

PANTAFLIX AG

Germany | Media | MCap EUR 13.9m

6 October 2022

INITIATION



PANTAFLIX 2.0: Entertainment plus; Initiate with BUY

What's it all about?

We initiate coverage of PANTAFLIX AG with a BUY recommendation and a PT of EUR 1.80 offering an upside potential of 164.7%. We believe PANTAFLIX is worth a fresh look, not only due to its decent competitive quality of being one of Germany's largest independent film producers of compelling movies and series and its favourable growth outlook, but also as we believe that the refined strategy is aimed to open up further growth and earnings opportunities in the entertainment sector. While the company still carries the stigma of its failed VoD strategy and 2022 will still be a transition year, we believe it is time to look ahead which offers significant value.

BUY (INITIATION)

| | |
|---------------|-----------------|
| Target price | EUR 1.80 (none) |
| Current price | EUR 0.68 |
| Up/downside | 164.7% |



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The old.... Most investors will associate PANTAFLIX with the attempt to build up a streaming business of its own. In fact, PANTAFLIX has tried to gain a foothold in the highly competitive streaming market with its niche strategy of providing local content to expats abroad. However, this strategy has flopped with cost in excess of EUR 20m over the course of the last 5 years. Consequently, a new management has been put in place that navigated PANTAFLIX back to its old strengths.

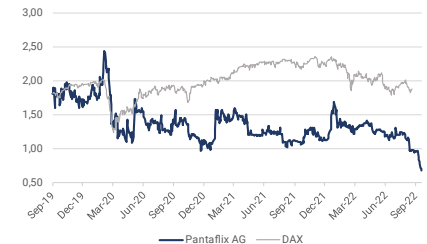
... and the new PANTAFLIX made a name for itself as a production company more than a decade ago with various cinema successes. The company has also recently achieved international success with elaborate productions for streaming providers such as Amazon or Netflix and has also evolved in terms of genre. Also, the company has built up an important mainstay with commissioned productions and has thus also become known to an international audience.

Success build on decent competitive quality PANTAFLIX operational success is built around its decent competitive quality which is nestled in a spree of key advantages such as **size** (being among the largest independent production companies in Germany), **access** to scarce resources such as screen writers, directors, actors and funding, **track record** of constantly being able to source, develop, produce and ultimately bring numerous blockbuster onto the screen of an ever hungry and demanding audience, **know-how** of how to navigate through the complex film production process from idea finding, over financing to execution in time and budget and ultimately **trust** from major/prestigious clients such as Amazon or Netflix.

Growth should support investment case While the underlying growth trend is fueled by increasing overall film budgets, PANTAFLIX should additionally benefit from its adjacent businesses (creative agency and audio production), as well as leveraging on its in-house creative spirit. In addition, its roots within the technology business bears even more upside potential once new products such as the "Ticker Player" is gaining broad based acceptance. The new positioning of PANTAFLIX and its growth expectations are not yet accurately reflected in the company's valuation. In addition, with increasing size, we believe that the lumpiness of earnings will diminish, and which could serve as a trigger for higher share price levels.

| PANTAFLIX AG | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------|--------|--------|--------|---------|-----------|-------|
| Sales | 28.7 | 7.8 | 42.6 | 23.4 | 35.1 | 42.2 |
| <i>Growth yoy</i> | -18.2% | -72.8% | 444.4% | -45.0% | 50.0% | 20.0% |
| EBITDA | 3.3 | -5.4 | 16.5 | 7.7 | 14.8 | 18.8 |
| EBIT | -8.6 | -7.1 | -1.9 | -3.3 | -0.0 | 2.0 |
| Net profit | -7.7 | -7.1 | -2.1 | -5.0 | -1.5 | 0.7 |
| Net debt (net cash) | -4.6 | 2.2 | -1.2 | 18.5 | 18.4 | 17.0 |
| Net debt/EBITDA | -1.4x | -0.4x | -0.1x | 2.4x | 1.2x | 0.9x |
| EPS reported | -0.50 | -0.42 | -0.10 | -0.24 | -0.07 | 0.03 |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Dividend yield</i> | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Gross profit margin | 34.5% | 29.6% | 44.5% | 55.0% | 60.0% | 62.0% |
| EBITDA margin | 11.5% | -69.2% | 38.7% | 33.0% | 42.0% | 44.5% |
| EBIT margin | -29.7% | -91.2% | -4.4% | -14.1% | -0.1% | 4.8% |
| ROCE | -55.4% | -43.0% | -7.9% | -9.1% | -0.1% | 5.1% |
| EV/EBITDA | 2.8x | -3.0x | 0.8x | 4.2x | 2.2x | 1.6x |
| EV/EBIT | -1.1x | -2.3x | -6.8x | -9.8x | -1,059.6x | 15.3x |
| PER | -1.4x | -1.6x | -6.5x | -2.8x | -9.6x | 19.9x |
| FCF yield | 19.1% | -60.7% | -16.4% | -141.2% | 0.7% | 9.6% |

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 1.80 / 0.67
Price/Book Ratio 1.5x

Ticker / Symbols

ISIN DE000A12UPJ7
WKN A12UPJ
Bloomberg PAL:GR

Changes in estimates

| | | Sales | EBIT | EPS |
|-------|-----|-------|------|-------|
| 2022E | old | 23,4 | -3,3 | -0,24 |
| | Δ | 0,0% | na | na |
| 2023E | old | 35,1 | 0,0 | -0,07 |
| | Δ | 0,0% | na | na |
| 2024E | old | 42,2 | 2,0 | 0,03 |
| | Δ | 0,0% | 0,0% | 0,0% |

Key share data

Number of shares: (in m pcs) 20.46
Book value per share: (in EUR) 0.44
Ø trading volume: (12 months) 2,500

Major shareholders

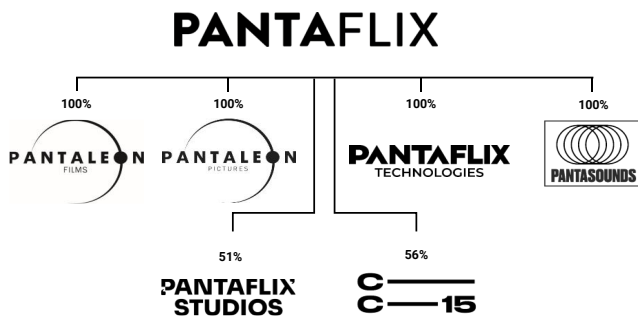
BlackMars Capital GmbH 50.0%
Founding members 20.0%
Free Float 30.0%

Company description

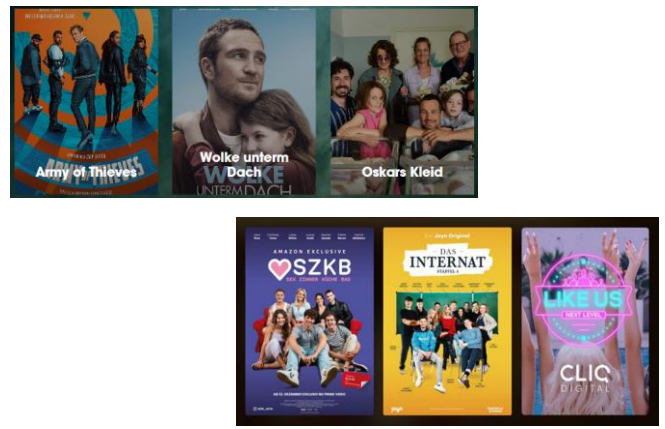
PANTAFLIX is a media company that specializes in the creation and production of film and series content. The company cooperates with well-known partners such as Warner Bros, Disney, Netflix, Amazon or Sky. In addition, PANTAFLIX also operates a cloud-based VoD platform (www.PANTAFLIX.com). PANTAFLIX's platform technology is also offered to other companies as a white label product.

Investment case in six charts

Overview structure



Products & services



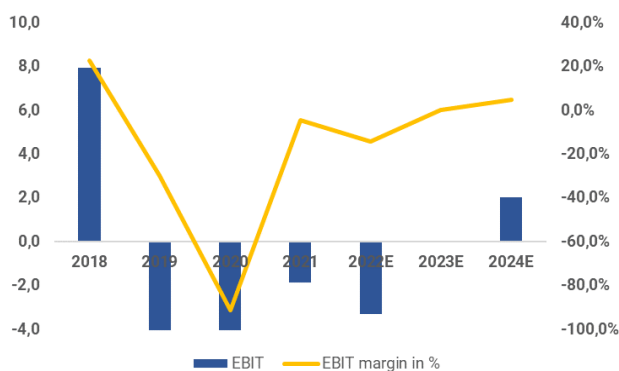
360-degree strategy



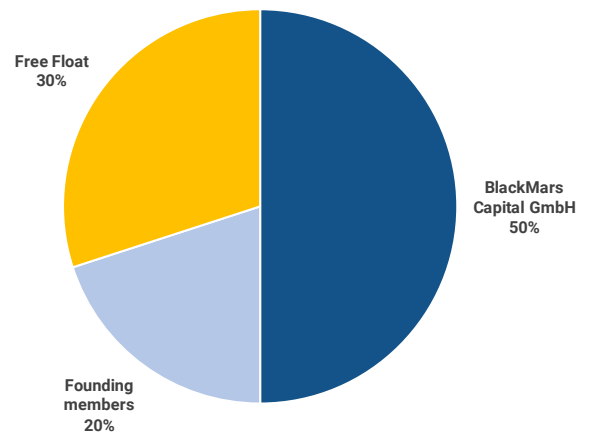
Customers



EBIT / EBIT margin in%



Shareholder structure



Source: Company data; AlsterResearch

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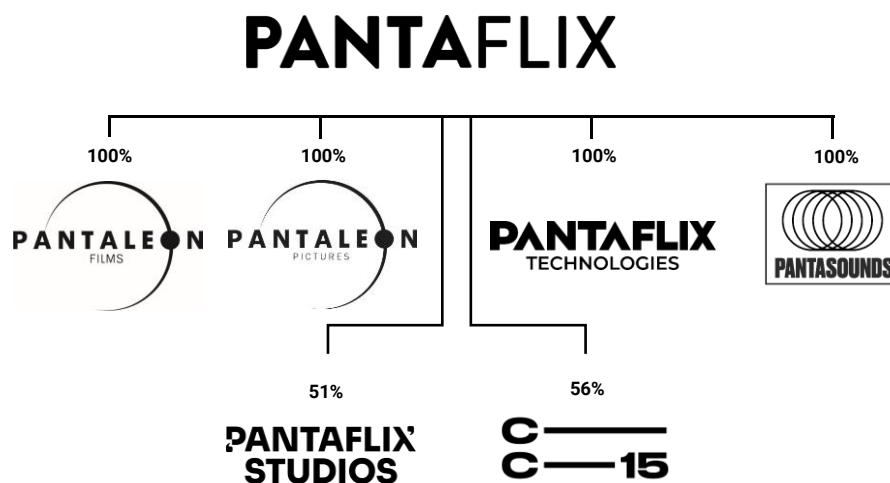
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Company background

PANTAFLIX AG is a Munich-based media company, focused on the creation and production of films and series. The company is specialized on commercial feature films and high-end series, addressing a broad audience. PANTAFLIX's content is produced for mainly German-speaking audience but can also be translated for other markets. The company utilizes traditional channels like movie theaters and linear TV, but also digital channels like Video-on-Demand-platforms (VoD) and streaming services like Netflix and Amazon, while collaborating with renown distributors like Warner Bros. Apart from its traditional film production business, the group also offers audio productions, creative agency services, and streaming solutions featuring on its own cloud-based VoD-platform. PANTAFLIX's roots lie in PANTALEON Entertainment GmbH, founded in 2009 in Berlin. In its current setup, PANTAFLIX counts as one the leading production companies in Germany.

PANTAFLIX AG has six subsidiaries, four of which are fully owned. With the release of the FY21 annual report, the company PANTAFLIX adapted its reporting structure and reports the activities of the group's individual companies in corporate divisions.

