Your Family Entertainment

Aktiengesellschaft (Stock Corporation)

Annual Business and Financial Report 2020

yourfamilyentertainment

AKTIENGESELLSCHAFT (STOCK CORPORATION)

yourfamilyentertainment

KEY FIGURES IN EUR THOUSAND

Income statement (P&L)	01.01. – 31.12. 2020	01.01. – 31.12. 2019
Sales revenue	3,035	2,910
EBITDA*[1]	21	-354
EBIT*[2]	310	-2,089
Annual net profit /PY: Annual net loss	47	-2,372

*[1] EBITDA = Annual net profit + Taxes on income and earnings + Interest and similar expenses - Other interest and similar income + Depreciation - Write-ups

*[2] EBIT = EBITDA + Write-ups - Depreciation

Balance sheet	31.12.2020	31.12.2019
Total balance sheet amount	17,311	17,938
Value of film assets	16,638	16,320
Shareholders' equity	8,225	7,991
Equity ratio	48%	45%

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1. Foreword by the Management Board

Dear Shareholders,

We hope that you have got through this previous (and highly challenging) year reasonably well and, above all, in good health. The SARS-CoV-2 virus still has the world in its grip and is having an exceptionally strong impact on our daily lives and the economy, even if there is a silver lining on the horizon.

Due to the many restrictions on public life, especially the closure of schools and the introduction of home schooling, society finds itself severely challenged. As a specialist in quality family entertainment, we have an added incentive to provide enjoyable and educational entertainment with our content.

The impact of the radical change in user behaviour has had a severe impact on the industry, for example through the closure of cinemas and the significant increase in use of so-called "streaming" services. Due to the multitude of options for watching series and other forms of entertainment as offered by our library, we saw this period not only as a great challenge, but also as a great opportunity to strengthen our core business sustainably. The global growth of the streaming market is creating new potential customers for YFE internationally, as a strong content offering for children and families is usually essential for streaming platforms, and because major Hollywood studios (such as Disney) tend to skimp on what they offer. YFE is therefore working hard to cooperate with new streaming providers and to expand its own streaming activities.

Let us now take a closer look at the events of the past year:

In January we were able to reach a milestone for "Fix&Foxi" TV in our important home market of Germany. Through the expansion of our cooperation with Vodafone, these two sly foxes were included in the network operator's pay tv portfolio. Thus, we were able to increase the technical reach and subscriber base in the German pay tv market significantly.

As early as the beginning of February, we successfully placed a convertible bond that was significantly oversubscribed. We would like to thank our loyal investors sincerely for the trust they have placed in us and we are particularly pleased by the addition of our new investors.

At the beginning of May, we signed a new cooperation agreement with Tango TV in Luxembourg, another step in the continuous expansion of our award-winning children's and family channel "Fix&Foxi". Tango TV is the second-largest cable network in the country and has pursued a strong innovation policy since its foundation, making it an ideal partner for YFE.

Furthermore, in May we updated our website, which includes a brand new B2B section in addition to a presentation of the broadcasters' activities and the licensing business. This allows content partners and producers to offer content directly and online in an uncomplicated way going forward, and to introduce it into YFE distribution channels and broadcasters. With the establishment of our new platform, we as YFE want to be a leader in the digitalisation of processes and look forward to harnessing new ways of working with our content and advertising partners.

On 1 June we broadcast a special programme for International Children's Day (not to be confused with World Children's Day on 19 September) as part of our successful and much-appreciated collaborative work with SOS Children's Villages International. "Fix&Foxi" TV showed cinematic journeys through the continents, revealing breath-taking landscapes, discovering exciting traditions and presenting interesting details of foreign cultures.

