed our competitiveness.

At the same time, we faced the challenge of divesting ourselves of certain lines of business which had not achieved their expected growth rates in spite of their promising character. These difficult but necessary steps made our organization leaner and more agile, giving us the opportunity to invest our resources where they have the largest impact.

2023 was also the year in which we introduced our trailblazing strategy for using Artificial Intelligence in film and series production. Our subsidiary Storybook Studios GmbH is at the forefront of this innovation and is opening the door for us to a world full of new, creative potential.

This project marks a revolutionary step in film and series production. Artificial Intelligence offers us the chance to produce creative content faster, more efficiently and less expensively. This technology permits us to explore innovative avenues from creation of the script to post-production without compromising artistic quality. The lower production costs also enable us to keep the rights to our productions. This is a crucial advantage as it gives us greater control over the distribution and monetization of our works.

Storybook Studios is already playing a pioneering role in the industry. Through the use of Artificial Intelligence, we are able not only to considerably shorten production times but also to create more globally diverse and more attractive content tailored for a wide variety of different audience segments. We expect this innovation to provide us with a significant competitive advantage and further strengthen our position as the market leader.

Reactions within the entertainment industry and beyond are consistently positive. Experts agree that the use of AI in content production will fundamentally change the future of the media landscape. We are on the threshold of a new era, and I am convinced that our company will once again find itself at the forefront of this movement.

There is no doubt that these strategic decisions and the natural cycles of the media market will continue to be associated with fluctuations in future sales revenues. Nevertheless, the breakthroughs achieved in AI and PANTALEON Films' established production business offer us a sound basis for future growth and for reinforcing our position as one of the leading production companies.

I would like to take this opportunity to express my sincere thanks to our employees. Your commitment and your passion are the backbone of our company. You have not only mastered challenges but also seized new opportunities with creativity and a spirit of innovation. Your indefatigable commitment enables us not only to cope with the constant change in our industry but also to shape it.

I would like to thank you for your continuing confidence in our vision and for your support. We are determined to make a success of Storybook Studios and thus to further reinforce our company's core business, i.e., the production of high-quality films and series. Our aim is to create sustainable growth!

We look forward to taking you with us on this exciting journey and to writing history together.

Kindest regards

A handwritten signature in black ink, appearing to read 'S. Schettler-Köhler', with a long horizontal flourish extending to the right.

Stephanie Schettler-Köhler  
CEO

# DEAR SHAREHOLDERS,

In its meetings in the 2023 financial year, the Supervisory Board concerned itself primarily with the restructuring of the PANTAFLIX Group, the company's strategic focus and the mergers of the wholly-owned subsidiaries, Pantasounds GmbH and PANTAFLIX Studios GmbH with PANTAFLIX AG. The merger of Creative Cosmos 15 GmbH (CC15) was also on the agenda. The Supervisory Board also approved the issue of a 3% corporate convertible bond 2023/2026 with the net issue proceeds designated to finance further growth, especially in the area of Artificial Intelligence. In addition, the Supervisory Board engaged intensively with the current film and series productions in the reporting year. In the persistently challenging economic environment of 2023, 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 in production or completed in the 2023 financial year. Two co-produced films were released in movie theaters in 2023: TRAUZEUGEN and 791 KM. In addition, films and series such as ASBEST (ARD Media Library) and UNWANTED (original Sky series) celebrated successful premières.

Shooting for the Amazon original, DER TIGER, was successfully completed. All the productions were regularly discussed in meetings of the Supervisory Board and corresponding resolutions adopted.

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 2023. 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 2023

In fiscal 2023, 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. It 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.

The Supervisory Board met a total of eight times in fiscal 2023 in order to discharge its duties – on April 3, May 15, June 20,

June 26, (balance sheet meeting for fiscal 2022) and June 27, July 28, September 22 and 28. November 2023. Apart from the meeting of May 15 which followed the extraordinary General Meeting of shareholders, all meetings were held virtually by means of a video or telephone conference. The Supervisory Board also took urgent decisions by circulation. All members of the Supervisory Board attended the meetings of the Supervisory Board. 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 2023, 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 such as the issue of the 3% corporate convertible bond 2023/2026
- Management Board issues and other human resources matters within the Group
- Approval and convening of the extraordinary General Meeting as a physical event
- Approval and convening of the Annual General Meeting as a physical event
- Approval and adoption of separate financial statements for 2022
- Approval of the consolidated financial statements for 2022

## WORKING RELATIONSHIP WITH THE MANAGEMENT BOARD MARKED BY TRUST

The Supervisory Board provided active, close support to the Management Board in fiscal 2023 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 2023 FINANCIAL YEAR**

Pursuant to the provisions of the articles of association of PANTAFLIX AG, the Supervisory Board was composed of three members. In fiscal 2023, until the Annual General Meeting of PANTAFLIX AG on August 17, 2023, the Supervisory Board consisted of Mr Marcus Machura (Chairman), Mr Marc Schönberger (Deputy Chairman until May 15, and member of the Board from May 15 to August 17) and Ms Kerstin Trottnow (member of the Board until May 15 and Deputy Chair from May 15 to August 17).

In its meeting following the extraordinary General Meeting on May 15, 2023, the Supervisory Board removed Mr Marc Schönberger as Deputy Chairman and elected Ms Kerstin Trottnow as Deputy Chair.

Mr Marc Schönberger resigned from the Supervisory Board of PANTAFLIX AG at the end of the Annual General Meeting on August 17, 2023. Pursuant to a proposal from the Supervisory Board, the Annual General Meeting of August 17, 2023 elected Mr Dan Maag 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 August 17, 2023, the Supervisory Board elected Mr Dan Maag as its Chairman and Mr Marcus Machura as Deputy Chairman. Ms Kerstin Trottnow is a member of the Supervisory Board.

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**

In a resolution adopted by circulation on June 21, 2023, the Supervisory Board approved the conclusion of a termination agreement with Mr Nicolas Paalzow. Since the resignation of Mr Nicolas Paalzow, Ms Stephanie Schettler-Köhler has led the company as the sole member of the Management Board. She was appointed to the Management Board by the Supervisory Board with effect from August 2, 2021 for a period of three years. Ms Stephanie Schettler-Köhler's Management Board contract was extended for a further two years until August 1, 2026 as per the contract.

#### **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, 2023 and the voluntarily prepared consolidated financial statements together with the Group management report as of December 31, 2023 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. 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 accounting-related internal control system in selecting further audit procedures. The audit did not give rise to any indications of weaknesses in the accounting-related internal control 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, 2023 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 April 16, 2024, 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 April 16, 2024. 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 April 16, 2024, the Supervisory Board examined the Management Board's report pursuant to Sec. 312 AktG on relationships with affiliated companies for the 2023 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 Sec. 312 (1) AktG was also examined by the auditor. The auditor issued the following unqualified audit opinion in accordance with Sec. 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 consideration paid by 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 would like to thank the Management Board as well as all employees for their personal dedication and their good work in the past financial year.

We would also like to express our sincere appreciation to you, our esteemed shareholders, for your continued support and thank you for your confidence in PANTAFLIX AG.

For the Supervisory Board



Dan Maag  
Supervisory Board Chairman

# THE PANTAFLIX AG SHARE

## 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 2023

The positive performance of international stock markets was marked by appreciable price fluctuations in 2023. Central banks' interest rate and monetary policy as well as inflation played a crucial role here. After initially positive economic data, the global economy proved patchy over the year as a whole. China and Europe weakened as early as the second quarter while the US stock markets benefited from surprisingly strong business numbers. Nevertheless, global stock markets as a whole showed positive growth in the first half of the year against the background of falling inflation rates. Uncertainty over economic growth in the USA as well as a pick-up in inflation caused share prices to give ground in the third quarter while the breakout of conflict in the Middle East weighed on prices at the start of the fourth quarter.

Regardless of the numerous disruptive factors, the international stock markets proved their resilience. From November, falling inflation figures in Europe and the USA as well as multiple signals from the central banks that they intended to change their interest rate policy, ignited a year-end rally.

US stocks – relative to the MSCI USA – climbed 27.1%.<sup>1</sup> European stocks – measured against the MSCI Europe – increased by 20.7%.<sup>2</sup> Against this background, the DAX recorded a gain of 20.3% in spite of the economic recession in Germany. The Scale All Share Index in which the PANTAFLIX stock is also listed, ended 2023 4.7% down.<sup>3</sup>

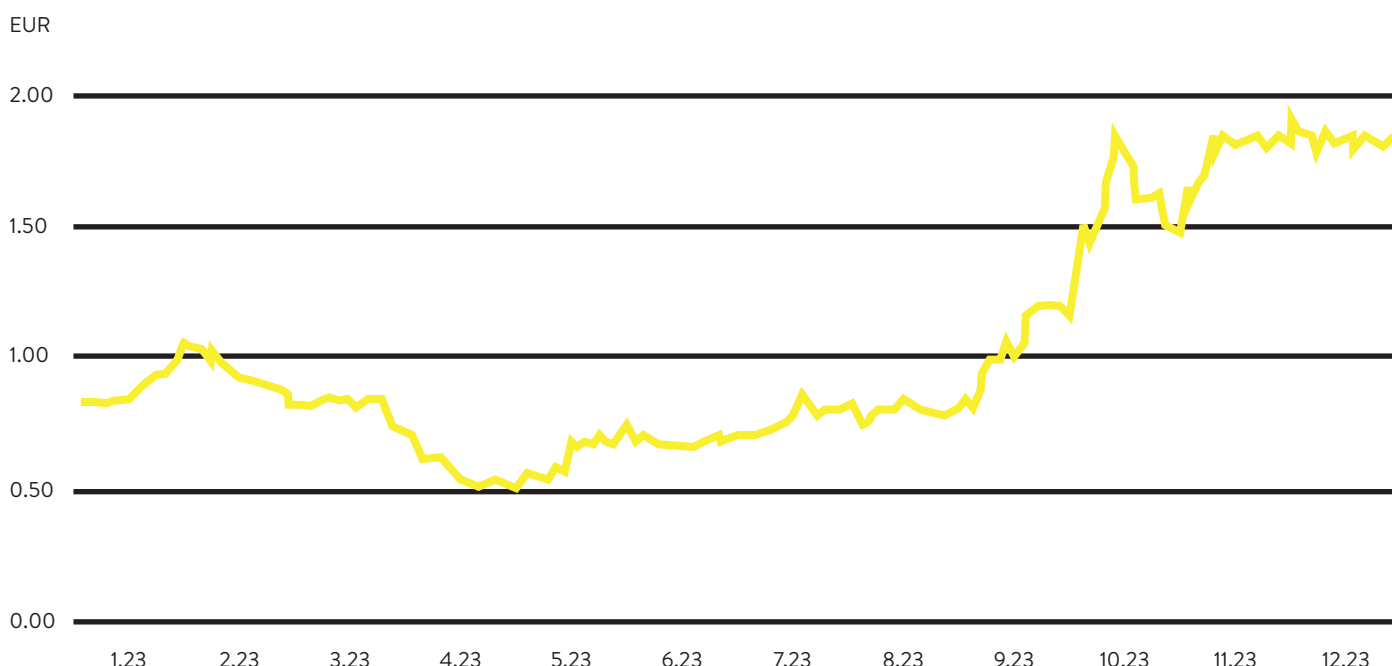
The shares of PANTAFLIX AG opened the 2023 trading year on January 2 at a price of EUR 0.80. The PANTAFLIX AG stock recorded its low for the year on May 2, 2023 at EUR 0.48 after the outlook had been given concrete shape with publication of the provisional figures for the 2022 fiscal year. In the further course of the year, the stock benefited from PANTAFLIX AG's refocusing on its film and series business as well as the AI transformation, with the share price recovering to reach its high for the year on November 30, 2023 at EUR 1.94. Overall, PANTAFLIX AG's share price gained 133.7% in the 2023 trading year, closing the year at EUR 1.94 on December 29 (all data based on Xetra prices).