Company structure



Source: Company data, AlsterResearch

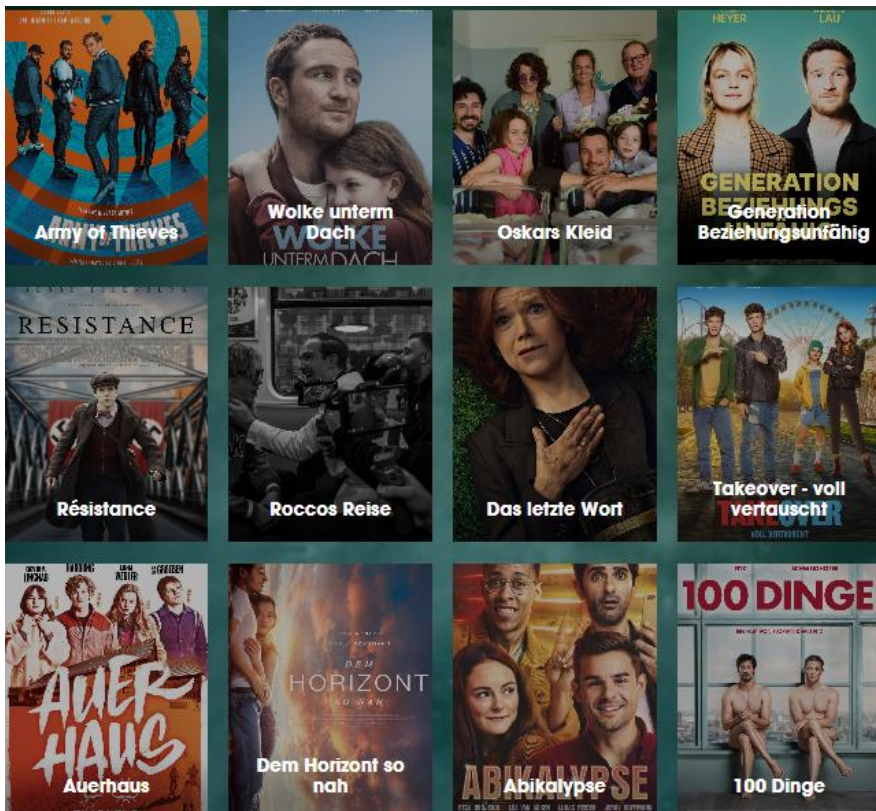
Products & services

The company's reporting segments are Production (PANTALEON Films, PANTALEON Pictures, PANTAFLIX Studios), which generates by far the largest part of revenues (93% in FY21). The adjacent business, which holds the creative agency Creative Cosmos 15 (CC15) and the audio production unit PantaSounds, stood for roughly 5% of total sales, while the remaining share of revenues came from the Platform (PANTAFLIX Technologies).

Production:

PANTALEON Films is the main production unit of PANTAFLIX since 2011 with offices in Munich and Berlin. With its multiple box office hits, PANTALEON Films has reached over thirteen million moviegoers in Germany. The company's successes include eight #1 box office hits as well as international streaming blockbusters such as the Netflix hit *ARMY OF THIEVES*, or *YOU ARE WANTED* (Amazon). Also, the unit produced *RESISTANCE*, one of the largest and most international feature films for the company, starring Jesse Eisenberg (e.g., *THE SOCIAL NETWORK*,

ZOMBIELAND), Matthias Schweighöfer and Ed Harris (THE TRUMAN SHOW, APOLLO 13).



PANTALEON Pictures, founded in 2014, is a fully owned subsidiary of PANTAFILIX AG. In the past, PANTALEON Pictures took a more supporting role for PANTALEON Films, which had been working closely together on several projects. PANTALEON Pictures also realized some contract productions, i.e. the comedy series BULLSPRIT for YouTube. Now, PANTALEON pictures will be gaining noticeably in importance with the new documentary unit, which is to be established under Andreas Weinek.

PANTAFILIX Studios originally has served as social media and brand agency for the PANTAFILIX group. Today, the agile and creative unit creates and produces content together with popular German creators and influencers for VOD platforms like JOYN or AMAZON Prime Video, but with smaller budgets than the other productions units. Notable projects were DAS INTERNAT (Joyn), SEX ZIMMER KÜCHE BAD (Amazon Prime Video), or the influencer reality show LIKE US (CLIQ digital).



Adjacent business:

PantaSounds: The Munich-based PantaSounds is part of the adjacent business. The subsidiary entered the podcast market last year expand PANTAFLIX' footprint in the audio entertainment sector. To participate in a fast-growing market, PANTAFLIX is building up PantaSounds to one of Germany's leading audio production units. PantaSounds will both produce its own content (originals) but also contract productions. In July 2022, PantaSounds released its first originals, distributed by Seven.One Audio.

Podcast productions



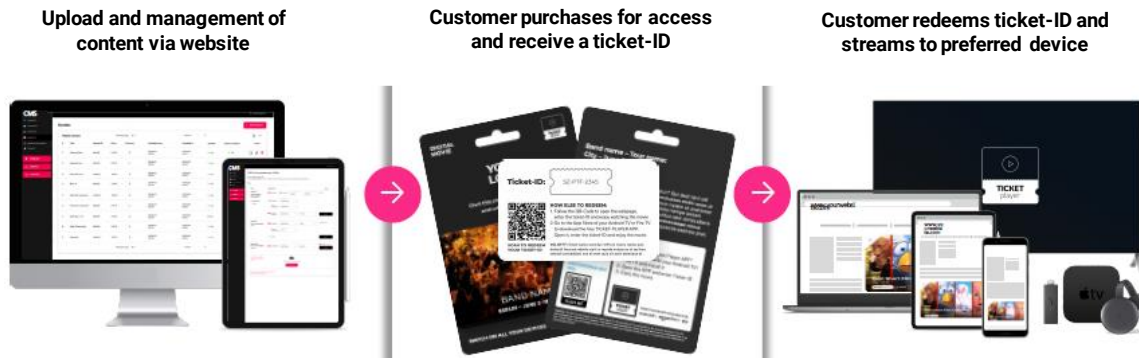
Source: Company data, AlsterResearch

Creative Cosmos 15 (CC15) is PANTAFLIX' creative agency, which was founded in 2016. CC15 creates fiction and non-fiction advertising formats and has created campaigns for customers like Nike, Mercedes Benz, eBay, but also for Amazon, or furniture retailer XXXLutz. CC15 is to be established as one of Germany's leading testimonial agencies - Testimonials are celebrities that advertisers use as brand ambassadors. PANTAFLIX owns 56% in CC15, the remaining shareholders include Joko Winterscheidt and Matthias Schweighöfer, two of the most prominent TV personalities in Germany in the target group age 15-35, and who also serve as testimonials in some of CC15's campaigns.

Platform:

PANTAFLIX Technologies was founded in 2015 and was formerly to be transformed to the core of the group. Under high development and marketing costs, the Transactional-VoD platform PANTAFLIX.com was rolled out internationally in 2016. The platform was targeted at expats, people who work abroad mostly for professional reasons, to offer them content in their language version. But the business case did not meet expectations. In 2018, a strategy shift was made to market the VoD-platform, while including subscription and ad-financed billing models. PANTAFLIX opened its platform to other content owners as a distribution channel. Further, PANTAFLIX markets its technology as a white label B2B solution, which is now increasingly gaining traction. So far, the company provides tailor-made state-of-the-art streaming solutions to customers like FAZ, the SZ Cinematheque, Weltbild and Airbus/ the German Armed Forces. In addition, numerous film festivals have opted for the digital solution from PANTAFLIX. By expanding its offering with the "Ticket Player". The "Ticket player" enables all kinds of content owners/ creators to distribute their content via social media or a website. A key element that PANTAFLIX offers its customers is the technical provision of the platform, the possibility of full monetization by the creator, and valuable know-your-customer features.

Ticket Player

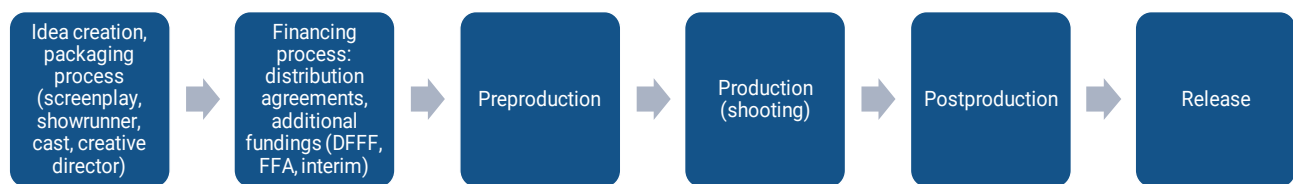


Source: Company data, AlsterResearch

Production process

PANTAFLIX produces films and series either as in-house productions and co-productions or as contract productions. An in-house and co-production of a movie, for instance, is a multi-year and multi-phased process. Usually, the lengthiest stage in the process can be the development of an idea into a screenplay, as well as selecting a cast and director. The producer puts together a package of writer, director, and cast, with which investors, studios, distributors are brought into the business. With this package, the producer negotiates a minimum guarantee with a distributor (e.g., Warner Bros.) by granting exploitation rights, but also the sale of licensing rights for home entertainment, pay TV as well as free TV. While the largest part of a budget should be covered by the minimum guarantee, the producer can request funding from institutions (e.g., German Federal Film Fund - DFFF, German Federal Film Board – FFA), which mostly take the form of loans that are repayable depending on the commercial success of a movie. Aside from other funding sources like endowments from festivals and awards, PANTAFLIX organizes interim financing as the aforementioned financing components usually are paid in installments throughout the production process. Once financing is secured, the preproduction commences, followed by the actual filming and postproduction. The whole process can take from 2 to 4 years.

Stages of a theatrical production



Source: Company data, AlsterResearch

For contract productions, the financing part is taken over by the client, who pays a fixed price. On the flipside, the IP goes over to the client. Compared to an in-house production of a theatrical movie, the project duration of high-end productions can take 1-1.5 years while less complex productions (PANTAFLIX Studios), on the other hand, can be completed in as short a time as half a year.

Company history - slightly shortened

| | |
|------|---|
| 2009 | • Foundation of PANTALEON Entertainment |
| 2011 | • "What a man" released |
| 2014 | • Foundation of PANTALEON Pictures |
| 2015 | • IPO, Foundation of PANTAFLIX Technologies |
| 2016 | • Foundation of CC15 and PantaSounds, Rollout of Pantaflix.com |
| 2017 | • Rename to PANTAFLIX, "You are wanted" becomes first German Amazon Prime Original |
| 2018 | • Entry into Scale 30 index of Deutsche Börse |
| 2019 | • Nicolas Paalzow becomes CEO of PANTAFLIX |
| 2020 | • first customers from B2B strategy of PANTAFLIX Technology |
| 2021 | • Stephanie Schettler-Köhler becomes COO, "Army of Thieves" lands tremendous success on Netflix |
| 2022 | • Release of first podcasts from PantaSounds |

Source: Company data, AlsterResearch

Management

Management



Nicolas Paalzow, CEO



Stephanie Schettler-Koehler, COO

Source: Company data; AlsterResearch

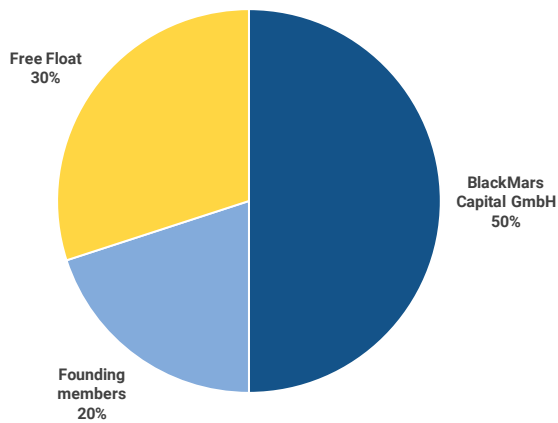
Nicolas Paalzow, CEO, was appointed to the executive board of PANTAFLIX in 2017 and was responsible for the group's production activities in the role of the Chief Productions Officer (CPO). In 2019, Paalzow became CEO of PANTAFLIX. In his professional career, Mr. Paalzow has a long track record in the German TV- and media landscape. He brings in his experience from his former positions as Managing Director of the TV stations Kabel1, ProSieben and Sat1, but also from leading the production companies Janus TV/ Janus Entertainment and MME Entertainment.

Stephanie Schettler-Köhler, COO, studied media technology and electronic media and started her professional career as a freelance production employee in several film productions. Back in 2011, Mrs. Schettler-Köhler moved to PANTALEON Films GmbH as an executive assistant. Later, she became responsible for large parts of the operational business of PANTAFLIX AG and its subsidiaries since 2014 through several positions. Since 2018 she was also Managing Director of PANTALEON Films GmbH. In 2021, Mrs. Schettler-Köhler became member of the executive board and COO of the PANTAFLIX group. Her responsibilities are the Film and Series division within PANTALEON Films, but also Finance, HR and Legal for the group.

Shareholders

Per end of H1 2022, PANTAFLIX had 20,461,529 shares outstanding. Around 70% of the shares of PANTAFLIX AG are held by the management, Supervisory Board members, as well as the founders Marco Beckmann, Dan Maag and Matthias Schweighöfer. The largest shareholder with 50% is BlackMars Capital GmbH, which is an investment company owned by Marco Beckmann, Dan Maag and Matthias Schweighöfer. The free float is at c. 30%. PANTAFLIX is listed in the Scale 30. Still pending is a capital increase in exchange for a contribution in kind related to a receivable of EUR 500k due from the Company in connection with the remuneration of services relating to a film production. On this background, PANTAFLIX will be issuing 427,350 new no-par value bearer shares.

Shareholder structure



Source: Company data; AlsterResearch

Quality

Customers

PANTAFLIX's customer base is composed of well-known and prestigious customers. In the production business, the leading streaming platforms like Netflix and Amazon are customers for contract productions (originals), but PANTAFLIX' productions are also in demand at OTT-providers (Over-the-top).

PANTAFLIX's streaming technology features customers like FAZ, the SZ Cinematheque, Weltbild and Airbus/ the German Armed Forces. In addition, numerous film festivals have opted for the digital solution from PANTAFLIX.