Another successful development was the announcement of our strategic partnership with Blue Ant Media / ZooMoo Networks, the interactive nature and animal channel for children. Within the framework of this cooperation, exclusive content from both partners will be shared and played on the respective channel. The ZooMoo programme combines fascinating animal footage with puppets, animation and narration to create a unique television and learning experience for pre-school children. Through this cooperation, we are able to leverage synergies, due to the fact that the contents complement each other well thanks to the high quality standards and the common philosophy that underpins this educational and entertaining content.

Bernd Wendeln was appointed to the Management Board on 1 June. As an experienced industry professional, previously working for ProSiebenSat.1 and Tele München Group among other companies, he has already been able to familiarise himself with the business in detail during his six months as Chief Operating Officer (COO) and contribute his expertise in the areas of streaming/video-on-demand and strategic partnerships, for example. Thus, for the first time in the history of Your Family Entertainment AG, we are allowed to sign this Annual Report jointly.

In July, we were able to conclude another cooperation agreement and strengthen the presence of "Fix&Foxi" TV in Switzerland. Customers of the Swiss telecom provider Quickline were able to receive "Fix&Foxi" TV for the first time (and just before the summer holidays got underway) as a linear channel with high-quality, violence-free and internationally award-winning children's series.

Traditionally, "RiC" TV set an example for children on World Children's Day on 19 September in collaboration with SOS Children's Villages. Stories full of hope await RiC viewers as children from SOS Children's Villages offer insight into their everyday lives, their culture and their traditions. Special attention was paid to the dedicated work of SOS Children's Villages, which accompanies children through their often challenging everyday lives.

Shortly after, we were able to announce our strategic content partnership with HUAWEI Video. This app is one of the main apps of the Huawei Mobile platform, which offers a diverse range of international and local video content. We are making our "Fix&Foxi" streaming channels available through this cooperation agreement and Huawei is planning to roll out the channels in various countries in Europe and other regions.

At the beginning of November, the investment bank Warburg ("Warburg Research") published an initial analyst study, which set the initial price target at EUR 1.40 without evaluating strategic growth opportunities. "The strategic value for a potential rights buyer would be more clearly oriented towards the value of the film rights (EUR 11.50 per share)," Warburg Research added to its initial assessment in the research.

Shortly afterwards, the rating agency Asset Impact awarded YFE a rating of "very sustainable". We are delighted to receive this rating, as we see it as a further source of confirmation of our value-oriented approach. Back in 2009 INVERA Research certified YFE as sustainable because we deliver challenging, educational content and great entertainment that is valued by parents and loved by children around the world.

In our continuing efforts to strengthen our broadcasting business, we relaunched our Slovakian family channel "RiK" TV with IFC Media. The new start in Slovakia came just at the right time, as children were suffering, in particular, from lockdowns and restrictions on social life during the pandemic. Parents can always rely on "RiK" TV to provide the right entertainment for their children and to teach social values.

At the beginning of December, the TV streaming provider Zattoo expanded its channel offering only a few weeks after its launch in Austria and included "RiC" TV in its programme. Zattoo is a fully comprehensive TV provider for the whole family, meaning that our cooperation agreement is a logical step to completing the provider’s range.

Just in time for the Christmas season, we were able to announce the addition of "RiC" TV and "RiC" International to the V247-ONEHUBTV service in the UK. The launch on this online streaming platform is the next step in the internationalisation and digitalisation of our activities.

In addition to these highlights, we cultivated and expanded our national and international contacts. In the course of continuous internationalisation, we renamed the international version of "RiC" to "RiC today" in February. With the relaunch, we are taking a step further in the direction of topicality and edutainment.

May we assure you, dear shareholders, that your team has worked tirelessly to ensure the success of the company even during the challenging times we are seeing in the midst of the coronavirus pandemic, and that we have been able to adapt quickly to the new requirements. Through the measures we have taken, we have not only been able to ensure the proper functioning of the company under changing operating conditions, but to enhance it even further.

We would like to express our sincere thanks both to you, dear shareholders, for your trust in our company, and to the members of the Board of Directors for their ongoing and consistently active support.