<sup>1</sup> <https://www.msci.com/documents/10199/67a768a1-71d0-4bd0-8d7e-f7b53e8d0d9f>

<sup>2</sup> <https://www.msci.com/documents/10199/db217f4c-cc8c-4e21-9fac-60eb6a47faf0>

<sup>3</sup> <https://www.boerse-frankfurt.de/index/scale-all-share-kursindex>

## SHARE PRICE PERFORMANCE IN 2023





The average daily trading volume in PANTAFLIX shares on all German stock exchanges amounted to 9,422 shares in 2023 (2022: 7,120).

On December 30, 2023, the market capitalization amounted to approximately EUR 49.6 million based on 25,565,918 shares and a closing price of EUR 1.94 (all data based on Xetra prices).

#### SHARE PRICE DEVELOPMENT 2023

Opening price	January 2, 2023	EUR 0.80
Low	May 2, 2023	EUR 0.48
High	November 30, 2023	EUR 1.94
Closing price	December 29, 2023	EUR 1.94
Market capitalization	December 29, 2023	EUR 49.6 mn
Share price development		+133.7%

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](http://pantaflixgroup.com).

#### SHARE INFORMATION\*

Exchanges	Xetra, Frankfurt
Symbol	PAL
Total number of shares	25,565,918
Amount of share capital	EUR 25,565,918.00
ISIN	DE000A12UPJ7
WKN	A12UPJ
Market segment	Open Market
Transparency level	Scale
Designated Sponsor	Hauck & Aufhäuser Lampe Privatbank AG

\*) as of: December 31, 2023

#### INVESTOR RELATIONS

As a listed company, PANTAFLIX AG cultivates a climate of continuous communication with investors, private investors and financial analysts. Publication of the half-yearly report was accompanied by an earnings call. Furthermore, 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 at the Hamburg Investor Day in August 2023.

#### EXTRAORDINARY GENERAL MEETING

PANTAFLIX AG held an extraordinary General Meeting on May 15, 2023. The object of the meeting was to announce the loss of half of the share capital, reduce the remuneration paid to the Supervisory Board and make amendments to the articles of association relating to the exclusion of subscription rights from Authorized Capital 2022 as part of the authorization of a capital increase.

#### ANNUAL GENERAL MEETING

PANTAFLIX AG held its ordinary General Meeting at the Bavarian stock exchange in the form of a physical event on August 17, 2023. The shareholders discharged the Management Board as well as the Supervisory Board with a clear majority and approved all the management's proposals. The proportion of share capital forming a quorum stood at 76.36% on the date of the vote. Stephanie Schettler-Köhler, CEO of PANTAFLIX AG, summarized the challenges of the 2022 fiscal year and presented an outlook on the future of the company in a changing film industry: the use of Artificial Intelligence in production processes in order to fully unleash its creative potential.

#### ANALYST RESEARCH

The PANTAFLIX AG stock was analyzed and rated by the prestigious research company Montega in fiscal 2023. Coverage by AlsterResearch, a provider of innovative securities services, ended on schedule with the study presented in March 2023. In their latest study, Montega's analysts emphasize in particular the promising prospects for 2024 on the basis of enhanced cost discipline and the extensive project pipeline. The recommendation to sell the PANTAFLIX stock and the raising of the price target reflect the fact that the share price clearly outperformed forecasts after the initiated AI transformation was announced.

<u>UPDATE</u>	<u>INSTITUTE</u>	<u>ANALYST</u>	<u>RECOMMENDATION</u>	<u>PRICE TARGET</u>
October 13, 2023	Montega Research	Nils Scharwächter/ Tim Kruse	Sell (Hold)	EUR 0.85 (EUR 0.75)
April 05, 2023	Montega Research	Nils Scharwächter/ Tim Kruse	Hold (Buy)	EUR 0.75 (EUR 2.00)
July 3, 2023	Montega Research	Nils Scharwächter/ Tim Kruse	Hold (Hold)	EUR 0.75 (EUR 0.75)
March 30, 2023	AlsterResearch	Alexander Zienkovicz	Buy (Buy)	EUR 1.55 (EUR 1.65)

### CAPITAL MEASURES

In fiscal 2023, PANTAFLIX AG resolved to carry out various cash capital increases totaling EUR 4,175,039.00 to strengthen the balance sheet and finance growth. In addition, a non-cash capital increase was carried out in August 2023 through the issue of a total of 500,000 new no-par value bearer shares at an issue price of EUR 1.00 per share. In December 2023, PANTAFLIX AG issued a fully placed corporate convertible bond 2023/2026 with a coupon of 3% and a term of three years from November 1, 2023 to November 1, 2026. The conversion price is EUR 1.00 per share with the result that 8,000,000 new shares will be created on complete conversion.

The share capital registered in the Commercial Register on the reference date of December 31, 2023 stood at EUR 25,563,918.00.

### 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, 2023 of the following shareholders who have submitted one or more reports pursuant to Sec. 20 AktG. BlackMars Capital GmbH based in Hofheim am Taunus informed the company that it held more than 50% of shares in the company directly throughout the reporting period.

### FINANCIAL CALENDAR 2024

April 22, 2024  
Annual Report 2023

April 23, 2024  
Earnings call for the Annual Report 2023

August 21 – 22, 2024  
Hamburg Investor Days

August 26, 2024  
Annual General Meeting

September 2024  
Half-Year Report 2024

Further information is available to interested investors at [pantaflixgroup.com](http://pantaflixgroup.com).

# SUSTAINABILITY AT PANTAFLIX

”Return to the root and you will find the meaning...”

Sengcan

## FOREWORD BY THE MANAGEMENT BOARD

DEAR READERS,

For PANTAFLIX, 2023 was marked by significant strategic decisions. On the one hand, we understood more than ever how important it is to return to our roots and focus on the core expertise of PANTAFLIX, namely the production of movies and series in the high-end sector, as we have been doing successfully for more than a decade. On the other, we are leveraging the dynamics of our sector, the media and entertainment industry, and deploying Artificial Intelligence (AI) through our subsidiary Storybook Studios in order to redefine storytelling and make production processes more efficient. We combine proprietary technological innovations with creative visions in order to tap previously unknown opportunities. We are aware that every change brings with it new opportunities but also new risks. It is all the more important for us to shape our handling of AI responsibly and sustainably. Because sustainability remains a key component of our corporate philosophy. We recognize the importance of integrating social, ecological and governance aspects in our business strategies and decision-making processes.

At PANTAFLIX, we are firmly of the opinion that focusing on our roots not only strengthens our corporate identity but also supports our long-term sustainability strategy. After all, films and series have the potential not only to offer high-quality entertainment but also to promote important social discourse and raise awareness of sustainability themes. With this in mind, we invite you to scrutinize our sustainability report for 2023.

## SUSTAINABILITY STRATEGY

Focusing on our core expertise, namely the production of high-quality films and series, as well as the integrated use of AI in the production of film and series content, has further reinforced our identity as a company and our commitment to ecological and social sustainability.

The sustainability strategy of PANTAFLIX essentially comprises issues and topics from the realms of the environment, society and corporate governance. The integration of AI in our production processes and the significant role of innovation in the successful, sustainable development of our business led us to the decision taken in the reporting year to extend the four ESG principles originally defined by one further aspect – “innovation”. This will enable us to generate value added for our stakeholders over the long term.



Responsibility for the PANTAFLIX Group’s sustainability issues resides with the Management Board. Stephanie Schettler-Köhler, sole CEO of PANTAFLIX AG, is responsible for implementing the sustainability strategy and corresponding measures designed to achieve our targets. The central point of contact in PANTAFLIX’S ESG governance structure is our ESG team which is located with PANTALEON Films. In addition, every film project has external employees working as green consultants.

## STAKEHOLDER ANALYSIS

As a global enterprise active in the media and entertainment sector, continual dialog with our stakeholders is paramount for us. As early as 2021, the most important stakeholder groups for PANTAFLIX had already been identified and their expectations and impact on the Group determined. Due to the decision to shut down the Platform business unit with the wholly-owned subsidiary PANTAFLIX Technologies GmbH, the existing stakeholder analysis was adjusted accordingly. B2B customers were therefore removed from the key stakeholder groups. This results now in the following key stakeholder groups:

**INTERNAL STAKEHOLDERS:**

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

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

**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.

PANTAFLIX operates in a sector which is always dynamic and characterized by technological innovations such as Artificial Intelligence (AI). The current shift in the media and entertainment industry therefore requires certain strategic adjustments which also affect our approach with respect to sustainability and ESG issues. For this reason, we extended the ESG principles already identified in the reporting year and added the sustainability aspect of “innovation” to our sustainability strategy. Within the ESG principles, we identified specific ESG issues that are key for us. The strategic update to the materiality analysis results in the ESG issues of current relevance:

<b>ENVIRONMENTAL PROTECTION</b>	<b>EMPLOYEE WELL BEING</b>	<b>SOCIAL IMPACT</b>	<b>GOOD CORPORATE-GOVERNANCE</b>	<b>INNOVATION</b>
<b>Carbon footprint</b>	<b>Diversity &amp; Inclusion</b>	<b>Supporting local communities</b>	<b>Combating corruption &amp; Compliance</b>	<b>Sustainable AI</b>
<b>Reducing environmental pollution</b>	<b>Health &amp; Safety</b>		<b>Data privacy &amp; data protection</b>	
<b>Resources and energy efficiency</b>				
<b>Waste management</b>	<b>Further education &amp; growth</b>		<b>Protection of children &amp; adolescents</b>	

**OUR GUIDELINES:****THE UN SUSTAINABLE DEVELOPMENT GOALS**

The 17 goals for sustainable development (UN Sustainable Development Goals – SDGs) 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. After adjusting the materiality analysis and the sustainability strategy accordingly, Goal 9 was added in the reporting year:

**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.

**7. AFFORDABLE AND CLEAN ENERGY**

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

**9. INDUSTRY, INNOVATION AND INFRASTRUCTURE**

**19.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

**12. RESPONSIBLE CONSUMPTION AND PRODUCTION**

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

**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.

**5. GENDER EQUALITY**

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

**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.

**13. CLIMATE CHANGE**

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

**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 PANTAFLIX for three years in succession (2021, 2022 and 2023). However, the column showing the increase or decrease in the figures only compares 2023 with the previous year. This comparison serves to create greater transparency and measurability for the implementation of our ESG measures:

The main reason for this lies in rising greenhouse gas emissions. However, with the current climate policies in place around the world, we are still far removed from preventing warming of more than 1.5 degrees. 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.