CC15 has worked with several top tier clients like Nike, eBay, Amazon or Mercedes Benz. A current campaign is running for furniture retailer XXXLutz, featuring Matthias Schweighöfer.

Customers

| | | | | | | | |
|----------------------|-------------------------------|-------------------------------|---------------------|------------------------|--|---|----------------|
| Contract productions | sky studios | joyn | NETFLIX | CLIQ DIGITAL | | | |
| | ARD Degeto | prime video | seven.one MEDIA | | | | |
| Platform | AIRBUS | BUNDESWEHR | DEUTSCHER FILMPREIS | DEUTSCHE FILMAKADEMIE | Frankfurter Allgemeine ZEITUNG FÜR DEUTSCHLAND | Weltbild | |
| | DOK.fest | FILMFESTIVAL MAX OPHÜLS PREIS | CVOD.DE | oldenburg FILMFESTIVAL | VISIONS DU RÉEL | SOHO THEATRE | |
| CC15 | MUNICH CREATIVE BUSINESS WEEK | Film Festival Cottbus | FILMSTADT MÜNCHEN | LAKF | NaturVision Filmfestival | Internationales Filmwochenende Würzburg | PORT AU PRINCE |
| | XXXLutz | amazon | Nike | Mercedes-Benz | ebay | | |

Source: Company data; AlsterResearch

Competition

In the production business, PANTAFLIX faces a highly competitive environment. Not to mention the major US studios that operate under completely different conditions, the German market hosts a large number of players of varying sizes. A look at the membership figures of Germany's largest producer associations gives an indication of the competitive intensity. The Producer's Association (Produzentenverband) has 132 members who produce for cinema, streaming and TV, whereas the Alliance of German Producers - Film & Television (in short: Producer Alliance) represents 315 members and is thus the most significant producers' association in Germany. According to Goldmedia/HamburgMediaSchool, there were 736 production companies active in Germany in 2020. About two-thirds are TV producers and around one-third are theatrical film producers. All of the top 10 production companies are affiliated with conglomerates and interlinked with vertically or horizontally integrated media companies, with a high share of productions for the TV broadcasters, the largest buyers of productions in Germany. In terms of revenues, PANTAFLIX should have moved into the top 25, based on the FY20 revenues.

A major challenge is the access to film and series material and scripts, screenwriters, directors and actors. Also signing up film teams and negotiations with distributors for the marketing of completed film and series productions can be a bottleneck. In all these areas, the PANTAFLIX competes with companies that in some cases have more financial resources, a longer track record, more advanced corporate structures, greater development and distribution resources and staffing.

One of the largest incumbents is **Constantin Film**, subsidiary of media company Highlight Communications AG. The company's activities are broadly diversified beyond content production. The company has a long track record and is the partner of choice for major international productions as well. In 2021, the company founded its own documentary division.

Wild Bunch AG was formed by the merger of the German film company Senator Entertainment AG and the independent European film distribution company Wild Bunch S.A. in 2015. Wild Bunch has positioned itself in the VoD market via its French VOD/SVOD service FilmoTV. Its Berlin-based subsidiary Senator Film Produktion GmbH plays a major role in the in-house idea development as well as productions and co-productions of films. The company maintains a total library of more than 2,500 titles.

Another major player is **Leonine Studios**, which maintains several production brands, which include hyperbole, i&u TV, Madame Zheng Production, Odeon Fiction, W&B Television, Wiedemann & Berg Film and SEO Entertainment. The company produces feature films, series, TV shows, entertainment formats, infotainment formats, content for social media channels and co-produce national and international fiction formats.

German production company and film distributor **Tobis** has just recently formed a joint venture with Legendary Entertainment, which has produced a large number of global box office hits in the past 20 years. Legendary Tobis TV, the JV, will focus on high-end series as well as miniseries with local themes and talent. The company plans to work with both traditional German broadcasters and platforms.

Bavaria Film's core business revolves around the development, production and distribution of both dramatic as well as non-fiction genres across all platforms. Another arm of the company runs a renowned studio and office campus south of

Munich. Bavaria Film has an annual turnover of EUR 277m and employs around 1,650 industry professionals. Bavaria Film was founded in 1919.

Studio Babelsberg is one of Europe's largest and also oldest film studio complexes, founded in 1912. The company's offering includes as co-production or serving as production service provider with a complete range of services in all production phases via its subsidiary Studio Babelsberg Motion Pictures.

In terms of competitive quality, PANTAFLIX has a considerable track record, although the company is in some cases much smaller than its major competitors. From the start, the company produced several hits like "What a man", "Der Schlussmacher", "Der Nanny" or "100 Dinge", which have grossed each over EUR 10m at the box office. Co-founder Matthias Schweighöfer played a major role in the company's success, and his connection to the company can also be seen as an asset. In recent years, the company has also successfully worked with other well-known actors like award winners Florian David Fitz and Frederick Lau.

However, the company also gained international attention through contract productions for the major streaming platforms. With "You are wanted", PANTAFLIX produced the first German series for a global video streaming service. The series was released in 2017 for Amazon Prime Video and was renewed for a second season, which aired in 2018. This can be considered as a breakthrough for PANTAFLIX and Matthias Schweighöfer personally. PANTAFLIX has proven it can deliver high-quality content. In 2021, Netflix ordered "Army of Thieves", a prequel to the Zac Snyder movie "Army of the Dead" in which Schweighöfer took part. "Army of Thieves" became the #1 movie on Netflix in over 90 countries in just two days. Netflix opted to collaborate with Schweighöfer several times, as he played also a larger supporting role in the international Netflix production "The Swimmers". But PANTAFLIX doesn't have to rely solely on Schweighöfer: currently it is producing the thriller series "Unwanted" together with Sky Studios and Indiana Production without his participation. Back in 2019, PANTAFLIX produced "Das letzte Wort" for Netflix starring Anke Engelke, which was awarded with the German television award (Deutscher Fernsehpreis).

Overall, PANTAFLIX has built a reputation nationally and internationally. The contract productions for the major platforms have high budgets and are correspondingly elaborate. The company has proven that it has the know-how to produce high-end content with hit potential and therefore earned the trust of its clients, and distributors. Further, this creates the opportunity of bringing PANTAFLIX on board as a co-producer for smaller and inexperienced producers, who can't stem certain productions on their own.

Since PANTAFLIX has no long-running television productions, no production assets are tied up for the longer term, which gives the company agility. However, agility also relates to the size and structure of the company, as budgets do not need to be allocated on a wider scope.

As access to scarce resources such as screen writers, directors, actors and funding is critical for a successful production, PANTAFLIX is well positioned with its rising reputation and agile structures to attract creatives in front of and behind the camera. Access to the capital market could also be used more in the future to raise additional funds to expand the business, or to build up further business areas.

SWOT analysis

Strengths

- Proven track record
- Promising talent pool, access to high class actors
- Agile structures
- Trusted by high-profile customers (Netflix, Amazon, Sky)
- Strong distribution partnership with Warner Bros.
- Successful relationship with Matthias Schweighöfer (actor, director, shareholder)

Weaknesses

- Volatile revenue profile due to unpredictable order intake
- Limited margins in production business due to budget caps
- Limited profitability of PANTAFLIX Technologies
- High investments in content production
- Limited capacities to increase parallel productions

Opportunities

- Increased demand of local productions from streaming services
- Additional income from box office hits
- Adjacent business could provide a solid profit margin
- Exploitation of media library and IP

Threats

- Production delays
- Exceeding budget reduces profit margins
- Financing bottlenecks – funding from institutions could be denied in favor of other projects
- Personnel shortage
- Stricter Covid-19 measures in Germany might theatrical revenues – this might impact minimum guarantees

Growth

PANTAFLIX has presented a 360-degree approach to drive the production pipeline, which we expect to generate top line and bottom-line growth in the next years. Ideally, the company's activities will extend beyond its core business into different directions of the entertainment sector. The overall market provides a strong underlying trend, of which certain segments should provide faster than market growth opportunities.

PANTAFLIX 360-degree



Source: Company data

The pillars of PANTAFLIX's strategy to fuel its growth are:

- Strengthen portfolio companies with experienced personnel
- Broaden coverage of the entertainment sector -> Launch of new products (documentaries, podcasts, Ticket player) to meet strong demand
- Continued production of successful in-house productions as well as new commissioned productions with high budgets
- Gaining critical mass with state-of-the-art VoD-platform

To roll out its strategy, PANTAFLIX is giving each unit a certain amount of autonomy. This is supported by the approach of appointing experienced industry experts at the top who have built up and expanded similar business units at other companies over the past few years.

Recruitment of industry experts

PANTALEON Films won an experienced producer with Yoko Higuchi-Zitzmann, who has excellent connections in the industry. Higuchi-Zitzmann comes from Letterbox Filmproduktion, which is part of the Studio Hamburg Production Group. Before joining Letterbox, Higuchi-Zitzmann was responsible for building up the theatrical production unit at Ziegler Film and, as a producer, realized, among others, the film "Frisch Gepresst" as well as "Mein Blind Date mit dem Leben", which sold in over 50 countries. At Constantin Film, she was responsible for theatrical hits such as "The Children of Monsieur Mathieu", "The Travels of Young Che", and the Oscar-winning film "La vie en rose".

PANTAFLIX has also recruited Andreas Weinek, an experienced storyteller, producer and manager, to build up a documentary film division. He brings profound expertise in the entertainment business, working for 14 years for the History Channel.

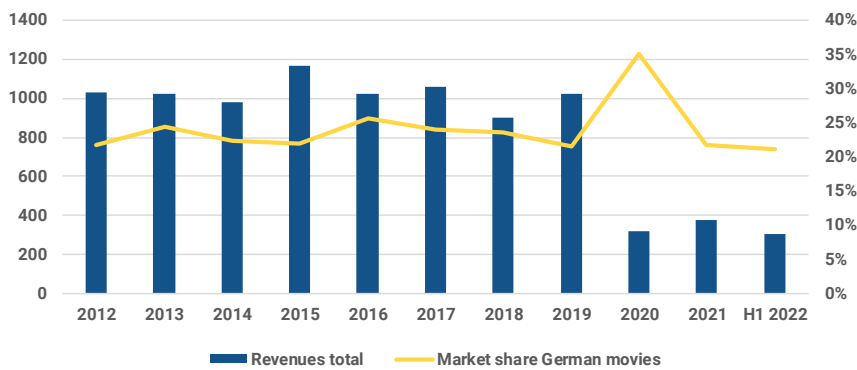
In the audio segment, PANTAFLIX won Tristan Lehmann, who brings his expertise from building up the FYEO platform (For your ears only) for ProSiebenSat.1 Group, where he was responsible for the in-house productions. Lehmann held various management and creative posts for the ProSiebenSat.1 Group from 2015 to 2021. In 2020, he had been responsible for content strategy and the production of all FYEO originals.

The most recent addition is Stephen Quell. Quell developed successful campaigns as creative director at the agencies Heimat and Jung von Matt/Spree. He has received various awards for his work, including ADC Germany, Europe and Worldwide as well as Clio Awards and Effie. Quell will take over all creative services of the agency.

Recovery of German cinemas from COVID-19

Covid-19 had a significant negative impact on cinemas in Germany in 2020 and 2021: Traffic and sales figures were almost two-thirds lower than before the pandemic. Compared to 2019, the number of moviegoers in 2021 fell by a total of 64.5% to 42.1m visitors, while revenues fell by 63.6% to EUR 373.2m. Most activity occurred in the second half of the year when limited showings were possible. Compared to 2020, the number of movie theater visits increased by 10.4% and revenue increased by 17.4%.

German movie theatres - revenue and share of German movies



Source: FFA

In the first half of 2022, the Corona pandemic still had a noticeable impact on the German movie theater market. In the first half of 2021 and 2020 from mid-March to June, virtually no regular movie screenings were permitted. In 2022, on the other hand, cinemas were able to open from the beginning, regionally under strict access restrictions until April.

Compared to 2019, the number of cinema visits fell by 38.1% to 33.2m, while revenue dropped by 33.8% to EUR 305.7m. Despite a weaker consumer sentiment due to higher cost of living, traffic in June 22 grew by 2.3% compared to June 2019. Higher ticket prices contributed to a disproportional increase in revenues by 14.2%.

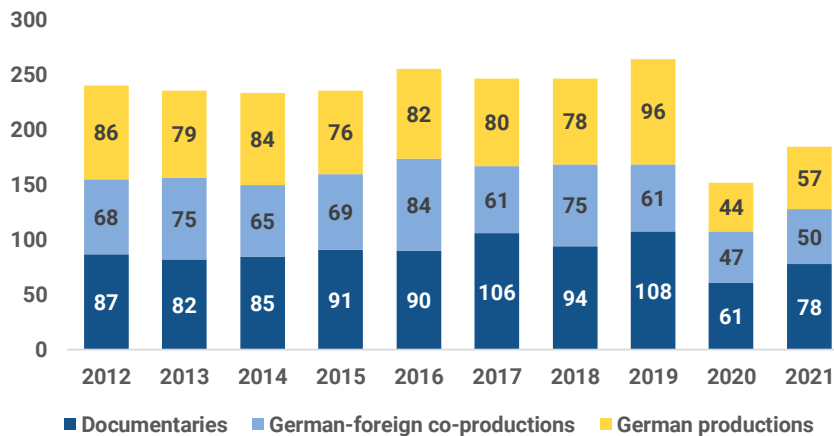
After the pandemic German market share of 35.1% in 2020, when significantly fewer Hollywood blockbusters were launched, German market share is pulling back to pre-pandemic level of just over 20%. In the first half of 2022, the market share of German films was 21.2%.