However, our special thanks also go to our team, which, as in previous years, has contributed to our ongoing development with its extraordinary commitment and has made the continued development and expansion of the company possible.

We look forward to managing Your Family Entertainment AG with continued success and with motivated and ambitious employees going forward, to expanding the company and to working on developing the great potential within the company.

Munich, March 2021

Your Family Entertainment AG

The Management Board

Dr. Stefan Piëch	Bernd Wendeln
(CEO)	(COO)

2. About Your Family Entertainment AG

The name **Your Family Entertainment AG** (YFE) symbolises innovation and tradition in one. For more than 35 years, YFE has produced and licensed high-quality, educational television series for children, young people and families.

Behind YFE is a dynamic team of highly motivated employees who pursue a common goal: to pass on their enthusiasm and passion for responsible, high-quality children's TV programming to children, young people, families and customers around the world.

In the field of international licence sales, YFE has one of the largest independent European libraries for children's and family entertainment. YFE can draw on a stock of approximately 3,500 half-hour programmes. These comprise a large number of series, all lovingly created with great effort, which enables YFE to offer a varied range. The library is continuously maintained and supplemented by additional programmes/formats. This further stabilises the value of the programme library.

Since November 2007 YFE has successfully operated the **award-winning pay tv channel** "yourfamily", which won the prestigious HOT BIRD™ TV Award in 2010 and was nominated again for the finals of the best three children's channels worldwide in 2011, 2013, 2014 and 2015. Since December 2014 the pay TV channel "yourfamily" has been known as "Fix&Foxi". Integration of the "Fix&Foxi" brand, which has had a large fan base for over 60 years (not only in Germany), combines the popularity of the two foxes with the quality of high-quality television content for families. With their 24-hour programme, the two popular foxes present an optimal mix of high-quality entertainment, educational content and monthly highlights. In 2016 "Fix&Foxi" won the **Eutelsat TV Award** in the category "children's channel". With its expanded concept, the channel occupies an independent and clear position in the German-speaking kids' pay TV market; and this has also been the case since 2015 via the **Amazon Fire** TV app "Fix&Foxi" TV. Furthermore, a channel in the children's entertainment segment that can be ordered via **Amazon Prime Video** has been offered under the name "Fix&Foxi" since 2017. In January 2020 YFE was able to announce the inclusion of "Fix&Foxi" TV in the pay tv portfolio of **Vodafone Germany** and the expansion of an existing cooperation agreement in the video-on-demand sector. Thanks to its successful concept, the channel already has a presence in many countries and different languages around the world.

Since 2012 YFE has also been available on free TV with the family channel "RiC". "RiC" has been able to establish itself very successfully as a private children's and family channel in German-speaking countries with its high-quality, popular European programmes. Thanks to its extensive expertise and carefully selected, high-quality content, "RiC" has positioned itself as the third private children's and family programme in German-speaking countries. Both the presentation that underpins the child-friendly channel and the decelerated content make "RiC" the antithesis to the predominantly American and Asian services. "RiC" is broadcast via satellite (Astra), many cable networks and as a live stream on the internet in German-speaking countries, as well as on the mobile platforms iOS and Android.

Since February 2015 "RiC" has also been available on the road in the areas of Baden-Württemberg, Hesse and North Rhine-Westphalia via **Vodafone NRW** (legal successor to Unitymedia and Kabel BW). "RiC" has now expanded its reach to over 34 million households in German-speaking countries and continues to grow in the cable network.

In summary, Your Family Entertainment AG (WKN: A161N1, ISIN: DE000A161N14, abbreviation: RTV), based in Munich, has many years of expertise in the TV market. YFE is a producer and licensed distributor of high-quality entertainment programmes, both for children and the whole family. The company has one of the largest cross-channel programme libraries for children's and family entertainment in Europe. The programme portfolio includes well-known and popular series such as "Enid Blyton", "Fix&Foxi", "Urmel" and "Altair". Since 2007 YFE has successfully operated award-winning pay tv channels, which were renamed "Fix&Foxi" in December 2014 and have established themselves worldwide. The channels are available in the German-speaking region and in Africa, the Middle East and America. The free TV channel "RiC", which went into operation in September 2012, can be received free-to-air in the German-speaking region and since 2019 international distribution of "RiC" has also been driven forward. In addition, YFE operates more than 20 mobile TV channels in Austria on Hutchison 3's TV platform.