## KEY ESG INDICATORS

### ENVIRONMENT

	2021	2022	2023	Δ (in %)
Electricity consumption <sup>1</sup>	9,295 kWh	10,248 kWh	10,777 kWh	+5.2%
Proportion of green electricity <sup>1</sup>	100%	100%	100%	–

### SOCIAL ASPECTS<sup>2</sup>

	2021	2022	2023	Δ (in p.p.)
Permanent contracts	78	71	85	+14
Fixed-term contracts	22	29	15	-14
Staff turnover <sup>3</sup>	28	6	59	+53
Proportion of women (excl. managerial positions)	44	53	50	-3
Proportion of women in managerial positions	14	27	75	+48
Proportion of women on Management Board	50	50	100	+50

### GOVERNANCE

	2021	2022	2023
Cases reported via the whistleblower system	0	1	0

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

2 The percentages for the “Social Aspects” area are always calculated and the data collected with respect to the reporting date of December 31.

3 The high staff turnover rate in 2023 is due to the strategic decision taken in 2023 to shut down the Platform business unit and merge three further companies with PANTAFLIX AG – with the resulting reduction in staff.

## ENVIRONMENTAL PROTECTION

Responsibility for the environment concerns all of us, both as private individuals and as a company. It is no longer just about preserving the future for coming generations. Rather the issue is whether we can go on living at all in the same way as we have done in the past. The consequences of climate change are indeed becoming increasingly noticeable, and global warming is now advancing faster than ever before.

Only an immediate, drastic reduction in CO<sub>2</sub> emissions can help to prevent an environmental catastrophe. PANTAFLIX therefore regards the monitoring and reduction of carbon emissions as one of the most important ESG issues, and thus plans and implements measures to reduce them.

## CARBON FOOTPRINT

Environmental responsibility forms part of our identity. At PANTAFLIX, we therefore already decided in 2022 to implement specific measures to monitor and reduce the CO<sub>2</sub> emissions for which we are responsible. For this reason, the Management Board introduced the CO<sub>2</sub> calculator for companies from KlimAktiv for the first time in 2022 to calculate the Corporate Carbon Footprint (CCF). The CO<sub>2</sub> calculator allows transparent registration and calculation of all direct and indirect emissions in accordance with the internationally recognized Greenhouse Gas Protocol Standard. Besides CO<sub>2</sub> emissions, this CCF takes account of all further greenhouse gases in the Kyoto Protocol. For better comparability, these are converted to CO<sub>2</sub> equivalents (CO<sub>2</sub>e) in accordance with their global warming potential relative to CO<sub>2</sub>. The emissions for 2023 were calculated for the main offices in Berlin and Munich and for all production projects carried out in 2023. In the reporting year, we caused 208.7 tons of CO<sub>2</sub>e (previous year: 389.2 tons of CO<sub>2</sub>e). This corresponds to a significant decline by comparison with the previous year. The reason for this is that fewer production projects were carried out in the reporting year than in the previous year.

## RESOURCES & ENERGY EFFICIENCY; WASTE MANAGEMENT

We operate in the film and media sector which consumes many resources and generates 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.

Since 2021, we have committed to the ecological “Green Motion minimum ecological standards” set out by the “Green Shooting” working group for our productions and at our main locations. These standards serve to achieve production methods in German cinema, TV and online/VoD productions that are more protective of the climate and resources. After the conclusion of the real-world lab in 2022 in which PANTAFLIX also participated with the production of TRAUZEUGEN, the sustainability criteria on which the minimum ecological standards were based, were adjusted and tightened. The ecological standards are divided into five spheres of action:

1. General specifications
2. Use and consumption of energy
3. Transport
4. Accommodation and meals
5. Use and consumption of material.

These five areas contain both mandatory and advisory requirements. The mandatory requirements must be observed for productions realized to these standards. The advisory requirements are not to be seen as strict regulations but rather as an appeal for ecologically sustainable production methods. In addition, as of July 1, 2023, the ecological standards were made a prerequisite for funding as part of film funding from the federal government and states, meaning that they became mandatory for submitting an application. As of January 1, 2024, the advisory requirement, “Efficient lighting equipment in the studio” was converted to a mandatory requirement. Consequently, there are currently 22 mandatory requirements (until the end of 2023, there were only 21). To enable a production to be awarded the “Green Motion” label, the parts of the production realized within Germany must meet at least 16 of the 22 mandatory requirements (as from July 1, 2024, at least 18).

As a player in the film and media industry, it is not only our paramount responsibility to make an active contribution towards climate protection. Environmental protection measures contribute towards reducing our costs, among other things by lowering waste or wastewater volumes and cutting energy consumption. For that reason, we are optimizing our operating processes and sequences both in our productions and in our everyday office work.

## 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 for 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 paperless as a matter of principle.

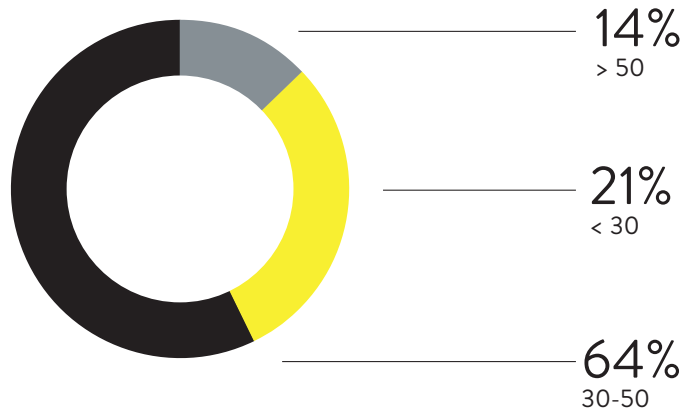
**SOCIAL ASPECTS**

At PANTAFLIX the focus is 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, bullying and harassment and ensure that our corporate values are upheld and the company is open and just.

**EMPLOYEE WELL-BEING  
DIVERSITY & INCLUSION**

Our zero tolerance policy leads to two principles that serve as a guide in our everyday life at PANTAFLIX: diversity and 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. The aim of the initiative is to advance the recognition, appreciation and inclusion of diversity in the working environment in Germany. 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. 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. We want to promote diversity not only at PANTAFLIX for our employees but also in our audience and society. We want our range of content and our story-telling style to play a major role in boosting and championing diversity. As of December 31, 2023, the PANTAFLIX Group had 37 employees (permanent staff excl. project staff). This equates to a 30.2% reduction in the number of employees by comparison with the previous year (December 31, 2022: 53).

EMPLOYEES BY AGE IN%



EMPLOYEES BY GENDER IN%

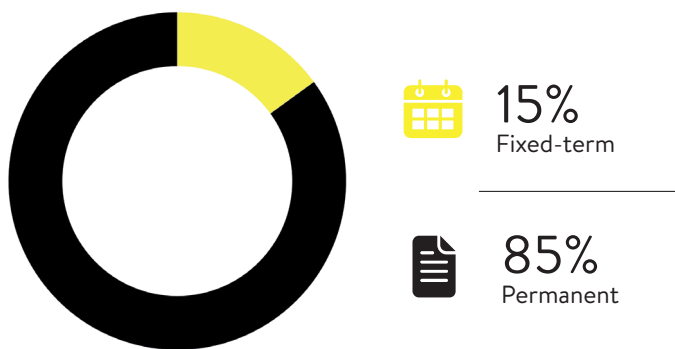


MANAGERS BY GENDER IN%





## FIXED-TERM AND PERMANENT CONTRACTS FOR PERMANENT EMPLOYEES



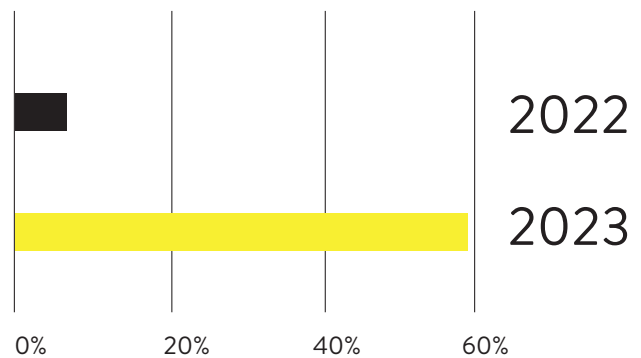
### HEALTH & SAFETY

The health and safety of its employees enjoys the highest priority in 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 all our staff is a key issue for us. Employees are therefore offered flexible working hours to improve their work-life balance and promote both their psychological and physical health. At PANTAFLIX, we had already broken down the rigid “9 to 5” concept before the pandemic year (2020). Our employees can work in their home offices two days a week. In this way, young families, above all, can more easily reconcile work and family life. We also offer our staff the chance to take part in online fitness programs and use job bikes.

### FURTHER EDUCATION & GROWTH

Growth on a personal and professional level contributes to the sustainable success of PANTAFLIX. The subject of staff growth remains relevant in the reporting year. Our employees know that they can talk openly about their needs and wishes during regular performance reviews. Various voluntary but also mandatory seminars were offered in the reporting year on diverse subjects including environmental issues – energy savings measures, green production – but also on other topics such as data protection and first aid. On average, between 30% and 50% of all employees participated in the various offers of training. The PANTAFLIX Group also offers younger people the chance to gain their first professional experience through internships, voluntary work and dual study courses.