According to data from SPIO (Spitzenorganisation der Filmwirtschaft), the number of German feature film premieres in theaters increased by 22% in 2021 to 107 after 91 in 2020. The average over the last ten years is 142 first screenings. Pandemic-related disruptions to cinema operations also affected 2021.

46.7% of German feature film first releases were German-foreign co-productions, roughly in line with the 10-year average of 46.4%.

According to SPIO, the leading co-production countries over the past 10 years included France, Austria, Belgium, the U.S. and Switzerland. 147 German production companies were involved in German premieres in 2021, up from 132 in 2020 and 195 in 2019, before COVID.

Premiered movie length productions in Germany



Source: SPIO (Spitzenorganisation der Filmwirtschaft)

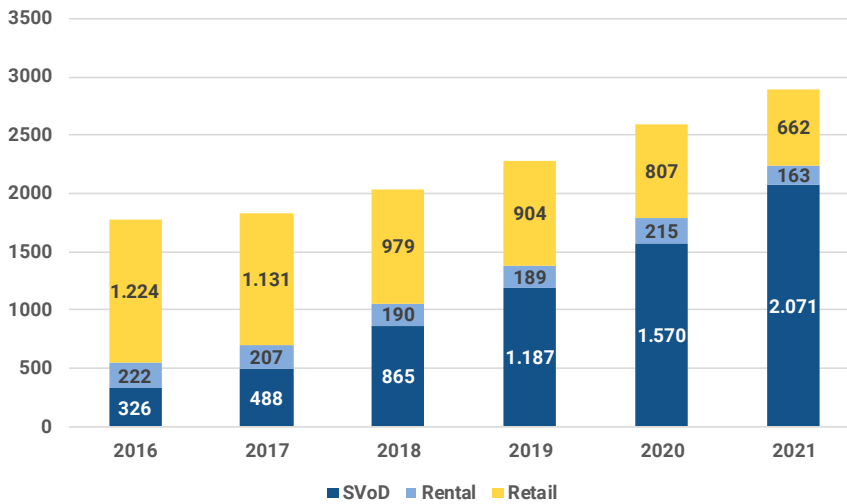
According to PwC's German Entertainment and Media Outlook 2022-26, the movie theaters will continue to recover in the next years from the COVID-19 impact, although the market experts do not anticipate revenues to return to pre pandemic levels. Instead, the market is expected to resume the secular decline, which was already visible before 2020. During the pandemic and the global shutdown of movie theaters, the theatrical window has been shortened dramatically by the distributors/content owners, which has also led to fault lines between the studios and stakeholders who missed out on their theatrical revenue share. In Germany, the producer associations are pledging to renegotiate regulations concerning the theatrical windows for certain exemptions. It is likely that shorter exclusivity will contribute to the secular decline of average theatrical revenues in the long-term. However, for 2022, PwC expects a strong recovery vs the pandemic years 2020 and 2021. German theatrical revenues are expected to reach EUR 824m, more than doubling from the EUR 405m in 2021. In the following years, PwC expects growth rates to plateau with revenues of EUR 1,086m in 2026. This translates to a CAGR 2022-26 of 7.1%.

Contract productions:

Contract productions for SVoD services have become an important mainstay for the company. The contract work is financed by the client and can be completed at a

faster pace than in-house production. It also offers the opportunity to become known to a broader and international audience. Streaming services have established themselves in recent years and have taken on a high share of media consumption in the home video market, especially in the Corona era. The chart below shows the development in the recent years:

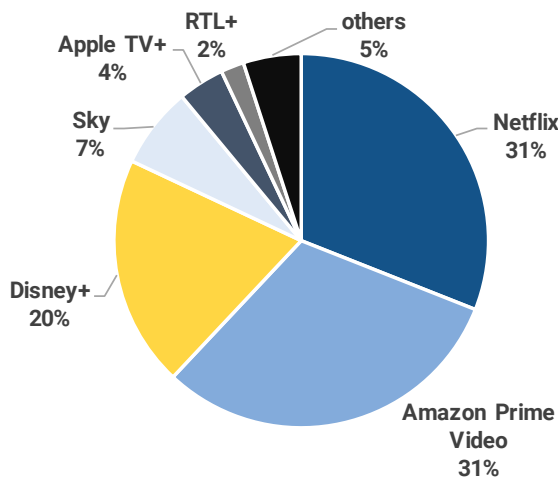
German home video market



Source: FFA

According to the movie- and series database JustWatch, the German streaming market is dominated by Netflix, Amazon Prime Video and Disney+. The subsequent contenders hold a market share in the single digits, while a number of smaller and specialized platforms make up the remaining share of c. 5%. The market shares of the dominant players suggest one major conclusion: in the intense competitive environment, original content that enables providers to differentiate themselves and helps to win subscribers is essential.

Market share Streaming in Germany



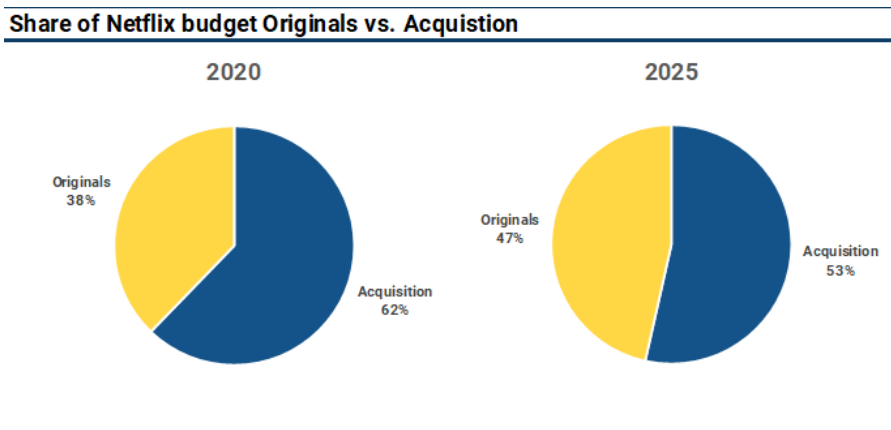
Source: Justwatch, Q2 2022

Streamers focusing on more original and local content

Original productions have become an essential part of the content strategy of the established streaming providers Netflix and Amazon, which, unlike the traditional content powerhouses (e.g., Warner, Disney), do not have franchises or have to build them up first. The streaming providers are interested in local high-end productions due to the high production costs of US films and series, but the attractiveness of original content also increases when local stories and movies are produced, as customers can better relate to these productions.

The trend towards increased local productions is also supported by a European directive: the streaming providers' catalogues need to consist of 30 percent European content. This led Netflix to invest around EUR 1 billion in 2018 to produce 141 European original and co-productions with the goal of increasing that number to 221 films and series in 2019.

Ideally, the streaming providers get an attractively priced series, which bears global potential. For instance, Netflix has brought some popular shows which also yielded global success, thus validated the strategy of investing in local content, most notably "Squid Game" (South Korea), Lupin (France), and "Money Heist" (Spain). The first season of "Squid game" cost USD 21m in total, only a fraction of the production costs of a series like "The Crown" or "The Witcher" (>USD10m per episode). To serve as a main differentiator, the SVoD-platforms are shifting their spend in original content. The following chart shows the share of Netflix's global budget:



Source: eMarketer 2021

According to regulatory filings and earnings calls, Netflix is set to spend more than USD17bn on content in 2022, a similar amount should follow in 2023. Disney's investment in streaming content is likely to grow 35-40% in 2022, according to estimates by Morgan Stanley. The company's spending on all new movies and TV shows is expected to reach USD23bn (excl. sports).

For PANTAFLIX's production activities, higher spending and increasing demand in local productions by the large streaming players means an attractive commercial potential. PANTAFLIX has gathered a lot of experience in the production of series and films for the streaming services in multiple projects and delivered a number of hits. On this background, we expect the big spenders to have PANTAFLIX on their short-list for follow-up contracts. It remains to be noted that the peak in the "streaming wars" already seems to have been reached, culminating in the decline of the Netflix stock. Cost inflation and the allocation of a limited budget to an increased number of productions have also triggered a rethinking among the streamers. For contract productions, the distribution of costs over several shoulders (co-

productions) and a re-distribution of rights are increasingly being considered, which might become a potential source of income for PANTAFLIX at some point in time.

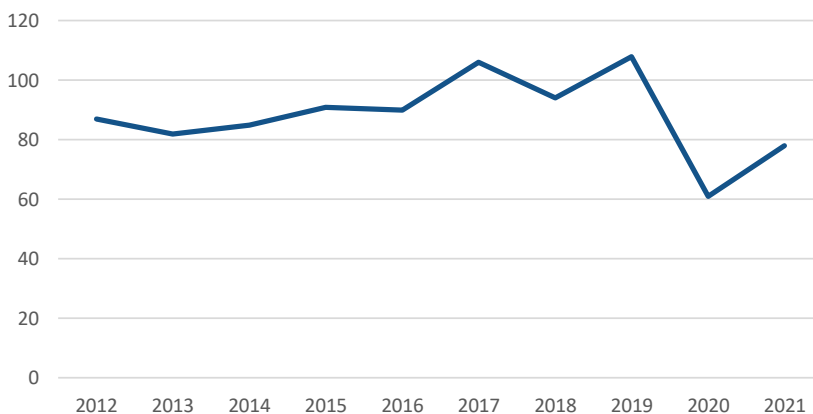
PwC estimates that the SVOD market in Germany will amount to EUR 2.2bn in 2022 and grow to EUR 2.8bn by 2026, a CAGR of 8.2%, while the industry will introduce ad-supported subscription tiers. The market share of the OTT market is expected to increase to almost 86%.

Documentaries:

In the recent years, players like Netflix and Amazon Prime Video were rolling up the market, using documentaries for branding and image building and creating increased demand for large and high-budgeted documentaries. PANTAFLIX plans to participate in this growing market and recruited Andreas Weinek, who brings expertise from his many years as managing director of The History Channel Germany. PANTAFLIX sees an opportunity in the way the narrative form has changed compared to traditional documentaries and is now more similar to the structures of major feature films and fictional series. Competition in this segment has also increased in recent months. In Germany, numerous production companies like Constantin, Bavaria and UFA have set up their own documentary units in order to participate in this growth market. We definitely see opportunities for PANTAFLIX in this market. Key arguments here are the experience from positive cooperation to date with potential clients (SVoD-services), the long-year experience in producing fictional content, and Andreas Weinek's knowledge of the market.

According to SPIO, there were 78 documentaries premiered in 2021. This is well below the 10-year average, which is at 88. Before the pandemic-related disruptions, there had been a strong increase. Recent data from SPIO suggest a further recovery.

Premiered documentary films



Source: SPIO (Spitzenorganisation der Filmwirtschaft)

Podcasts by PantaSounds:

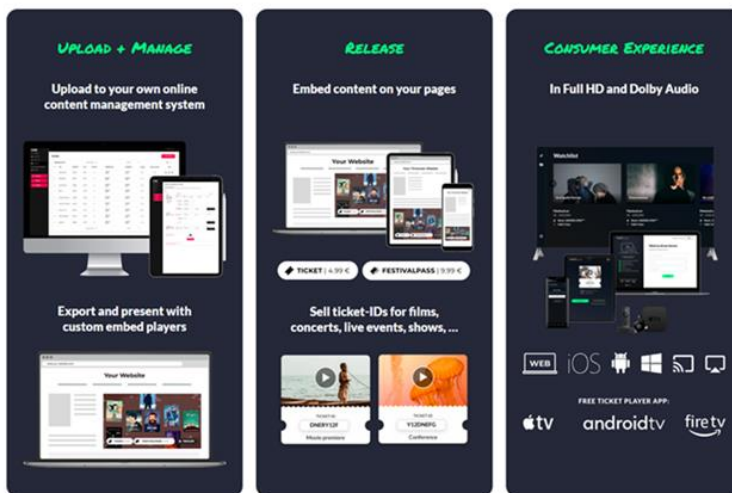
Podcasts have been growing in popularity for years. According to PwC, around 26 million listeners listened to at least one podcast in December 2021 in Germany. This is more than twice as much as in 2017, which closed with 11 million monthly podcast listeners. After the high growth of the past years, growth in 2021 has leveled off at about 14%, but still remained in the double digits. By 2026, an increase to 35 million listeners in Germany is forecasted, which corresponds to an annual growth rate of 5.9%. Disproportionately to this, podcast advertising is expected to grow, with revenues reaching EUR 49m in FY22E, rising to EUR 66m in 2026. This corresponds

to a CAGR 2022-26 of 8.8%. PANTAFLIX's track record is relatively limited, while Germany has some larger players in the podcast market like Studio Bummens (e.g., Baywatch Berlin) and Podstars by OMR. But the first productions "Mitten am Tag" and "K.O.-Tropfen" were launched in cooperation with Seven.One Audio in July. The growing market should generate sufficient demand for PantaSounds, to grow under Tristan Lehmann's lead.