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



\* The high staff turnover rate in 2023 is due to the strategic decision taken in 2023 to shut down the Platform business unit and merge three further companies with PANTAFLIX AG – with the resulting reduction in staff.

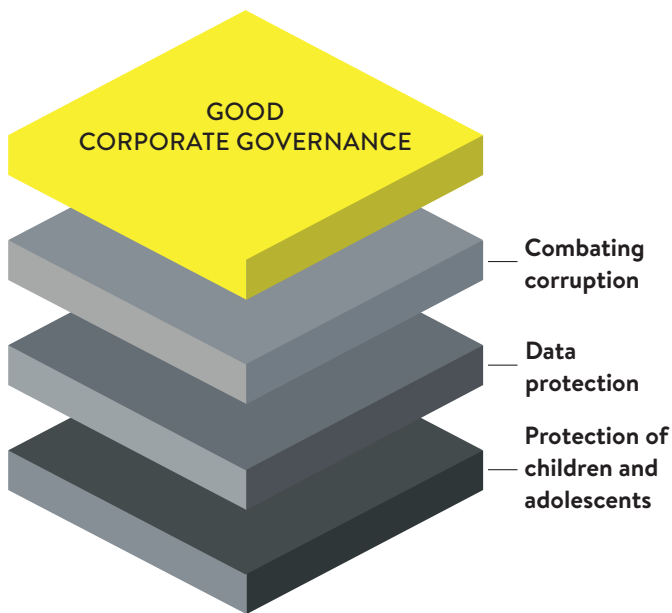
### SOCIAL IMPACT

#### SUPPORT FOR 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.

**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 are also committed to two codes of conduct – one code for employees and one for business partners – which contain our in-house rules and guidelines governing everyday business. Compliance with our core principles is not only important for us. We expect our business partners to act within the law and observe our rules of conduct. In the wake of updating our sustainability strategy, we also adjusted our codes of conduct in 2023 and extended

them to include the subject of Artificial Intelligence. PANTAFLIX also has a guideline for gifts and hospitality. Another seminar was held for the PANTAFLIX management in the reporting year on the subject of governance and compliance.

At PANTAFLIX, we promote a culture of trust. This also includes our offer to report concerns, questions or infringements on the assurance of confidentiality. Our Management Board is therefore happy to engage in a dialog. However, this will not be sufficient in the event of more complex cases. An option therefore exists to report potential breaches of the law or infringements of internal guidelines. This can be done by email (compliance@pantaflix.com) or phone (on +49-89-2323855118). We did not receive any reports in the reporting year.

**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 (GDPR) 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. A further mandatory seminar was held for staff in 2023 on the subject of data protection.

**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.

## INNOVATION SUSTAINABLE AI

In an increasingly digitized world, Artificial Intelligence (AI) is playing an ever more important role in ensuring long-term success. For PANTAFLIX, sustainability is at the heart of our business practices, and that includes the use of AI. Our approach to Artificial Intelligence is focused on not only creating innovative entertainment experiences but also exerting a positive influence on the environment and society as a whole. PANTAFLIX recognizes the enormous potential of Artificial Intelligence (AI) to revolutionize our production process and put the company in an even more advantageous position. In doing so, we undertake to maintain the highest ethical standards and to create a responsible digital environment. We guarantee strict data protection measures as well as complete transparency in the use of personal data. Moreover, we recognize the important role that AI can play in boosting cost efficiency and promoting diversity and inclusion. We strive to ensure that our AI models are not only focused on a homogeneous user group but also take account of a broad range of needs and backgrounds. In this way, we can better reflect the perspectives and needs of our diverse audience, enhance the overall quality and at the same time preserve ethical integrity.

Overall, our aim is to find a balance between technological innovation and sustainability. By exploiting the potential of Artificial Intelligence, while ensuring at the same time that our use of it is responsible and sustainable, we are striving to make a positive contribution to the future of our industry and our world.

# BUSINESS ACTIVITY AND GROUP STRUCTURE

PANTAFLIX is a broad-based entertainment group specializing in the creation and production of content for films and series, and with a strong focus on Artificial Intelligence (AI). Drawing on over a decade of experience in the production of award-winning films and series at PANTALEON Films and the team of experts at Storybook Studios which produces AI-generated content, PANTAFLIX is promisingly positioned for up-to-date, contemporary entertainment. The PANTAFLIX Group collaborates with prestigious partners such as Amazon, Sky, Netflix, Degeto, Paramount and Warner Bros. Discovery and is continuously expanding its market position for established and profitable film and series productions.

In the previous year of 2022 as well as in the first half of 2023, the expertise of the PANTAFLIX Group was pooled in the operating subsidiaries and functionally it was allocated to the “Platform”, “Production”, “Adjacent Business” and “Management” business units. A comprehensive restructuring of the PANTAFLIX Group was initiated in fiscal 2023 with the strategic aim of focusing the PANTAFLIX Group on its established production business for film and series projects. In the process, the wholly-owned subsidiaries, Pantasounds GmbH and PANTAFLIX Studios GmbH were merged with PANTAFLIX AG. Creative Cosmos 15 (CC15) whose activities were pooled in the Adjacent Business unit until the first half of 2023, was legally merged with PANTAFLIX AG with effect from December 30, 2023 and entered in the Commercial Register on January 26, 2024. As a result of the strategic concentration on established production business, the above-mentioned business units are no longer reported in the 2023 Annual Report.

The Group currently has four subsidiaries (PANTALEON Films GmbH, Storybook Studios GmbH, PANTAFLIX Technologies GmbH and The Special Squad UG), headquartered in Munich and Berlin. All participations are wholly-owned subsidiaries of PANTAFLIX AG and are therefore fully consolidated in the consolidated financial statements. With the 2023 reporting year, the Group is now pooling its central business activities in PANTALEON Films and Storybook Studios. PANTALEON Films develops, finances and produces fictional series and films which it markets as the rights owner. Storybook Studios (previously: PANTALEON Pictures GmbH) focuses on the development and production of films and series using Artificial Intelligence. As PANTAFLIX is keen to play a pioneering role in this still nascent market, Storybook Studios is already working on identifying high-value deployment opportunities and application scenarios for Artificial Intelligence which should be reflected in the efficiency, speed and quality of the production process. The operations of PANTAFLIX Technologies were scaled back to a minimum.

## 2023 FILM PROJECTS

The film projects realized by PANTALEON Films in fiscal 2023 include the feature film 791 KM with the German film legends Iris Berben and Joachim Król in the main roles, and the eight-part thriller series UNWANTED. Shooting for the anti-war film, DER TIGER, was also successfully completed, and it is now in post-production. It is due to be released exclusively on Amazon Prime Video in 2025.

## IN-HOUSE PRODUCTIONS, CO-PRODUCTIONS AND CONTRACT PRODUCTIONS

In the reporting year, a distinction was 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 was even in the reporting year. In-house productions and co-productions are based on secured production finance. This usually consists of two pillars. 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 conditionally 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.

# CONTROL SYSTEM

## PLATFORM

In the 2023 half-year report, the subsidiary PANTAFLIX Technologies was still reported under the Platform business unit. In concentrating on its established production business for film and series projects, PANTAFLIX AG will not pursue the streaming activities of the PANTAFLIX platform even after the decision not to sell it. With the focus on the production of high-quality films and series, PANTAFLIX is planning to use Artificial Intelligence in order to exploit the full creative potential. For example, the company is looking at integrating its video streaming technology with its AI activities to facilitate the faster marketing of content.

## 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.

The PANTAFLIX Group is managed using the key indicators of sales revenue, total operating 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 2023

According to its forecast for 2023 published in January, the International Monetary Fund (IMF) is only expecting the global economy to have grown by 3.1% following 3.5% in the previous year. The increase in the forecast by comparison with the IMF forecast of October 2023 is due to unexpectedly strong growth in several major economic regions in the second half of the year.<sup>1</sup> Looking at the year as a whole, the monetary tightening measures introduced to curb inflation were particularly responsible for slowing economic growth. Economies heavily dependent on energy imports from Russia recorded an even more significant economic downturn due to sharp price rises. Nevertheless, the global economy proved resilient and over the course of the year, it continued to slowly recover from the effects of the pandemic and the Russian invasion of Ukraine as well as the rapid increase in the cost of living.<sup>2</sup>

Europe presents a similar picture. According to the IMF, economic growth in the Eurozone in 2023 fell to 0.5% following 3.3% in the previous year. The 0.2 percentage point drop in growth compared with the IMF's forecast in October 2023 is due to the stronger impact of the war in Ukraine besides the rise in energy prices and the tightening of monetary policy.<sup>3</sup>

According to the Federal Office of Statistics (Destatis), German economic output also stalled in 2023 in an environment still impacted by crises, recording a drop of 0.3% following growth of 1.8% in the previous year. Inflation which remained high in spite of the recent declines, unfavorable finance conditions due to rising interest rates and weaker demand at home and abroad all depressed economic growth. By contrast, the "Other service providers" sector which also includes the creative and entertainment industry succeeded in posting growth, once again expanding its economic activities year on year and thus supporting the economy in 2023. Overall, however, the rise was weaker than in the preceding year. On the demand side, however, private consumption adjusted for prices fell year on year by 0.8% in 2023. Although this meant it once again distanced itself from the pre-crisis level of 2019 (-1.5%), private households showed themselves less willing to spend than in the previous year. This is likely due primarily to high consumer prices.<sup>4</sup>

Nevertheless, the 2023 movie theater year produced one pleasing development with almost 20 million tickets sold and over EUR 200 million more sales revenue than in 2022. According to the German Federal Film Board (FFA), the trend towards pre-pandemic movie theater numbers was maintained in 2023. With 95.7 million movie theater tickets sold, 2023 lags only 19.4% behind 2019 results. With sales revenues of EUR 929.1 million, the deficit is only 9.3% – and this figure is 3.3% higher than for 2018. The discrepancy in these results between tickets sold and sales revenues lies in the continuous rise in ticket prices. In 2023, a movie theater ticket cost on average € 9.71, 4.9% more than in the previous year. A total of 22.4 million tickets were sold for German films and co-productions in 2023, 9.0% more than in the previous year, while seven of the films had more than one million admissions. Due to the higher total number of movie theater visits, the German market share fell by 2.7 percentage points to 24.3%.<sup>5</sup>

1 <https://www.imf.org/-/media/Files/Publications/WEO/2024/Update/January/English/text,ashx>

2 <https://www.imf.org/-/media/Files/Publications/WEO/2023/October/English/text,ashx>

3 <https://d.statista.com/statistik/daten/studie/72328/umfrage/entwicklung-der-jaehrlichen-inflationsrate-in-der-eurozone/>

4 [https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24\\_019\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_019_811.html)

5 [https://www.ffa.de/files/dokumentenverwaltung/publikationen%20presse%20%28bearbeitet%20HS%29/2023/FFA-Kinojahr\\_2023.pdf](https://www.ffa.de/files/dokumentenverwaltung/publikationen%20presse%20%28bearbeitet%20HS%29/2023/FFA-Kinojahr_2023.pdf)

# COURSE OF BUSINESS

## RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

In the past fiscal year of 2023, the PANTAFLIX Group generated sales revenues of EUR 35,382 thousand (2022: EUR 19,705 thousand), thus exceeding the forecast. After a successful first half of 2023, the Management Board had confirmed the original sales revenue forecast of between EUR 29.5 million and EUR 33.5 million. This figure includes the partial realization of sales revenues from the anti-war film DER TIGER (working title) now in post-production and scheduled to be released exclusively on Amazon Prime Video in 2025. In addition, the sales revenues reflect in particular the completion of projects. These include the eight-part thriller series UNWANTED produced with Sky Studios Original and the comedy drama 791 KM due for theatrical release. Inventory increases for current projects and decreases for projects concluded led to an overall reduction of EUR 303 thousand (2022: increase of EUR 116 thousand). Total operating revenue including other operating income rose to a total of EUR 37,059 thousand (2022: EUR 23,249 thousand).