Entertainment-as-a-Service / Ticket player:

Although the PANTAFLIX VoD platform is no longer marketed as a B2C case, the technological basis certainly holds opportunities for the Group. The company is increasingly focusing on B2B customers, who do not have to incur setup and investment costs for their own solutions. With "Ticket player", PANTAFLIX is taking the next step and providing content creators with a technological basis for exclusive streams. The platform is suitable for live events such as product presentations, digital trade fairs or even concerts, but also for non-live events.

Ticket player



Source: Company data;

With the Ticket player, PANTAFLIX competes with several streaming platforms. One of them is Twitch, which is the go-to platform for live events – especially live sports and esports. Twitch became also useful for performers, musicians, or vloggers. YouTube is also a well-known platform for live streaming events like general meetings, shopping events or webinars. But the Ticket player also offers opportunities for non-live events, as the content can be viewed at any time. This could potentially replace a hard copy of an event. With its embedded player, PANTAFLIX's solution offers content creators full control over their monetization options and user traffic. The embedded player is a major advantage for directing user traffic to the right channels, for instance at shopping presentations or exclusive concerts. Customers also receive valuable information about their viewers in terms of know-your-customer aspects. We are confident that PANTAFLIX will be able to showcase the Ticket player in the next months and contribute to the company's economic success.

Advertising market:

The advertising market is getting more signals which suggest more uncertainties in the short-term. Cost inflation for consumers but as well for businesses are overshadowing a recovery from the COVID shock. In Germany, budget cuts in marketing can be seen since Q2 2022. On this background, we expect forecasts for the advertising market to be reassessed. According to Nielsen, gross advertising spending in Germany further deteriorated in July 2022, with the categories TV and Print to have declined in the low teens. In July 2022, the overall advertising spending fell by 10.3% yoy, after declines of 0.5% in May and -6.8% in June. Due to its relatively small size, we see the negative impact from potential budget cuts as limited compared to more exposed competitors and therefore see opportunities for CC15 for further growth. Social media and online advertising remain growing advertising formats.

Guidance FY22 and indication for FY23:

In the short-term, the outlook is still dominated by the business-specific low visibility of the production business. The FY22 outlook looks accordingly:

PANTAFLIX forecasts FY22 revenues of at least EUR 22.0m. EBIT is expected in a range between ER -4.5m and EUR -2.5m. A series in production is not expected to be revenue-generating until 2023 (Unwanted, eAR: EUR 15m). The main revenue drivers for FY22 are mainly in-house productions. A significant increase in revenues is expected for FY23. We are confident that the success of the contract productions to date in particular will bring follow-up orders that can drive revenue development with higher volumes.

The table below displays PANTAFLIX's top-and bottom-line growth. By 2023, we expect PANTAFLIX to break-even on EBIT-level, and to generate net profits by 2024.

| Growth table (EURm) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---------------------|--------|--------|--------|--------|-------|-------|
| Sales | 28.7 | 7.8 | 42.6 | 23.4 | 35.1 | 42.2 |
| Sales growth | -18.2% | -72.8% | 444.4% | -45.0% | 50.0% | 20.0% |
| EBIT | -8.6 | -7.1 | -1.9 | -3.3 | -0.0 | 2.0 |
| EBIT margin | -29.7% | -91.2% | -4.4% | -14.1% | -0.1% | 4.8% |
| Net profit | -7.7 | -7.1 | -2.1 | -5.0 | -1.5 | 0.7 |

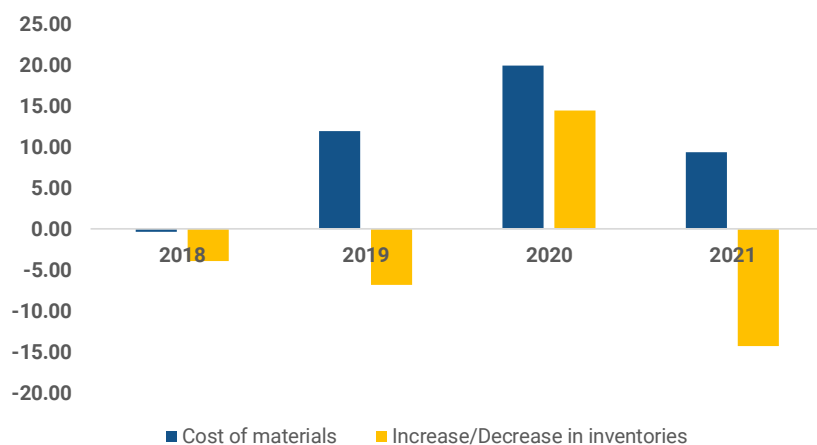
Source: Company data; AlsterResearch

Characteristics in accounting and sales

The production of films and series has some accounting particularities, which are industry-specific, and causes major shifts in the P&L and balance sheet. The major moving items include revenues, cost of materials, depreciation, assets, liabilities, and working capital. The accounting peculiarities differ for in-house/co-productions and contract productions. In-house/co-productions are not recognized as revenues until a project is completed, which occurs when a master copy is created (\neq release). In depreciation and amortization, 90% of the costs are written off in the first year, with the remainder being amortized evenly over 4 years. For contract productions, there is more movement in cost of materials and change in inventories.

The following charts visualize the strong movements of selected KPI's in a period from 2018 to 2021:

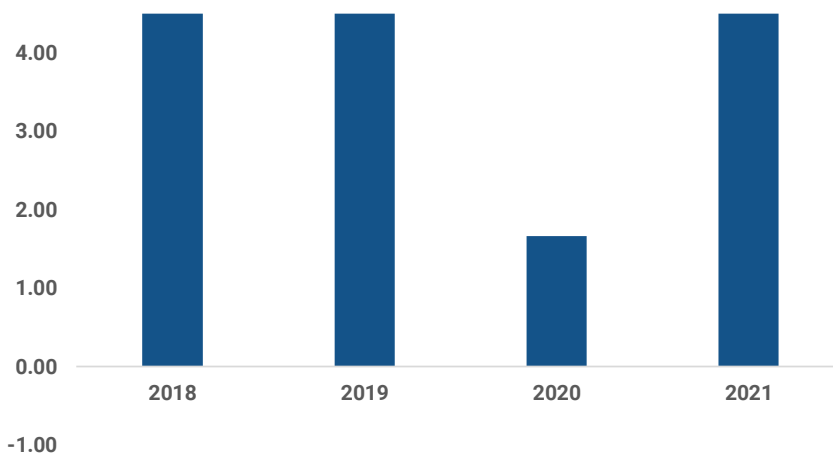
Material expenses and change in inventories



Source: AlsterResearch

The cost of materials increased to EUR 20.0m (2019: EUR 12.0m). This item comprises expenses for commissioned productions, co-producers' shares in revenues from licensing film rights and follow-up costs for completed projects. In 2021, the cost of materials amounted to EUR 9.4m. The high difference resulted from a large contract production, which was recognized in 2020.

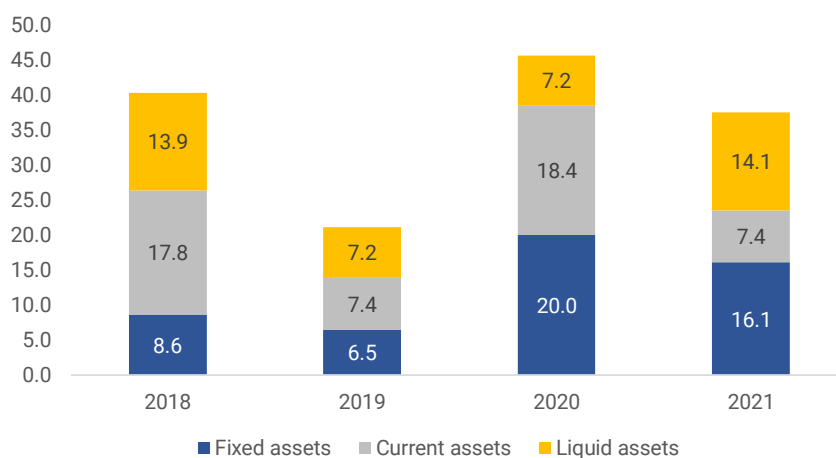
Amortization of intangibles



Source: Company data, AlsterResearch

Amortization, mainly of internally generated intangible assets (EUR 1.4m), amounted to EUR 1.7m in 2020 (2019: EUR 11.8m). D&A surged in 2021 from EUR 1.7m in 2020 to EUR 18.4m in 2021, driven by the completion of several in-house productions after the pandemic-related delays from 2020.

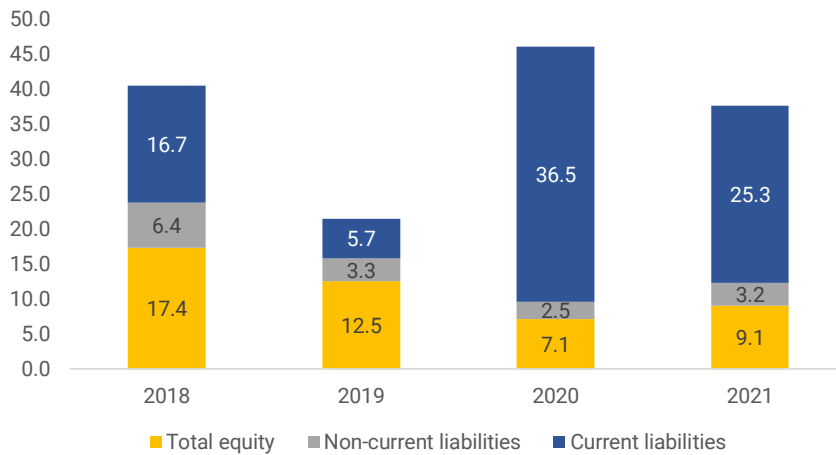
Balance sheet - Assets in EURm



Source: Company data, AlsterResearch

Assets shows also strong swings. The increase in fixed assets in 2020 mainly relates to advance payments made for current co-productions. Current assets increased in 2020 mainly due to inventory buildup in connection with contract productions. Liabilities show according swings, also related to the financing components.

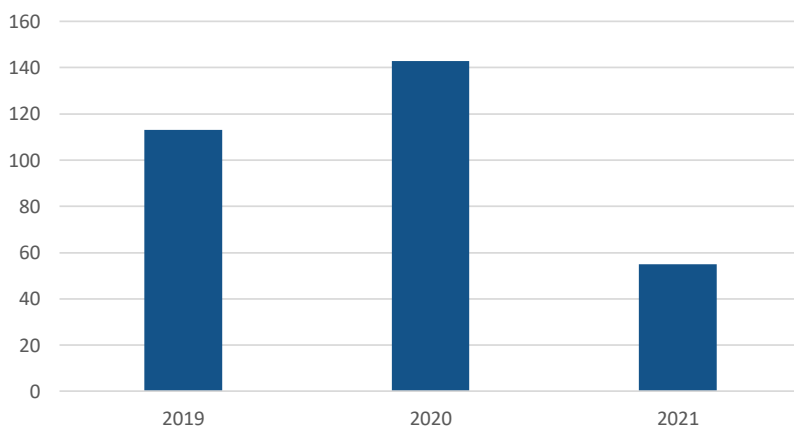
Balance sheet - Liabilities in EURm



Source: Company data, AlsterResearch

Also, the number of employees shows project-related movement. The average number of employees in 2020 was 143, after 113 in 2019. The number includes not only permanent employees, but also project-related employees. In 2021, the company reported 55 employees.

Number of employees

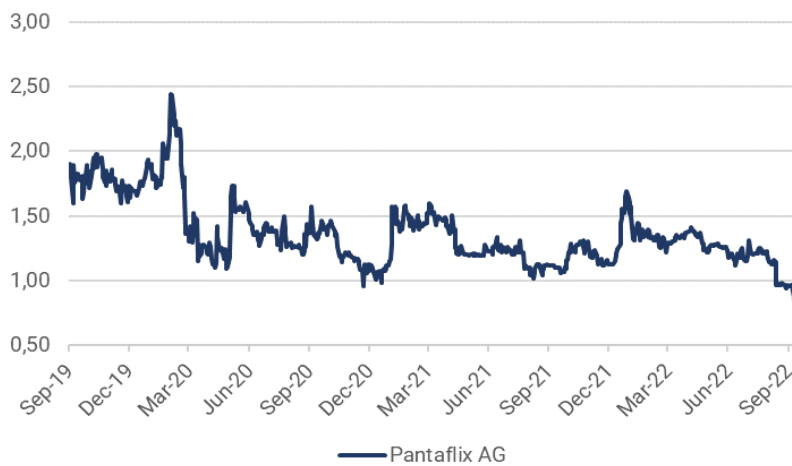


Source: Company data, AlsterResearch

Theme

PANTAFLIX's share price has not only suffered severely in the recent weeks due to general market turbulence, but in the past years also due to the unsuccessful B2C strategy of the PANTAFLIX VoD-platform. The loss of the prospect of a more stable sales and earnings base has resulted in a dramatic fall in the share price. Management has made changes to the strategy and strengthened the management team of the individual units with industry experts. A successful rollout of the strategy is key to create positive news flow and to trigger a re-rating for the stock:

Chart



Source: AlsterResearch

More high-end contract productions: We consider the contract productions to be very attractive for their comparatively high budgets and the elimination of the need for financing, which causes a longer project duration in the case of in-house productions. In addition, this offers the opportunity to become known to a broader audience.