The business activities of the operating subsidiaries of the PANTAFLIX Group functionally allocated to the "Platform", "Production", "Adjacent Business" and "Management" business units are not reported for the past financial year of 2023. The background to this decision is the limited comparability of the growth of sales revenues, total operating revenue and EBIT in individual business units with the previous year of 2022 due to the comprehensive restructuring of the PANTAFLIX Group in the course of 2023.

The cost of materials rose to EUR 11,417 thousand (2022: EUR 4,908 thousand) due in particular to completion of filming in 2023. 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 fell to EUR 3,628 thousand (2022: EUR 4,773 thousand) due in particular to the restructuring of the PANTAFLIX Group.

Amortization, mainly of internally generated, intangible assets, particularly in connection with completed in-house productions already generating sales, amounted to EUR 23,412 thousand (2022: EUR 17,698 thousand). Depreciation, amortization and im-

pairment losses on acquired intangible fixed assets and property, plant and equipment are of subordinate importance. No major change to the utilization profile is expected over the course of time.

Other operating expenses fell to EUR 2,201 thousand (2022: EUR 3,792 thousand). In the fiscal year of 2023 under review, cost savings were realized after accounting losses from the disposal of economically no longer viable film and series productions had to be recognized in the previous year due to a change in demand in the streaming market but also in movie theaters.

Overall, EBIT improved to EUR -3,599 thousand (2022: EUR -7,922 thousand) due to an increase in sales revenues with a simultaneous decline in costs as a result of restructuring, and was therefore within the reaffirmed forecast of between EUR -3.7 million and EUR -3.0 million (previously: EUR -3.7 million to EUR -1.5 million).

Taxes on income amounted to EUR 0 thousand in the 2023 financial year following EUR -14 thousand in the previous year.

The Group's total assets fell to EUR 42,374 thousand as of December 31, 2023 (December 31, 2022: EUR 51,609 thousand). The decline in fixed assets to EUR 5,399 thousand (December 31, 2022: EUR 26,440 thousand) resulted from the completion of in-house productions and co-productions. In the process, advance payments made after completion of the projects were reclassified to internally generated intangible assets and 90% amortized in the first year in accordance with the utilization profile. The rise in current assets to EUR 36,879 thousand (December 31, 2022: EUR 25,082 thousand) is due in particular to the production-related increase in cash and cash equivalents to EUR 29,018 thousand (December 31, 2022: EUR 15,644 thousand). Trade receivables fell to EUR 2,857 thousand (December 31, 2022: EUR 7,468 thousand). Other assets increased to EUR 4,698 thousand (December 31, 2022: EUR 1,359 thousand) due in particular to project-related receivables from foreign subsidiaries for UNWANTED.

On the basis of the authorization from the Annual General Meeting of July 21, 2022, the Management Board resolved on September 29, 2023 with the approval of the Supervisory Board to issue a corporate convertible bond with an interest rate of 3.0% for a total nominal amount of up to EUR 8,000,000 divided into up to 8,000 bearer debentures for a nominal amount of EUR 1,000 each which was placed in full. Debentures were issued in an amount of EUR 34,000 in the year under review of which EUR 2,000 was converted to no-par value shares in 2023.

In spite of the consolidated net loss for the year, equity increased in the reporting year to EUR 2,605 thousand as of December 31, 2023 due to capital increases in an amount of EUR 4,677 thousand (December 31, 2022: EUR 1,558 thousand). Consequently, the equity ratio improved to 6.2% (December 31, 2022: 3.0%). Liabilities to banks, particularly for ongoing projects or projects completed but not yet billed, increased to EUR 36,276 thousand (December 31, 2022: EUR 29,254 thousand), essentially due to the projects UNWANTED and DER TIGER.

By contrast, advance payments received against orders fell to EUR 1,435 thousand (December 31, 2022: EUR 15,970 thousand), essentially due to the completion of projects. Trade payables fell to EUR 838 thousand (December 31, 2022: EUR 1,957 thousand). Other liabilities, particularly from conditionally repayable film subsidy loans, third-party revenue shares and taxes fell to EUR 676 thousand (December 31, 2022: EUR 1,695 thousand).

## LIQUIDITY

The cash flow from operating activities fell to EUR 7,077 thousand (2022: EUR 14,370 thousand) in fiscal 2023 with a lower consolidated net loss for the year. With a significant rise in scheduled, non-cash amortization of capitalized fixed assets, the reduction in advance payments received was particularly evident here. Cash flow from investing activities of EUR -5,403 thousand (2022: EUR -29,595 thousand) resulted essentially from the capitalization of the production costs of in-house productions and co-productions in intangible fixed assets. Cash flow from financing activities of EUR 4,011 thousand (2022: EUR -223 thousand) was marked in particular by the capital increases against cash contributions carried out in fiscal 2023 as well as the repayment of financial loans. In the previous year, the inflow of funds from a capital increase against contributions in kind from the collection of receivables was also offset 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 revenues, 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 fiscal 2023, the PANTAFLIX Group continued to enjoy success from the realization of film and series productions.

The 2023 fiscal year under review saw the movie theater release of the comedy drama 791 KM as well as the comedy TRAUZEUGEN created in collaboration with Paramount. The anti-war film, DER TIGER, realized for Amazon Prime Video in 2023, is currently in post-production.

In the field of series productions, the drama series ASBEST produced with ARD Degeto and the eight-part thriller series UNWANTED produced with Sky Studios both enjoyed success with audiences in 2023.

## 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 stands not only 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 has a responsibility to 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. Also worthy of mention is OSKARS KLEID which not only won the Bambi for best film in Germany for its sensitive and humorous treatment of the subject of “trans children” but was also awarded the audience prize at the OUTshine Film Festival, the largest queer film festival in Florida. PANTAFLIX’s perception of its own responsibility also includes the social concerns of its employees as a contribution to a fair and open society.



# OUTLOOK, RISK AND OPPORTUNITY REPORT

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 2023 annual report.

## OUTLOOK

### FUTURE ECONOMIC AND SECTOR TRENDS

The International Monetary Fund (IMF) expects global economy growth to match that of the previous year of 3.1% in 2024 which is therefore 0.2 percentage points higher than in its October outlook due to increases for China, the USA and the most important emerging and developing countries. In spite of the 3.5% expansion of the global economy expected for 2025, growth will remain below the long-term average of 3.8%. In view of the worldwide monetary tightening and in particular falling commodity prices, the IMF assumes that global inflation will decline from its average of 6.8% in 2023 to 5.8% in 2024 and 4.4% in 2025.<sup>6</sup>

With a look to the Eurozone, the Kiel Institute for the World Economy (IfW) expects economic output to stagnate further at the start of 2024. For the remainder of the year, this economic weakness should then be overcome. At the same time, private consumption is expected to pick up again as inflation falls while financing conditions should improve due to the expected easing of monetary policy. In addition, the IfW also expects to see a boost in exports. According to its forecast, economic growth in 2024 will remain weak at 0.8% and only approach its potential in 2025 with growth of 1.5%.<sup>7</sup>

After the stagnation of the past fiscal year, the German economy will experience moderate expansion in 2024 in the view of the IfW. Due to the consolidation measures to be expected following the ruling handed down by the Federal Court of Justice regarding the federal budget, the IfW is scaling back its expectations by 0.3 percentage points compared with its autumn 2023 forecast, and is now assuming overall growth of 0.9%. While the increase in interest rates continues to weigh on the construction economy and in the absence of any major boost from the global economy, private consumption is set to grow on the back of wage increases and government transfers. According to the IfW, inflation will fall from 5.9% to an average of 2.3% in 2024.<sup>8</sup> With respect to consumer prices in Germany, the Deutsche Bundesbank is assuming that although inflation is on the retreat with an average annual rate of 2.7%, it is still too early to sound the all clear. According to its forecast, the inflation rate will continue to fall slowly to 2.2% in 2025.<sup>9</sup>

<sup>6</sup> <https://www.imf.org/-/media/Files/Publications/WEO/2024/Update/January/English/text.aspx>

<sup>7</sup> [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/6bf368c2-c935-48e4-8f28-098420e6c252-KKB\\_109\\_2023-Q4\\_Welt\\_DE.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/6bf368c2-c935-48e4-8f28-098420e6c252-KKB_109_2023-Q4_Welt_DE.pdf)

<sup>8</sup> [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/6c4fd05f-bb55-42f7-b7a4-96b9fc631caf-KKB\\_110\\_2023-Q4\\_Deutschland\\_DE.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/6c4fd05f-bb55-42f7-b7a4-96b9fc631caf-KKB_110_2023-Q4_Deutschland_DE.pdf)

<sup>9</sup> <https://www.bundesbank.de/resource/blob/920342/b4a237de9f9288ffa511a87e5ae75c73/mL/2023-12-prognose-data.pdf>

According to German Entertainment & Media Outlook 2023-2027 published by management consultants PwC, the entertainment and media industry in Germany is back on track for growth in spite of new uncertainty. According to this study, almost all sectors have recovered from the COVID-19 restrictions. At the same time, cautious consumer behavior, inflation and the war in Ukraine are dampening the forecasts for the coming years. For example, according to PwC, further growth is to be expected but only at low rates. For 2023, the consultants are predicting sales revenues to increase by 4.2% to EUR 68.8 billion. Sales revenues are set to rise by an annual average of 2.1% to EUR 73.1 billion by 2027.<sup>10</sup>

#### **FUTURE DEVELOPMENT OF THE PANTAFLIX GROUP – OUTLOOK**

The PANTAFLIX Group is promisingly positioned to continuously expand its market position in film and series production. Besides major movie theater and streaming projects for the German market, the PANTAFLIX Group is also targeting higher-budget, international projects offering greater profitability through its subsidiary PANTALEON Films GmbH. At Storybook Studios, the focus in 2024 is on realizing the first projects, while the technical workflow is to be continuously optimized and refined. Operating costs at PANTAFLIX Technologies have now been reduced to a minimum following its shutdown. PANTAFLIX will come to a final decision on the potential deployment of its streaming technology as soon as the first projects at Storybook Studios take concrete shape.

The special form of accounting in the area of film and series production and equally in project business in general, leads to greater susceptibility to fluctuations. These factors will continue to have a decisive impact on the future growth of PANTAFLIX's sales and earnings.

For the 2024 fiscal year, the Management Board is expecting sales revenues of between EUR 3 million and EUR 4.5 million for the PANTAFLIX Group on the basis of current project planning. Total operating revenue plus other operating income will be at least EUR 4 million in 2024. Due to lower costs resulting from the PANTAFLIX Group's decision to focus on its established production business for film and series projects, the Management Board expects earnings before interest and taxes (EBIT) on a par with the previous year between EUR -4 million and EUR -2.5 million in spite of lower sales revenues. The expectation of lower sales revenues than in the previous year is due to the fact that film and series projects in production in fiscal 2024 will only be recognized in revenue in the following year of 2025 due to the

scheduled length of production and/or the intended production period. For 2025, the Management Board is budgeting an increase in sales revenues to roughly the level of fiscal 2022 of around EUR 21 million and breakeven before interest and taxes.

#### **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.

<sup>10</sup> <https://www.pwc.de/de/technologie-medien-und-telekommunikation/german-entertainment-and-media-outlook-2023-2027.html>

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 – 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 for German productions 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 posi-

tion and results of operations as well as the general course of its business.

#### STREAMING RISKS

At the end of March 2023, PANTAFLIX AG entered into specific negotiations to sell its wholly-owned subsidiary, PANTAFLIX Technologies GmbH. However, in September 2023, the Management Board decided to break off negotiations for the sale and not to pursue these plans any further. The company is now examining how the video streaming technology developed by PANTAFLIX Technologies GmbH can be integrated into the Group's AI activities to facilitate the faster marketing of content. At the same time, the operations of PANTAFLIX Technologies GmbH were scaled back to a minimum. In addition, key contracts of significant size (incl. costly server capacity) are due to expire in May 2024 with the result that running costs will be further reduced. This means that the financial risks posed by PANTAFLIX Technologies GmbH to the PANTAFLIX Group's net assets, financial position and results of operations have been significantly reduced.

#### IT RISKS

With advancing digitization and increasing use of AI in the film industry, the availability and performance of the technical infrastructure, including data centers, are of considerable importance for the success of Storybook Studios, in particular. Currently, the company is still working with an internal infrastructure it has built itself. Looking ahead, the company will probably outsource corresponding services and in the process rely on prestigious, quality-certified partners. It cannot be completely ruled out that system faults or failures may lead to significant time delays or the loss of important data with correspondingly negative financial implications. To minimize such risks, existing 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, back-ups 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.

#### 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 although individual insurance policies can now be taken out, 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 cover-

ed 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. However, complete conversion of the convertible bond issued on September 29, 2023 and fully placed by December 1, 2023, but not yet fully transferred in a volume of EUR 8.0 million should significantly improve the capital structure and the cash flow of PANTAFLIX AG in the future. In addition, the measures carried out and initiated to reduce costs and improve the financial position should have a positive impact. 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 at a high level in spite of these economically challenging times but without seriously advancing the German film industry. One of the opportunities open to the German film industry is to modernize the film subsidy system. The present draft bill for amending the Film Funding Act as required every five years is intended to implement substantial demands from industry associations. These include, for example, tax incentives for film productions in a 30% corporation tax refund as well as an investment obligation for TV channels and streaming services amounting to 20% of their sales revenues generated in Germany. The new funding system is intended to reduce complexity, create better incentives for film producers and increase their planning certainty.<sup>11,12</sup>

##### OPPORTUNITIES BASED ON EUROPEAN LOCATION

The production of films and series is riskier and more expensive in the USA than in Europe. Union strikes as seen last year by scriptwriters and actors, 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 here are more attractive and 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.

<sup>11</sup> <https://www.faz.net/aktuell/feuilleton/medien/claudia-roths-entwurf-zum-neuen-filmfoerderungsgesetz-19516506.html>

<sup>12</sup> <https://www.welt.de/kultur/kino/article243807015/Reform-der-Filmfoerderung-Claudia-Roths-400-Millionen-Euro-Plan.html>

PANTAFLIX could be the beneficiary thanks to its long-standing relationships with well-known film producers.<sup>13</sup>

#### OPPORTUNITIES PRESENTED BY ARTIFICIAL INTELLIGENCE (AI)

The use of artificial intelligence in the film industry is basically not new. With the rapid advancement of AI tools, particularly in the field of generative AI, the applications and opportunities for AI have expanded significantly in the recent past. From the writing of screenplays and post-production to the dramatic performance, AI can make significant contributions today. This development has far from run its course. The use of AI offers the opportunity for film productions in the future to become significantly simpler, less complicated, less susceptible to interruption and less expensive but at the same time also more creative. From today's perspective, it is impossible to state definitively how the performance and socially acceptable use of AI will evolve in the future and what further opportunities it will give rise to. With the subsidiary Storybook Studios, PANTAFLIX has already created a powerful combination of generative AI and experienced filmmakers and can therefore benefit from the opportunities of this technological development.

#### 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 26ff. PANTAFLIX AG accepts no obligation beyond its statutory requirement to update the forward-looking statements in this report.

Munich, April 2, 2024

The Management Board



Stephanie Schettler-Köhler  
CEO

<sup>13</sup> <https://orf.at/stories/3331851/>

# CONSOLIDATED BALANCE SHEET

As of December 31, 2023

ASSETS	12/31/2023	12/31/2022
	EUR	EUR
<b>A. FIXED ASSETS</b>		
<b>I. Intangible assets</b>		
1. Internally generated industrial property rights and similar rights and assets	3,635,569.00	2,889,282.00
2. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	104,322.48	533,414.48
3. Goodwill	0.00	105,993.34
4. Advance payments	1,605,801.62	22,772,292.43
	5,345,693.10	26,300,982.25
<b>II. Tangible fixed assets</b>		
1. Technical equipment and machinery	12,505.00	48,011.00
2. Other equipment, operating and office equipment	40,954.00	90,509.00
	53,459.00	138,520.00
	<b>5,399,152.10</b>	<b>26,439,502.25</b>
<b>B. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
Work in progress	307,244.10	610,542.61
	307,244.10	610,542.61
<b>II. Receivables and other assets</b>		
1. Trade receivables	2,856,794.15	7,467,518.94
2. Other assets	4,697,690.30	1,359,069.07
	7,554,484.45	8,826,588.01
<b>III. Cash-in-hand, bank balances</b>	29,017,594.57	15,644,498.57
	<b>36,879,323.12</b>	<b>25,081,629.19</b>
<b>C. PREPAID EXPENSES</b>	95,195.29	87,838.23
	<b>42,373,670.51</b>	<b>51,608,969.67</b>

EQUITY AND LIABILITIES	12/31/2023	12/31/2022
	EUR	EUR
<b>A. EQUITY</b>		
<b>I. Subscribed capital</b>	<b>25,565,918.00</b>	20,888,879.00
<b>II. Capital reserves</b>	<b>18,602,595.94</b>	18,806,848.23
<b>III. Revenue reserves</b>		
Legal reserve	14,268.80	14,268.80
<b>IV. Consolidated unappropriated net loss</b>	<b>-41,578,020.83</b>	-37,960,915.43
	<u>2,604,761.91</u>	<u>1,749,080.60</u>
<b>V. Non-controlling interests</b>	<b>0.00</b>	-190,747.27
	<b><u>2,604,761.91</u></b>	<b><u>1,558,333.33</u></b>
<b>B. PROVISIONS</b>		
1. Tax provisions	0.00	2,968.25
2. Other provisions	511,405.30	1,167,542.07
	<b><u>511,405.30</u></b>	<b><u>1,170,510.32</u></b>
<b>C. LIABILITIES</b>		
1. Bonds	32,000.00	0.00
2. Liabilities to banks	36,275,671.57	29,253,773.82
3. Advance payments received on orders	1,435,101.38	15,969,990.80
4. Trade payables	838,318.22	1,956,718.32
5. Other liabilities	676,412.13	1,694,853.33
- of which taxes EUR 65,209.68 (previous year: EUR 171,221.31)		
	<u>39,257,503.30</u>	<u>48,875,336.27</u>
<b>D. DEFERRED INCOME</b>		
Deferred income	0.00	4,789.75
	<b><u>42,373,670.51</u></b>	<b><u>51,608,969.67</u></b>

# CONSOLIDATED INCOME STATEMENT

for the period from January 1 to December 31, 2023

	01/01-12/31/2023	01/01-12/31/2022
	EUR	EUR
1. Revenue	35,382,406.82	19,704,987.36
2. Increase or decrease in finished goods and work in progress	-303,298.51	116,482.39
3. Other own work capitalized	192,000.00	197,600.00
4. Other operating income	1,787,678.92	3,229,967.40
5. Cost of materials		
Cost of purchased services	11,416,894.31	4,907,984.35
6. Personnel expenses		
a) Wages and salaries	3,066,941.18	4,117,238.93
b) Social security, post-employment and other employee benefit costs	561,168.09	655,765.28
- of which from post-employment benefit costs EUR 13,313.30 (previous year: EUR 20,378.23)		
	<u>3,628,109.27</u>	<u>4,773,004.21</u>
7. Depreciation, amortization and extraordinary write-downs extraordinary write-downs of tangible and intangible fixed assets	23,412,186.52	17,697,813.71
8. Other operating expenses	2,200,609.92	3,791,795.83
9. Other interest and similar income	0.00	466.00
10. Interest and similar expenses	17,807.81	45,251.04
11. Taxes on income	284.80	-13,831.45
<b>12. Earnings after taxes</b>	<b>-3,617,105.40</b>	<b>-7,952,514.54</b>
<b>13. Consolidated net loss for the year</b>	<b>-3,617,105.40</b>	<b>-7,952,514.54</b>
14. Non-controlling interests in net result	0.00	72,653.22
<b>15. Consolidated net loss</b>	<b>-3,617,105.40</b>	<b>-7,879,861.32</b>
16. Consolidated net loss carried forward	-37,960,915.43	-30,081,054.11
<b>17. Consolidated unappropriated net loss</b>	<b>-41,578,020.83</b>	<b>-37,960,915.43</b>



# CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31, 2023

	01/01-12/31/2023	01/01-12/31/2022
	EUR thousand	EUR thousand
<b>Operating activities</b>		
1. Consolidated net loss for the year	-3,617	-7,953
2. + Depreciation, amortization and extraordinary write-downs of fixed assets	23,412	17,698
3. - Decrease in provisions (not including tax provision)	-656	-697
4. +/- Decrease/increase in inventories, trade receivables and other assets not attributable to investing or financing activities	4,516	-2,069
5. -/+ Decrease/increase in trade payables and other liabilities not attributable to investing or financing activities	-16,677	5,873
6. + Loss on fixed asset disposals	48	1,463
7. +/- Interest result	18	53
8. +/- Taxes on income	0	14
9. +/- Income tax refunds/payments	33	-12
<b>10. = Cash flow from operating activities</b>	<b>7,077</b>	<b>14,370</b>
<b>Investing activities</b>		
11. + Proceeds from disposals of intangible fixed assets	45	1
12. - Payments for investments in intangible fixed assets	-5,437	-29,533
13. - Payments for investments in tangible fixed assets	-11	-63
<b>14. = Cash flow from investing activities</b>	<b>-5,403</b>	<b>-29,595</b>
<b>Financing activities</b>		
15. + Receipts from additions to equity by shareholders	4,677	500
16. - Disbursements for the acquisition of minority interests	-13	-6
17. - Proceeds from the sale of minority interests	0	3
18. + Proceeds from the take-up of convertible bonds	32	0
19. - Cash outflows to repay borrowings	-667	-667
20. - Interest paid	-18	-53
<b>21. = Cash flow from financing activities</b>	<b>4,011</b>	<b>-223</b>
<b>22. Net change in cash and cash equivalents</b>	<b>5,685</b>	<b>-15,448</b>
<b>23. Cash and cash equivalents at start of period</b>	<b>-12,276</b>	<b>3,172</b>
<b>24. Cash and cash equivalents at end of period</b>	<b>-6,591</b>	<b>-12,276</b>
<b>Composition of cash and cash equivalents at end of fiscal year</b>		
Cash-in-hand, bank balances	29,018	15,644
Bank overdrafts repayable at any time	-35,609	-27,920
<b>Cash funds at end of fiscal year</b>	<b>-6,591</b>	<b>-12,276</b>

# CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

As of December 31, 2023

EUR	ACQUISITION AND PRODUCTION COSTS			
	Balance carried forward 01/01/2023	Additions	Disposals	Transfers
<b>FIXED ASSETS</b>				
<b>I. Intangible assets</b>				
1. Internally generated industrial property rights and similar rights and assets	97,874,821.82	4,781,318.85	30,781.10	18,678,339.71
- of which interest on borrowed capital		111,151.73	0.00	
2. Acquired concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	2,184,114.31	132,989.06	-15,050.18	0.00
3. Goodwill	177,710.47	0.00	0.00	0.00
4. Advance payments on internally generated industrial property rights and similar rights and assets	22,772,292.43	522,695.59	3,010,846.69	-18,678,339.71
- of which interest on borrowed capital		0.00		0.00
<b>Total intangible assets</b>	<b>123,008,939.03</b>	<b>5,437,003.50</b>	<b>3,026,577.61</b>	<b>0.00</b>
<b>II. Tangible fixed assets</b>				
1. Technical equipment and machinery	248,863.87	5,715.28	179,476.84	0.00
2. Other equipment, operating and office equipment	266,365.32	5,173.28	129,255.30	0.00
<b>Total tangible fixed assets</b>	<b>515,229.19</b>	<b>10,888.56</b>	<b>308,732.14</b>	<b>0.00</b>
<b>Total fixed assets</b>	<b>123,524,168.22</b>	<b>5,447,892.06</b>	<b>3,335,309.75</b>	<b>0.00</b>

	DEPRECIATION				CARRYING AMOUNTS	
	As of 12/31/2023	Balance carried forward 01/01/2023	Additions	Disposals	As of 12/31/2023	As of 12/31/2022
121,303,699.28	94,985,539.82	22,713,370.56	30,780.10	117,668,130.28	2,889,282.00	3,635,569.00
2,332,153.55	1,650,699.83	557,250.06	-19,881.18	2,227,831.07	533,414.48	104,322.48
177,710.47	71,717.13	105,993.34	0.00	177,710.47	105,993.34	0.00
1,605,801.62	0.00	0.00	0.00	0.00	22,772,292.43	1,605,801.62
<b>125,419,364.92</b>	<b>96,707,956.78</b>	<b>23,376,613.96</b>	<b>10,898.92</b>	<b>120,073,671.82</b>	<b>26,300,982.25</b>	<b>5,345,693.10</b>
75,102.31	200,852.87	15,821.28	154,076.84	62,597.31	48,011.00	12,505.00
142,283.30	175,856.32	19,751.28	94,278.30	101,329.30	90,509.00	40,954.00
<b>217,385.61</b>	<b>376,709.19</b>	<b>35,572.56</b>	<b>248,355.14</b>	<b>163,926.61</b>	<b>138,520.00</b>	<b>53,459.00</b>
<b>125,636,750.53</b>	<b>97,084,665.97</b>	<b>23,412,186.52</b>	<b>259,254.06</b>	<b>120,237,598.43</b>	<b>26,439,502.25</b>	<b>5,399,152.10</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As of December 31, 2023

	Subscribed capital	Reserves		
		Capital reserves	Legal reserves	Total reserves
<b>As of January 1, 2022</b>	<b>20,461,529.00</b>	<b>18,685,715.10</b>	<b>14,268.80</b>	<b>18,699,983.90</b>
Non-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
<b>As of December 31, 2022</b>	<b>20,888,879.00</b>	<b>18,806,848.23</b>	<b>14,268.80</b>	<b>18,821,117.03</b>
<b>As of January 1, 2023</b>	<b>20,888,879.00</b>	<b>18,806,848.23</b>	<b>14,268.80</b>	<b>18,821,117.03</b>
Issue of shares	4,677,039.00	0.00	0.00	0.00
Acquisition of minority interests	0.00	-204,252.27	0.00	-204,252.27
Rounding difference	0.00	-0.02	0.00	-0.02
Consolidated net loss for the year	0.00	0.00	0.00	0.00
<b>As of December 31, 2023</b>	<b>25,565,918.00</b>	<b>18,602,595.94</b>	<b>14,268.80</b>	<b>18,616,864.74</b>

EQUITY OF PARENT COMPANY		NON-CONTROLLING INTERESTS			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	
<b>-30,081,054.11</b>	<b>9,080,458.79</b>	<b>-194,888.18</b>	<b>128,898.26</b>	<b>-65,989.93</b>	<b>9,014,468.86</b>
0.00	500,000.00	0.00	0.00	0.00	500,000.00
0.00	48,483.13	-52,104.12	0.00	-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
<b>-37,960,915.43</b>	<b>1,749,080.60</b>	<b>-118,094.04</b>	<b>-72,653.22</b>	<b>-190,747.27</b>	<b>1,558,333.33</b>
<b>-37,960,915.43</b>	<b>1,749,080.60</b>	<b>-118,094.04</b>	<b>-72,653.22</b>	<b>-190,747.27</b>	<b>1,558,333.33</b>
0.00	4,677,039.00	0.00	0.00	0.00	4,677,039.00
0.00	-204,252.27	118,094.04	72,653.22	190,747.26	-13,505.01
0.00	-0.02	0.00	0.00	0.01	-0.01
-3,617,105.40	-3,617,105.40	0.00	0.00	0.00	-3,617,105.40
<b>-41,578,020.83</b>	<b>2,604,761.91</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,604,761.91</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

## 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:

<u>Company</u>	<u>Equity</u>
PANTALEON Films GmbH, Munich	100.00
Storybook Studios GmbH (previously PANTALEON Pictures GmbH), Munich	100.00
PANTAFLIX Technologies GmbH, Berlin	100.00
The Special Squad UG, Munich*	100.00

\* wholly owned subsidiary of PANTALEON Films GmbH

In the 2023 fiscal year, the wholly-owned subsidiaries Pan-taSounds GmbH, PANTAFLIX Studios GmbH and Creative Cosmos 15 GmbH were merged with PANTAFLIX AG.

## 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 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. The remaining minority interests in PANTAFLIX AG were acquired in the reporting year with the result that minority interests were no longer reported as of December 31, 2023.

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 2023 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. Following the merger of the company with PANTAFLIX AG, an impairment loss was recognized on the goodwill amounting to the residual carrying amount of EUR 88 thousand due to the cumulative losses of the company.

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. The amortization of intangible assets acquired for consideration includes write-downs to the lower attributable value in an amount of EUR 252 thousand.

#### **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 from capi-

talization itself as well as from tax loss carryforwards, provided they are expected to reverse in subsequent fiscal years. Deferred taxes are calculated on the basis of an effective tax rate of 31.54% (15.825% for corporation tax including solidarity surcharge and 15.715% for trade tax), which is expected to arise on the date when the differences reverse. Deferred tax assets and liabilities are offset against each other. Due to loss carryforwards existing as of December 31, 2023, 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 111 thousand (2022: EUR 368 thousand) in the 2023 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:

On the basis of the authorization from the Annual General Meeting

EUR thousand	Total	less than 1 year	1-5 years	more than 5 years
Bonds	32	0	32	0
Liabilities to banks	36,276 (2022: 29,254)	36,276 (2022: 28,587)	0 (2022: 667)	0 (2022: 0)
Prepayments received on orders	1,435 (2022: 15,970)	435 (2022: 14,970)	1,000 (2022: 1,000)	0 (2022: 0)
Trade payables	838 (2022: 1,957)	838 (2022: 1,957)	0 (2022: 0)	0 (2022: 0)
Other liabilities	676 (2022: 1,695)	676 (2022: 1,695)	0 (2022: 0)	0 (2022: 0)
<b>Total</b>	<b>39,258</b> (2022: 48,875)	<b>38,258</b> (2022: 47,209)	<b>1,000</b> (2022: 1,667)	<b>0</b> (2022: 0)

of July 21, 2022, the Management Board resolved on September 29, 2023 with the approval of the Supervisory Board to issue a corporate convertible bond with an interest rate of 3.0% for a total nominal amount of up to EUR 8,000,000 divided into up to 8,000 bearer debentures for a nominal amount of EUR 1,000 each. Debentures amounting to EUR 34,000 were issued in the year under review of which EUR 2,000 was converted to 2,000 no-par value shares in 2023.