If bottlenecks such as the shortage of personnel (film crews, authors, actors) can be overcome, an increase in parallel productions could lead to a significant expansion in revenues, which should also be reflected in earnings.

While the production business will continue to dominate the P&L and balance sheet with its volatile characteristics, other aspects that could drive the share price is to get the new business areas flying. If the company succeeds in gaining a critical mass of customers, especially for the B2B platform, economies of scale can ensure a solid earnings base, and hence a kicker for the share price.

PANTAFLIX has recently published its half-year figures for 2022. PANTAFLIX generated revenues of EUR 8.8m in the first half of 2022 (H1 2021: EUR 22.7m). The prior-year period was characterized by sales contributions from the international blockbuster "Army of Thieves". EBIT was down to EUR -2.8m (H1 2021: EUR -2.1m). One main driver was amortization of mainly of internally generated intangible assets, in particular for completed and revenue-generating in-house productions (EUR 7.2m vs. H1 2021: EUR 5.8m). In an earnings call, management addressed the loss situation of the platform business, which is about to change in the next quarters. Also, the management outlined that the adjacent business is expected to pick up. First projects for the documentary division are in sight and to be signed

soon. In essence, the management does not plan in expanding losses of the new business divisions. It is a priority for the new business to be earnings accretive in the second year at the latest.

Overall, we are confident that PANTAFLIX is well set up regarding personnel and product offering to participate in numerous growth markets, as first projects are already within sight. We consider the contract productions to be very attractive for their comparatively high budgets. We are initiating coverage with a DCF-based PT of EUR 1.80, providing an upside of 165%. Our rating is BUY.

Valuation

DCF Model

The DCF model results in a **fair value of EUR 1.77 per share**:

Top-line growth: We expect PANTAFLIX AG to continue benefitting from structural growth. Hence our growth estimates for 2022E-2029E is in the range of 13.7% p.a. The long-term growth rate is set at 2.0%.

EBIT margins. Industry specific margins range between 5% and 10%. With an increasing share of contract productions, we expect PANTAFLIX to reach the upper end of that range in the long-term. The sale of licensing rights (e.g., for remakes) could cause occasional spikes.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.65. Unlevering and correcting for mean reversion yields an asset beta of 0.75. Combined with a risk-free rate of 3.0% and an equity risk premium of 6.0% this yields cost of equity of 9.1%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 7.3%.

| DCF (EUR m) (except per share data and beta) | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | Terminal value |
|---|-------|-------|-------|-------|-------|-------|-------|-------|----------------|
| NOPAT | -3.7 | -0.2 | 2.0 | 4.6 | 4.8 | 2.8 | 3.4 | 3.8 | |
| Depreciation & amortization | 11.0 | 14.8 | 16.7 | 16.8 | 18.6 | 20.2 | 19.5 | 19.6 | |
| Change in working capital | -8.8 | 3.7 | 0.6 | 0.3 | 0.2 | -0.3 | 0.1 | -0.0 | |
| Chg. in long-term provisions | -0.9 | 0.5 | 0.3 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | |
| Capex | -16.4 | -17.6 | -16.9 | -19.4 | -20.8 | -19.2 | -19.6 | -20.1 | |
| Cash flow | -18.9 | 1.3 | 2.7 | 2.5 | 2.9 | 3.6 | 3.4 | 3.3 | 63.6 |
| Present value | -18.4 | 1.1 | 2.2 | 1.9 | 2.1 | 2.5 | 2.1 | 2.0 | 38.0 |
| WACC | 8.9% | 8.6% | 8.6% | 8.6% | 7.5% | 7.5% | 7.5% | 7.2% | 7.3% |

| DCF per share derived from | |
|---|----------------------|
| Total present value | 33.6 |
| Mid-year adj. total present value | 34.9 |
| Net debt / cash at start of year | -1.2 |
| Financial assets | 0.1 |
| Provisions and off b/s debt | na |
| Equity value | 36.2 |
| No. of shares outstanding | 20.5 |
| Discounted cash flow / share upside/(downside) | 1.77 / 160.1% |

| | |
|--------------------|-------------|
| Share price | 0.68 |
|--------------------|-------------|

| DCF avg. growth and earnings assumptions | |
|--|-------|
| Planning horizon avg. revenue growth (2022E-2029E) | 13.7% |
| Terminal value growth (2029E - infinity) | 2.0% |
| Terminal year ROCE | 10.0% |
| Terminal year WACC | 7.3% |

| Terminal WACC derived from | |
|--------------------------------------|-------|
| Cost of borrowing (before taxes) | 5.0% |
| Long-term tax rate | 25.0% |
| Equity beta | 1.65 |
| Unlevered beta (industry or company) | 0.75 |
| Target debt / equity | 0.5 |
| Relevered beta | 1.02 |
| Risk-free rate | 3.0% |
| Equity risk premium | 6.0% |
| Cost of equity | 9.1% |

| Sensitivity analysis DCF | | | | | | | |
|------------------------------|-----|------------------|------|------|------|----------------|------------------------|
| Change in WACC (%-points) | | Long term growth | | | | | Share of present value |
| | | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | |
| 2.0% | 0.9 | 0.9 | 1.0 | 1.1 | 1.2 | 2022E-2025E | -39.2% |
| 1.0% | 1.1 | 1.2 | 1.3 | 1.5 | 1.6 | 2026E-2029E | 26.0% |
| 0.0% | 1.4 | 1.6 | 1.8 | 2.0 | 2.2 | terminal value | 113.1% |
| -1.0% | 1.9 | 2.1 | 2.4 | 2.7 | 3.2 | | |
| -2.0% | 2.6 | 2.9 | 3.4 | 4.0 | 4.9 | | |

Source: AlsterResearch

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR -7.45 per share based on 2022E and EUR 1.35 per share on 2026E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

| FCF yield in EURm | 2022E | 2023E | 2024E | 2025E | 2026E |
|------------------------------------|------------------|----------------|---------------|-------------|--------------|
| EBITDA | 7.7 | 14.8 | 18.8 | 21.3 | 24.2 |
| - Maintenance capex | 16.4 | 17.6 | 16.9 | 19.4 | 20.8 |
| - Minorities | 0.4 | 0.1 | -0.1 | -0.3 | -0.3 |
| - tax expenses | 0.0 | -0.1 | 0.0 | 0.2 | 0.8 |
| = Adjusted FCF | -9.1 | -2.9 | 1.9 | 2.1 | 2.9 |
| Actual Market Cap | 13.9 | 13.9 | 13.9 | 13.9 | 13.9 |
| + Net debt (cash) | 18.5 | 18.4 | 17.0 | 16.2 | 14.7 |
| + Pension provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| + Off B/S financing | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - Financial assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| - Acc. dividend payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>EV Reconciliations</i> | 18.4 | 18.3 | 17.0 | 16.1 | 14.7 |
| = Actual EV' | 32.3 | 32.2 | 30.9 | 30.0 | 28.6 |
| Adjusted FCF yield | -28.2% | -8.9% | 6.2% | 6.9% | 10.1% |
| base hurdle rate | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% |
| ESG adjustment | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| adjusted hurdle rate | 6.8% | 6.8% | 6.8% | 6.8% | 6.8% |
| Fair EV | -134.1 | -42.2 | 28.3 | 30.5 | 42.4 |
| - <i>EV Reconciliations</i> | 18.4 | 18.3 | 17.0 | 16.1 | 14.7 |
| Fair Market Cap | -152.5 | -60.6 | 11.4 | 14.4 | 27.7 |
| No. of shares (million) | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 |
| Fair value per share in EUR | -7.45 | -2.96 | 0.56 | 0.70 | 1.35 |
| Premium (-) / discount (+) | -1,196.1% | -535.2% | -18.2% | 3.5% | 99.1% |

Sensitivity analysis FV

| | | | | | | |
|-----------------------------|-------------|-------------|-------------|------------|------------|------------|
| | 4.8% | -10.2 | -3.8 | 1.1 | 1.3 | 2.2 |
| Adjusted hurdle rate | 5.8% | -8.6 | -3.3 | 0.8 | 1.0 | 1.7 |
| | 6.8% | -7.5 | -3.0 | 0.6 | 0.7 | 1.4 |
| | 7.8% | -6.6 | -2.7 | 0.4 | 0.5 | 1.1 |
| | 8.8% | -6.0 | -2.5 | 0.2 | 0.4 | 0.9 |

Source: Company data; AlsterResearch

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer group

A peer valuation for PANTAFLIX is hardly meaningful as listed competitors are mostly vertically or horizontally integrated media companies, differing very much in size, or differing in the business model, covering different aspects of the film business. For the sake of completeness, we compiled a peer group, but do not base our valuation on it.

| Company name | Sales | | ROCE | | % of | | | EBIT margin | | | Sales CAGR |
|-----------------------------|--------|--------------|-------------|------------|---------------|---------------|--------------|--------------|--------------|--------------|------------|
| | 2021 | 2021 | Share price | 52 wk high | Market Cap | EV | 2022 | 2023 | 2024 | 2021-2024 | |
| | | | EUR | | EURm | EURm | | | | | |
| Walt Disney Co | 56.421 | 4,4% | 100,97 | -44% | 184.077 | 236.166 | 14,6% | 16,4% | 17,0% | 21,7% | |
| Netflix Inc | 25.127 | 15,3% | 237,13 | -66% | 105.454 | 113.882 | 17,8% | 18,7% | 20,8% | 14,5% | |
| Warner Bros Discovery Inc | 10.315 | 5,3% | 12,24 | -61% | 33.841 | 85.402 | -3,9% | 9,6% | 12,2% | 68,9% | |
| Cliq Digital AG | 150 | 28,4% | 19,12 | -43% | 124 | 136 | 14,6% | 14,7% | 14,9% | 34,4% | |
| Highlight Communications AG | 470 | 6,4% | 3,72 | -7% | 234 | 448 | 6,1% | 5,9% | 6,1% | 6,5% | |
| Splendid Medien AG | 45 | 53,9% | 1,27 | -25% | 12 | 9 | 6,7% | 7,0% | 7,4% | 5,7% | |
| Median | | 10,8% | | | 17.038 | 42.925 | 10,6% | 12,1% | 13,5% | 18,1% | |
| Mean | | 19,0% | | | 53.957 | 72.674 | 9,3% | 12,1% | 13,1% | 25,3% | |
| Pantaflix AG | 43 | -9,3% | 0,68 | -62% | 14 | 32 | -14,1% | -0,1% | 4,8% | 4,1% | |

| Company name | EV/Sales | | | EV/EBIT | | | P/E Ratio | | |
|-----------------------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|--------------|
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Walt Disney Co | 2,6x | 2,5x | 2,3x | 18,1x | 15,2x | 13,7x | 24,5x | 18,7x | 15,5x |
| Netflix Inc | 3,6x | 3,3x | 3,0x | 20,2x | 17,8x | 14,5x | 23,4x | 21,9x | 17,7x |
| Warner Bros Discovery Inc | 2,0x | 1,8x | 1,7x | -50,6x | 19,1x | 14,1x | -24,4x | 15,3x | 8,7x |
| Cliq Digital AG | 0,5x | 0,4x | 0,4x | 3,6x | 3,0x | 2,5x | 4,9x | 4,0x | 3,3x |
| Highlight Communications AG | 0,8x | 0,8x | 0,8x | 13,7x | 13,7x | 12,9x | 12,5x | 12,1x | 11,0x |
| Splendid Medien AG | 0,2x | 0,2x | 0,2x | 3,0x | 2,7x | 2,3x | 6,7x | 5,8x | 4,9x |
| Median | 1,4x | 1,3x | 1,3x | 8,7x | 14,5x | 13,3x | 9,6x | 13,7x | 9,9x |
| Mean | 1,6x | 1,5x | 1,4x | 1,3x | 11,9x | 10,0x | 7,9x | 13,0x | 10,2x |
| Pantaflix AG | 1,4x | 0,9x | 0,7x | -9,8x | -1059,6x | 15,3x | -2,8x | -9,6x | 19,9x |

Source: FactSet Estimates

The Walt Disney Company is a worldwide entertainment company. The Company's segments include Disney Media and Entertainment Distribution (DMED), and Disney Parks, Experiences and Products (DPEP). The DMED segment encompasses the Company's global film and episodic television content production and distribution activities. The Company's DMED's lines of business consists of Linear Networks, Direct-to-Consumer and Content Sales/Licensing. The Company's DPEP segment business consists of sale of admissions to theme parks, the sale of food, beverage and merchandise at its theme parks and resorts, sales of cruise vacations, sales and rentals of vacation club properties, royalties from licensing its intellectual properties (IP) for use on consumer goods and the sale of branded merchandise. The Content Sales/Licensing business consist of selling film and episodic television content in the television and subscription video-on-demand (TV/SVOD) and home entertainment markets.