Bank balances of EUR 5 thousand are restricted as of December 31, 2023.

#### 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 1 thousand. Other operating expenses include expenses from currency translation amounting to EUR 1 thousand.

#### DISCLOSURES ON CAPITAL

##### SUBSCRIBED CAPITAL

The company's share capital was increased in the reporting year from EUR 20,888,879 to EUR 25,565,918 as a result of several cash capital increases totaling EUR 4,175,039, a non-cash capital



increase of EUR 500,000 and by exercising conversion rights from a convertible bond in an amount of EUR 2,000 and is divided into 25,565,918 bearer shares in the form of no-par value shares.

#### CONTINGENT CAPITAL

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).

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

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

By resolution of the Annual General Meeting on 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).

#### AUTHORIZED CAPITAL

On August 17, 2023, the Annual General Meeting resolved to cancel Authorized Capital 2022/I and create Authorized Capital 2023/I.

By resolution of the Annual General Meeting on August 17, 2023, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital by a total of up to EUR 12,531,959 against cash and/or in-kind contributions on one or more occasions until August 16, 2028 whereby shareholders' subscription rights may be excluded (Authorized Capital 2023/I).

#### CAPITAL RESERVES

The Group's capital reserves fell by EUR 204 thousand in the reporting year to EUR 18,602,595.94. The fall in capital reserves results from the acquisition of minority interests and is composed of the acquisition of negative minority interests in an amount of EUR 191 thousand and acquisition costs for the mino-

rity interests in an amount of EUR 13 thousand.

#### OTHER DISCLOSURES

##### MANAGEMENT BOARD

- STEPHANIE SCHETTLER-KÖHLER, businesswoman, Munich
- NICOLAS SEBASTIAN PAALZOW, businessman, Munich (until June 30, 2023)

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

- DAN MAAG, film producer (from August 17, 2023, Chairman of the Supervisory Board)
- MARCUS BORIS MACHURA, Attorney, (until August 16, 2023 Chairman of the Supervisory Board, from August 17, 2023 Deputy Chairman of the Supervisory Board)
- MARC SCHÖNBERGER, Attorney (until May 14, 2023 Deputy Chairman, from May 15, 2023 until August 16, 2023 member of the Supervisory Board)
- KERSTIN TROTTNOW, Director Finance & Accounting, Thinkproject Holding GmbH, (member of the Supervisory Board until May 14, 2023, from May 15, 2023 until August 16, 2023 Deputy Chairman of the Supervisory Board, from August 17, 2023 member of the Supervisory Board)

The total remuneration of the members of the Supervisory Board for 2023 amounts to EUR 54,138.89.

##### NUMBER OF EMPLOYEES

In the 2023 financial year, the PANTAFLIX Group employed an average of 56 (2022: 85) staff.

##### EMPLOYEE OPTIONS

As at December 31, 2023, the Company had issued 521,000 options from the 2018 and 2019 stock option programs, modified in 2019 and 2022, 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 54 thousand and includes all audit services.

OTHER FINANCIAL OBLIGATIONS

Other financial obligations exist amounting to EUR 852 thousand, particularly from rental agreements, of which EUR 287 thousand are due in fiscal 2024.

EVENTS OF PARTICULAR SIGNIFICANCE AFTER THE END OF THE FISCAL YEAR (Section 285 No. 33 HGB)

The global market environment in the 2024 fiscal year continues to be marked by ongoing crises (war in Ukraine, inflation) and associated developments. Any further effects cannot be reliably foreseen at the present time.

No further events occurred that require reporting.

Munich, April 02, 2024



Stephanie Schettler-Köhler  
CEO

# 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, 2023, 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, 2023 to December 31, 2023. Further we have audited the group management report of PANTAFLIX AG, Munich, for the business year from January 1 to December 31, 2023.

The inclusion of the accounting records in the audit of the consolidated financial statements in accordance with Sec. 317 (1) Sentence 1 HGB and the audit of the group management report in accordance with Sec. 317 (2) HGB represent additional legal requirements that go beyond those of the International Standards on Auditing. Our audit conducted in accordance with Sec. 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, 2023 and of its results of operations for the fiscal year from January 1, 2023 to December 31, 2023 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 annual financial statements and the group management report as well as our auditor's report.

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

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

### 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. A non-cash capital increase of EUR 500 thousand was also carried out. Moreover, the parent company subscribed to a convertible bond in an amount of EUR 8 million which is to be transferred to the company in full in 2024 and is to be converted into equity. As of the reporting date, a sum of EUR 34 thousand has been transferred of which EUR 2 thousand was converted into share capital. 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 misstatements will not be detected is greater in the case of violations than in the case of errors as violations may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.

- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems of the company.
- we evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- we 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, April 12, 2024

CONCEPT Renkes & Partner mbB  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Wittlich  
Wirtschaftsprüfer

# SEPARATE FINANCIAL STATEMENTS OF PANTAFLIX AG BALANCE SHEET

As of December 31, 2023

ASSETS	12/31/2023	12/31/2022
	EUR	EUR
<b>A. FIXED ASSETS</b>		
<b>I. Intangible assets</b>		
1. Internally generated industrial property rights and similar rights and assets	1.00	0.00
2. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	88,741.48	83,911.48
	88,742.48	83,911.48
<b>II. Tangible fixed assets</b>		
1. Technical equipment and machinery	8,243.00	8,277.00
2. Other equipment, operating and office equipment	27,486.00	58,909.00
	35,729.00	67,186.00
<b>III. Financial assets</b>		
Shares in affiliated companies	1,737,251.00	1,142,662.00
	<b>1,861,722.48</b>	<b>1,293,759.48</b>
<b>B. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
Work in progress	29,608.93	0.00
	29,608.93	0.00
<b>II. Receivables and other assets</b>		
1. Trade receivables	418,519.57	38,052.91
2. Receivables from affiliated companies	5,456,478.22	5,002,499.82
3. Other assets	161,938.25	60,301.95
	6,036,936.04	5,100,854.68
<b>III. Cash-in-hand, bank balances</b>		
	203,369.92	295,648.21
	<b>6,269,914.89</b>	<b>5,396,502.89</b>
<b>C. PREPAID EXPENSES</b>		
	<b>93,884.51</b>	<b>72,705.00</b>
	<b>8,225,521.88</b>	<b>6,762,967.37</b>

EQUITY AND LIABILITIES	12/31/2023	12/31/2022
	EUR	EUR
<b>A. EQUITY</b>		
I. Subscribed capital	25,565,918.00	20,888,879.00
II. Capital reserves	18,900,175.81	18,900,175.81
III. Revenue reserves		
Legal reserve	14,268.80	14,268.80
IV. Loss carried forward	-33,514,041.60	-22,407,922.92
V. Net loss incurred for the year	-3,627,992.56	-11,106,118.68
	<b>7,338,328.45</b>	<b>6,289,282.01</b>
<b>B. PROVISIONS</b>		
Other provisions	198,247.33	205,930.00
	<b>198,247.33</b>	<b>205,930.00</b>
<b>C. LIABILITIES</b>		
1. Bonds	32,000.00	0.00
2. Liabilities to banks	54.75	1,967.34
3. Trade payables	556,771.33	86,765.69
4. Liabilities to affiliated companies	23,660.26	0.00
5. Other liabilities	76,459.76	179,022.33
	<b>688,946.10</b>	<b>267,755.36</b>
	<b>8,225,521.88</b>	<b>6,762,967.37</b>

# INCOME STATEMENT

for the period from January 1 to December 31, 2023

	01/01-12/31/2023	01/01-12/31/2022
	EUR	EUR
1. Revenue	738,010.31	1,040,808.00
2. Other operating income	75,142.70	11,402.70
3. Cost of materials		
Cost of purchased services	24,845.05	46,171.33
Personnel expenses		
a) Wages and salaries	924,080.88	1,167,467.61
b) Social security contributions, expenses for pensions and other employee benefits	113,936.89	136,108.16
	<u>1,038,017.77</u>	<u>1,303,575.77</u>
5. Depreciation, amortization and extraordinary write-downs		
a) on intangible assets and property, plant and equipment	17,352.82	27,274.23
b) on current assets in so far as these exceed the depreciation customary in the corporation	1,034,683.26	2,736,336.40
	<u>1,052,036.08</u>	<u>2,763,610.63</u>
6. Other operating expenses	2,816,906.32	1,393,767.80
7. Other interest and similar income	495,336.78	353,399.42
8. Write-downs of financial assets and marketable securities	0.00	6,999,999.00
9. Interest and similar expenses	4,677.13	4,604.27
	<u>-3,627,992.56</u>	<u>-11,106,118.68</u>
<b>10. Earnings after tax</b>	<b>-3,627,992.56</b>	<b>-11,106,118.68</b>
<b>11. Net loss incurred for the year</b>	<b>-3,627,992.56</b>	<b>-11,106,118.68</b>



# 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, 2023, the income statement for the fiscal year from 01/01/2023 to 12/31/2023, the notes to the annual financial statements, which provide a summary of significant accounting policies.

The inclusion of the accounting records in the audit of the annual financial statements in accordance with Sec. 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 Sec. 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, 2023 and of its results of operations for the fiscal year from January 1, 2023 to December 31, 2023 in accordance with German generally accepted accounting principles.

In accordance with Sec. 322 (3) Sentence 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 Sec. 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

Due to the persistent loss-making situation, 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:

The company resolved to issue convertible bonds in a total amount of EUR 8 million maturing in 2026. As of the reporting date, a sum of EUR 34 thousand has been transferred of which EUR 2 thousand was converted into share capital. The Management Board expects payments for the residual amount in 2024. On the basis of its authorization to use the authorized capital, the company increased the company's share capital by a total of EUR 4,677 thousand against cash capital contributions (EUR 4,175 thousand), non-cash contributions (EUR 500 thousand) and the conversion of convertible bonds (EUR 2 thousand) 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 management is 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 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 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, April 12, 2024

CONCEPT Renkes & Partner mbB  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Wittlich  
Wirtschaftsprüfer

# DISCLAIMER AND IMPRINT

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