Netflix, Inc. is an entertainment services company. The Company has paid streaming memberships in over 190 countries, and it allows members to watch a variety of television (TV) series, documentaries, feature films and mobile games across a variety of genres and languages. Its members can watch as much as they want, anytime, anywhere, on any Internet-connected screen. Members can play, pause and resume watching, without commercials. Additionally, the Company offers its digital versatile disk (DVD) -by-mail service in the United States. It offers a variety of streaming membership plans, the price of which varies by country and the features of the plan. The pricing of its plans ranges from U.S. dollar equivalent of approximately USD 2 to USD 27 per month. It members can watch streaming content through a host of Internet-connected devices, including TVs, digital video players, TV set-top boxes and mobile devices. It acquires, licenses and produces content, including original programming.

Warner Bros. Discovery, Inc., formerly Discovery, Inc., is a global media and entertainment company. The Company offers audiences the differentiated and complete portfolio of content, brands, and franchises across television, film, streaming, and gaming in approximately 220 countries and territories and 50 languages. The Company entertains audiences worldwide through its brands and products including Discovery Channel, discovery+, CNN, CNN+, DC, Eurosport, HBO, HBO Max, HGTV, Food Network, OWN, Investigation Discovery, TLC, TNT, TBS, truTV, Travel Channel, Magnolia Network, MotorTrend, Animal Planet, Science Channel, Warner Bros. Pictures, New Line Cinema, Cartoonito, Turner Classic Movies, Boomerang, OhK TV Asia, TABI Channel, Turner Sports, Tooncast, CNN Sans, Boing TV, Cooking Channel, TNT Rooster Teeth, CINEMAX GO, Bleacher Report, Cartoon Network, Adult Swim, Turner Classic vies and others.

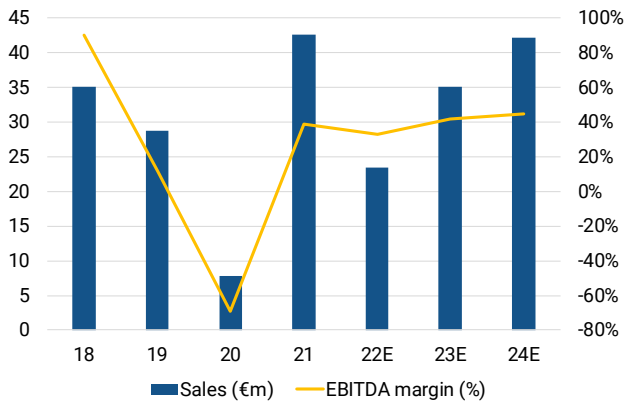
CLIQ Digital AG (CLIQ) is a global streaming provider based in Germany, specializing in the performance marketing of mass market entertainment products. The Company provides its members with worldwide access to music, audiobooks, games, sports and movie content. CLIQ Digital music provides music channels with official tracks; CLIQ Digital audiobooks offers a library with approximately 200,000 titles; CLIQ Digital games offers handpicked games from myriad publishers; CLIQ Digital sports live streams sporting events and highlights videos; CLIQ Digital movies provides access to a selection of titles from CLIQ's partners, including an extra credit for one blockbuster per month. The Company is a business partner for networks, content producers, publishers and payment service providers. CLIQ operates in over 30 countries with offices in Germany, Amsterdam, London, Paris, Barcelona, Toronto and Florida.

Highlight Communications AG is a Switzerland-based holding company engaged in the entertainment production. The Company's business is divided into two segments. The Film segment is engaged in the production, exploitation and distribution of films and film licenses, from cinema to video, digital versatile disc (DVD) and television broadcasting. The Sports and Event Marketing segment commercializes the licensing, marketing and sponsorship rights for the UEFA European championships, as well as for the Eurovision Song Contest and the Vienna Philharmonic Orchestra. The Company's subsidiaries include Constantin Film AG, Highlight Communications (Deutschland) GmbH, Rainbow Home Entertainment AG, Rainbow Home Entertainment GmbH, TEAM Television Event and Media Marketing AG and Team Football Marketing AG, among others.

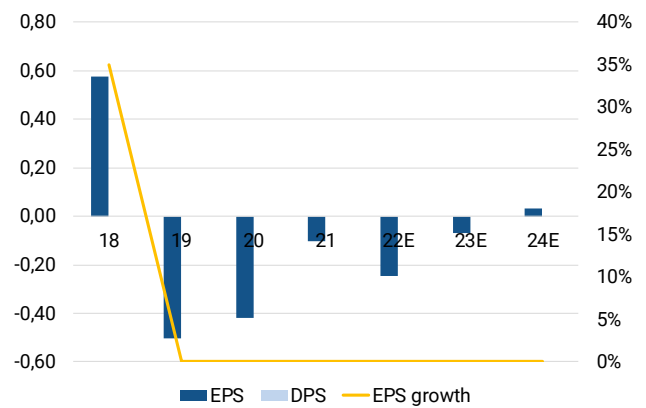
Splendid Medien AG is a Germany-based media company that operates in German-speaking countries, as well as in Belgium, Luxembourg and the Netherlands. The Company operates through two segments: Content and Services. The Content segment covers licensing with film rights, film exploitation in cinema and home entertainment, marketing of edutainment programs and music content as well as film production. The Services segment provides a wide range of services for the film and television industry, such as digitization, soundtrack post-production, new media and dubbing. Its subsidiaries include Splendid Film GmbH, WVG Medien GmbH, Polyband Medien GmbH, Early Learning Group GmbH, Videociety GmbH, Splendid Produktion GmbH, Enteractive GmbH and Splendid Synchron GmbH.

Financials in six charts

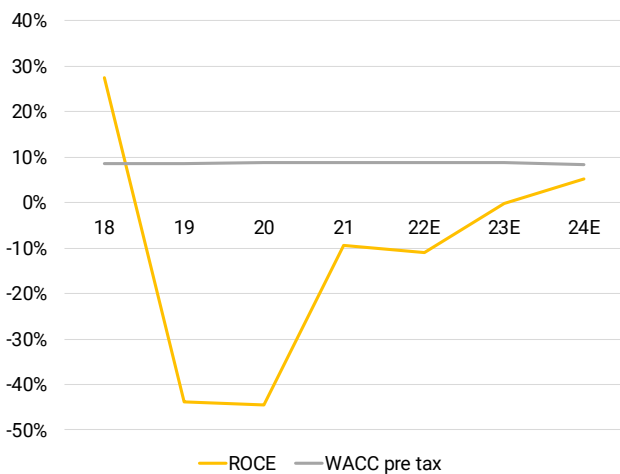
Sales vs. EBITDA margin development



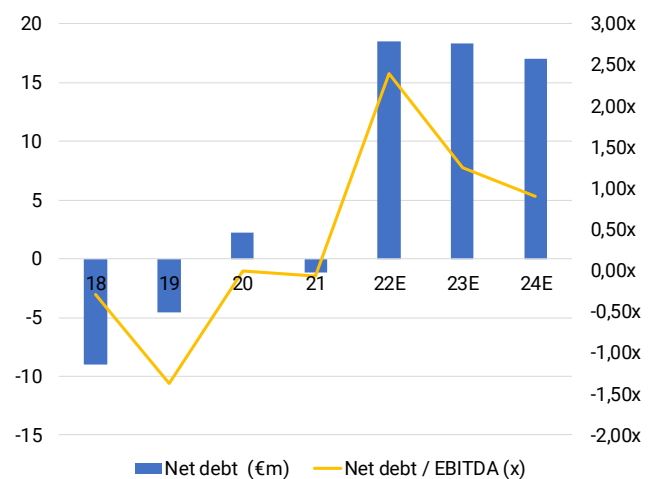
EPS, DPS in EUR & yoy EPS growth



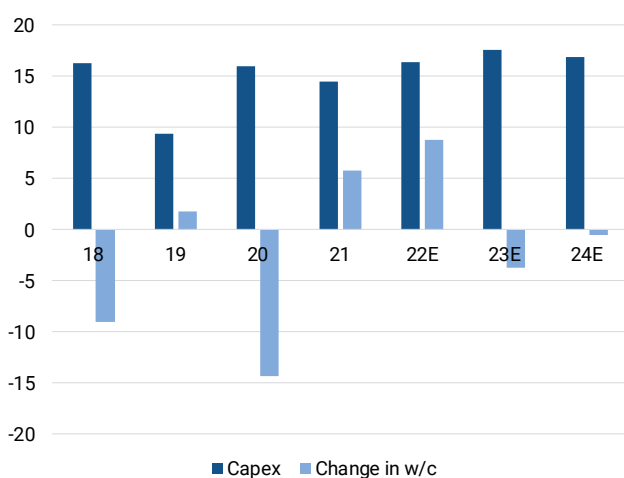
ROCE vs. WACC (pre tax)



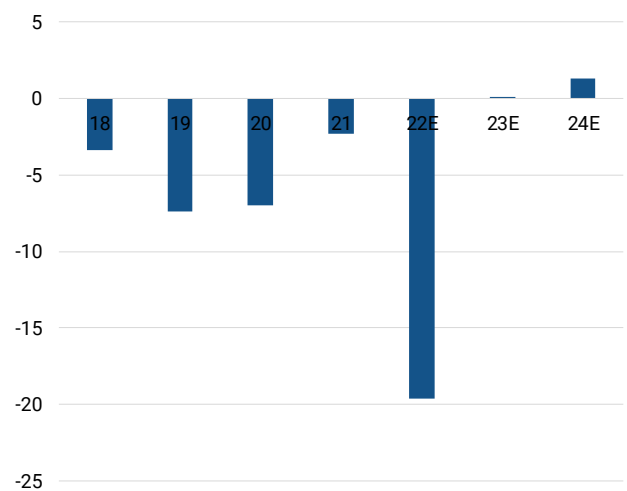
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

| Profit and loss (EUR m) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|--------------|--------------|--------------|--------------|--------------|-------------|
| Net sales | 28.7 | 7.8 | 42.6 | 23.4 | 35.1 | 42.2 |
| Sales growth | -18.2% | -72.8% | 444.4% | -45.0% | 50.0% | 20.0% |
| Change in finished goods and work-in-process | -6.9 | 14.5 | -14.3 | 0.0 | 0.0 | 0.0 |
| Total sales | 21.9 | 22.3 | 28.3 | 23.4 | 35.1 | 42.2 |
| Material expenses | 12.0 | 20.0 | 9.4 | 10.5 | 14.1 | 16.0 |
| Gross profit | 9.9 | 2.3 | 19.0 | 12.9 | 21.1 | 26.1 |
| Other operating income | 2.6 | 0.5 | 4.3 | 1.2 | 1.8 | 2.1 |
| Personnel expenses | 5.7 | 4.4 | 4.3 | 4.7 | 4.6 | 5.3 |
| Other operating expenses | 3.5 | 3.8 | 2.4 | 1.6 | 3.5 | 4.2 |
| EBITDA | 3.3 | -5.4 | 16.5 | 7.7 | 14.8 | 18.8 |
| Depreciation | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITA | 3.2 | -5.5 | 16.5 | 7.7 | 14.8 | 18.8 |
| Amortisation of goodwill and intangible assets | 11.8 | 1.7 | 18.4 | 11.0 | 14.8 | 16.7 |
| EBIT | -8.6 | -7.1 | -1.9 | -3.3 | -0.0 | 2.0 |
| Financial result | -0.0 | -0.0 | -0.0 | -1.2 | -1.4 | -1.4 |
| Recurring pretax income from continuing operations | -8.6 | -7.2 | -1.9 | -4.5 | -1.4 | 0.7 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | -8.6 | -7.2 | -1.9 | -4.5 | -1.4 | 0.7 |
| Taxes | -0.7 | -0.0 | 0.0 | 0.0 | -0.1 | 0.0 |
| Net income from continuing operations | -7.9 | -7.1 | -1.9 | -4.5 | -1.3 | 0.6 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | -7.9 | -7.1 | -1.9 | -4.5 | -1.3 | 0.6 |
| Minority interest | 0.2 | 0.0 | -0.2 | -0.5 | -0.1 | 0.1 |
| Net profit (reported) | -7.7 | -7.1 | -2.1 | -5.0 | -1.5 | 0.7 |
| Average number of shares | 15.37 | 16.91 | 20.46 | 20.46 | 20.46 | 20.46 |
| EPS reported | -0.50 | -0.42 | -0.10 | -0.24 | -0.07 | 0.03 |

| Profit and loss (common size) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 100% | 100% | 100% | 100% | 100% | 100% |
| Change in finished goods and work-in-process | -24% | 185% | -34% | 0% | 0% | 0% |
| Total sales | 76% | 285% | 66% | 100% | 100% | 100% |
| Material expenses | 42% | 255% | 22% | 45% | 40% | 38% |
| Gross profit | 34% | 30% | 45% | 55% | 60% | 62% |
| Other operating income | 9% | 7% | 10% | 5% | 5% | 5% |
| Personnel expenses | 20% | 56% | 10% | 20% | 13% | 13% |
| Other operating expenses | 12% | 49% | 6% | 7% | 10% | 10% |
| EBITDA | 12% | -69% | 39% | 33% | 42% | 45% |
| Depreciation | 0% | 1% | 0% | 0% | 0% | 0% |
| EBITA | 11% | -70% | 39% | 33% | 42% | 45% |
| Amortisation of goodwill and intangible assets | 41% | 21% | 43% | 47% | 42% | 40% |
| EBIT | -30% | -91% | -4% | -14% | -0% | 5% |
| Financial result | -0% | -0% | -0% | -5% | -4% | -3% |
| Recurring pretax income from continuing operations | -30% | -91% | -4% | -19% | -4% | 2% |
| Extraordinary income/loss | 0% | 0% | 0% | 0% | 0% | 0% |
| Earnings before taxes | -30% | -91% | -4% | -19% | -4% | 2% |
| Taxes | -2% | -0% | 0% | 0% | -0% | 0% |
| Net income from continuing operations | -27% | -91% | -5% | -19% | -4% | 2% |
| Result from discontinued operations (net of tax) | 0% | 0% | 0% | 0% | 0% | 0% |
| Net income | -27% | -91% | -5% | -19% | -4% | 2% |
| Minority interest | 1% | 1% | -0% | -2% | -0% | 0% |
| Net profit (reported) | -27% | -91% | -5% | -21% | -4% | 2% |

Source: Company data; AlsterResearch

| Balance sheet (EUR m) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Intangible assets (excl. Goodwill) | 5.7 | 19.7 | 15.8 | 21.1 | 23.9 | 24.0 |
| Goodwill | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Property, plant and equipment | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Financial assets | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| FIXED ASSETS | 6.5 | 20.0 | 16.1 | 21.4 | 24.2 | 24.4 |
| Inventories | 1.4 | 15.1 | 0.7 | 8.1 | 6.9 | 7.9 |
| Accounts receivable | 5.0 | 2.7 | 6.4 | 2.2 | 3.4 | 4.0 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liquid assets | 7.2 | 7.2 | 14.1 | 12.5 | 15.6 | 17.0 |
| Deferred taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred charges and prepaid expenses | 1.0 | 0.6 | 0.3 | 0.1 | 0.2 | 0.2 |
| CURRENT ASSETS | 14.6 | 25.6 | 21.5 | 23.0 | 26.1 | 29.1 |
| TOTAL ASSETS | 21.1 | 45.7 | 37.6 | 44.4 | 50.3 | 53.5 |
| SHAREHOLDERS EQUITY | 12.5 | 7.1 | 9.1 | 4.5 | 3.2 | 3.9 |
| MINORITY INTEREST | -0.4 | -0.4 | -0.1 | -0.1 | -0.1 | -0.1 |
| Long-term debt | 2.7 | 2.0 | 1.3 | 1.0 | 2.0 | 2.0 |
| Provisions for pensions and similar obligations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other provisions | 0.7 | 0.5 | 1.9 | 0.9 | 1.4 | 1.7 |
| Non-current liabilities | 3.3 | 2.5 | 3.2 | 1.9 | 3.4 | 3.7 |
| short-term liabilities to banks | 0.0 | 7.4 | 11.6 | 30.0 | 32.0 | 32.0 |
| Accounts payable | 1.8 | 1.5 | 0.9 | 1.4 | 1.9 | 2.2 |
| Advance payments received on orders | 2.8 | 25.3 | 11.6 | 5.9 | 8.8 | 10.5 |
| Other liabilities (incl. from lease and rental contracts) | 1.1 | 2.2 | 1.3 | 0.7 | 1.1 | 1.3 |
| Deferred taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current liabilities | 5.7 | 36.5 | 25.3 | 38.0 | 43.8 | 46.0 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 21.1 | 45.7 | 37.6 | 44.4 | 50.3 | 53.5 |

| Balance sheet (common size) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Intangible assets (excl. Goodwill) | 27% | 43% | 42% | 48% | 47% | 45% |
| Goodwill | 1% | 0% | 0% | 0% | 0% | 0% |
| Property, plant and equipment | 1% | 0% | 0% | 0% | 0% | 0% |
| Financial assets | 2% | 0% | 0% | 0% | 0% | 0% |
| FIXED ASSETS | 31% | 44% | 43% | 48% | 48% | 46% |
| Inventories | 7% | 33% | 2% | 18% | 14% | 15% |
| Accounts receivable | 24% | 6% | 17% | 5% | 7% | 8% |
| Other current assets | 0% | 0% | 0% | 0% | 0% | 0% |
| Liquid assets | 34% | 16% | 37% | 28% | 31% | 32% |
| Deferred taxes | 0% | 0% | 0% | 0% | 0% | 0% |
| Deferred charges and prepaid expenses | 5% | 1% | 1% | 0% | 0% | 0% |
| CURRENT ASSETS | 69% | 56% | 57% | 52% | 52% | 54% |
| TOTAL ASSETS | 100% | 100% | 100% | 100% | 100% | 100% |
| SHAREHOLDERS EQUITY | 59% | 16% | 24% | 10% | 6% | 7% |
| MINORITY INTEREST | -2% | -1% | -0% | -0% | -0% | -0% |
| Long-term debt | 13% | 4% | 4% | 2% | 4% | 4% |
| Provisions for pensions and similar obligations | 0% | 0% | 0% | 0% | 0% | 0% |
| Other provisions | 3% | 1% | 5% | 2% | 3% | 3% |
| Non-current liabilities | 16% | 5% | 9% | 4% | 7% | 7% |
| short-term liabilities to banks | 0% | 16% | 31% | 68% | 64% | 60% |
| Accounts payable | 8% | 3% | 2% | 3% | 4% | 4% |
| Advance payments received on orders | 13% | 55% | 31% | 13% | 17% | 20% |
| Other liabilities (incl. from lease and rental contracts) | 5% | 5% | 3% | 2% | 2% | 2% |
| Deferred taxes | 0% | 0% | 0% | 0% | 0% | 0% |
| Deferred income | 0% | 0% | 0% | 0% | 0% | 0% |
| Current liabilities | 27% | 80% | 67% | 86% | 87% | 86% |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Company data; AlsterResearch

| Cash flow statement (EURm) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|--------------|--------------|--------------|--------------|--------------|
| Net profit/loss | -7.9 | -7.1 | -1.9 | -4.5 | -1.3 | 0.6 |
| Depreciation of fixed assets (incl. leases) | 11.9 | 1.7 | 18.4 | 0.0 | 0.0 | 0.0 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.0 | 0.0 | 0.0 | 11.0 | 14.8 | 16.7 |
| Others | -0.2 | 0.2 | 1.5 | -0.9 | 0.5 | 0.3 |
| Cash flow from operations before changes in w/c | 3.8 | -5.3 | 18.0 | 5.5 | 13.9 | 17.6 |
| Increase/decrease in inventory | 0.0 | 0.0 | 0.0 | -7.4 | 1.2 | -1.0 |
| Increase/decrease in accounts receivable | 0.0 | 0.0 | 0.0 | 4.2 | -1.1 | -0.7 |
| Increase/decrease in accounts payable | 0.0 | 0.0 | 0.0 | 0.5 | 0.5 | 0.3 |
| Increase/decrease in other w/c positions | -1.8 | 14.3 | -5.8 | -6.1 | 3.2 | 1.9 |
| Increase/decrease in working capital | -1.8 | 14.3 | -5.8 | -8.8 | 3.7 | 0.6 |
| Cash flow from operating activities | 2.1 | 9.0 | 12.2 | -3.3 | 17.7 | 18.2 |
| CAPEX | -9.4 | -16.0 | -14.5 | -16.4 | -17.6 | -16.9 |
| Payments for acquisitions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | -9.4 | -16.0 | -14.5 | -16.4 | -17.6 | -16.9 |
| Cash flow before financing | -7.4 | -7.0 | -2.3 | -19.7 | 0.1 | 1.3 |
| Increase/decrease in debt position | 0.0 | 2.0 | 0.0 | 18.1 | 3.0 | 0.0 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 2.9 | 1.7 | 4.3 | 0.0 | 0.0 | 0.0 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | -0.0 | -0.0 | -0.0 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 2.9 | 3.7 | 4.2 | 18.1 | 3.0 | 0.0 |
| Increase/decrease in liquid assets | -4.5 | -3.3 | 1.9 | -1.6 | 3.1 | 1.3 |
| Liquid assets at end of period | 4.6 | 1.3 | 3.2 | 1.6 | 4.7 | 6.1 |

Source: Company data; AlsterResearch

| Regional sales split (EURm) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------|-------------|------------|-------------|-------------|-------------|-------------|
| Domestic | 28.7 | 7.8 | 42.6 | 23.4 | 35.1 | 42.2 |
| Europe (ex domestic) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| The Americas | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Asia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rest of World | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total sales | 28.7 | 7.8 | 42.6 | 23.4 | 35.1 | 42.2 |

| Regional sales split (common size) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Domestic | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Europe (ex domestic) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| The Americas | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Asia | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Rest of World | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total sales | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Company data; AlsterResearch

| Ratios | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------------|--------|---------|--------|---------|-----------|-------|
| Per share data | | | | | | |
| Earnings per share reported | -0.50 | -0.42 | -0.10 | -0.24 | -0.07 | 0.03 |
| Cash flow per share | 0.13 | -0.41 | -0.11 | -0.96 | 0.00 | 0.07 |
| Book value per share | 0.81 | 0.42 | 0.44 | 0.22 | 0.16 | 0.19 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Valuation | | | | | | |
| P/E | -1.4x | -1.6x | -6.5x | -2.8x | -9.6x | 19.9x |
| P/CF | 5.2x | -1.6x | -6.1x | -0.7x | 137.8x | 10.4x |
| P/BV | 0.8x | 1.6x | 1.5x | 3.1x | 4.3x | 3.6x |
| Dividend yield (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FCF yield (%) | 19.1% | -60.7% | -16.4% | -141.2% | 0.7% | 9.6% |
| EV/Sales | 0.3x | 2.1x | 0.3x | 1.4x | 0.9x | 0.7x |
| EV/EBITDA | 2.8x | -3.0x | 0.8x | 4.2x | 2.2x | 1.6x |
| EV/EBIT | -1.1x | -2.3x | -6.8x | -9.8x | -1,059.6x | 15.3x |
| Income statement (EURm) | | | | | | |
| Sales | 28.7 | 7.8 | 42.6 | 23.4 | 35.1 | 42.2 |
| yoy chg in % | -18.2% | -72.8% | 444.4% | -45.0% | 50.0% | 20.0% |
| Gross profit | 9.9 | 2.3 | 19.0 | 12.9 | 21.1 | 26.1 |
| Gross margin in % | 34.5% | 29.6% | 44.5% | 55.0% | 60.0% | 62.0% |
| EBITDA | 3.3 | -5.4 | 16.5 | 7.7 | 14.8 | 18.8 |
| EBITDA margin in % | 11.5% | -69.2% | 38.7% | 33.0% | 42.0% | 44.5% |
| EBIT | -8.6 | -7.1 | -1.9 | -3.3 | -0.0 | 2.0 |
| EBIT margin in % | -29.7% | -91.2% | -4.4% | -14.1% | -0.1% | 4.8% |
| Net profit | -7.7 | -7.1 | -2.1 | -5.0 | -1.5 | 0.7 |
| Cash flow statement (EURm) | | | | | | |
| CF from operations | 2.1 | 9.0 | 12.2 | -3.3 | 17.7 | 18.2 |
| Capex | -9.4 | -16.0 | -14.5 | -16.4 | -17.6 | -16.9 |
| Maintenance Capex | 0.1 | 16.0 | 14.5 | 16.4 | 17.6 | 16.9 |
| Free cash flow | -7.4 | -7.0 | -2.3 | -19.7 | 0.1 | 1.3 |
| Balance sheet (EURm) | | | | | | |
| Intangible assets | 5.8 | 19.8 | 15.9 | 21.2 | 24.0 | 24.2 |
| Tangible assets | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Shareholders' equity | 12.5 | 7.1 | 9.1 | 4.5 | 3.2 | 3.9 |
| Pension provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities and provisions | 3.3 | 9.9 | 14.8 | 31.9 | 35.4 | 35.7 |
| Net financial debt | -4.6 | 2.2 | -1.2 | 18.5 | 18.4 | 17.0 |
| w/c requirements | 1.8 | -9.1 | -5.4 | 3.0 | -0.4 | -0.8 |
| Ratios | | | | | | |
| ROE | -63.0% | -100.2% | -21.3% | -100.1% | -41.1% | 16.5% |
| ROCE | -55.4% | -43.0% | -7.9% | -9.1% | -0.1% | 5.1% |
| Net gearing | NaN% | NaN% | NaN% | NaN% | NaN% | NaN% |
| Net debt / EBITDA | -1.4x | -0.4x | -0.1x | 2.4x | 1.2x | 0.9x |

Source: Company data; AlsterResearch

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