3. Report of the Board of Directors

Dear Shareholders,

It should come as no surprise to anyone that the last financial year was also dominated by the pandemic for our company. Closed business premises, cancelled trade fairs, zero customer contact in person, a sense of reluctance among buyers, a virtual AGM and, above all, the continuing uncertainty concerning the duration of the pandemic and its medium and long-term effects. All of these aspects presented unimagined challenges. However, at no time did the management team or staff allow themselves to be thrown off course by these adversities, but chose rather to face the challenges with energy and creativity. For this, the Board of Directors owes a great debt of gratitude.

The working methods of the Board of Directors have also changed; in particular, some of the meetings were held virtually. Even in what was an exceptional 2020 financial year, however, the Board of Directors regularly monitored, controlled and advised on the work of the Management Board. Due to the circumstances, contact was, if anything, even more intense than in previous business years. The Management Board provided the Board of Directors with full and prompt information, especially during the regular meetings of the Board of Directors. The Board of Directors and the Management Board were also in constant contact between meetings. Video teleconferences and email exchanges took place. Thus, the Board of Directors was always informed about the intended business policy, corporate planning including financial, investment and personnel planning, the course of business and the situation of the company.

In the 2020 financial year, a total of four meetings of the Board of Directors took place. All members of the Board of Directors attended at least half of the Board’s meetings during their term of office in the 2020 financial year. At these meetings, all important business policy issues, in particular the company's economic and financial development, strategy and planning, important business events, legal developments and transactions requiring approval, were analytically and empirically scrutinised and discussed with the Board in detail, based on very comprehensive reports by the Management Board. In addition, the Board of Directors has voted during telephone conferences. During the 2020 financial year, the Board of Directors again exercised its right to inspect the books, documentation and assets of the company. The Management Board was always available for queries and explanations.

Material events

Within management, there was a significant change in the 2020 financial year insofar as the Board of Directors appointed a further Management Board member, Mr Bernd Wendeln, alongside Dr Piëch. In the opinion of the Board of Directors, this expansion of the Management Board will have a significant and positive effect on the company. Due to his previous experience at ProSiebenSat.1 and the Tele-München Group, where he was primarily involved in the area of corporate development, the Board of Directors is certain that Mr. Wendeln has the qualities necessary to prepare the company for the changing conditions of the media industry and to advance it further. In the future allocation of responsibilities on the Management Board, Dr Piëch will be primarily responsible for strategic development and Mr Wendeln for the operational management of the company.

One further item worthy of note is the implementation of a capital increase by utilising the Authorised Capital 2016. Through the issue of 162,271 new shares, the company received gross issue proceeds of EUR 227,179.40. The closure of the Vienna office, which will result in cost savings for the company, and the sale of certain IP rights to Fix&Foxi – whereby the exploitation of rights by the company continues to be secured in the long-term – should also be highlighted here. All these measures serve to improve the liquidity of the company and to create scope for the development of new business.

Focus of deliberations in the Board of Directors

As in previous financial years, the main focus of the Board of Directors' consultations and monitoring activities – especially in view of the effects of the pandemic – was the liquidity situation and the long-term financing of the company.

Turnover for the 2020 financial year amounted to EUR 3,035k, which is EUR 125k higher than in the 2019 financial year. The stabilisation of turnover already observed in the previous year has thus manifested itself to a greater extent. In the opinion of the Board of Directors, however, it is still too early to speak of a trend reversal.

The company was able to close the 2020 financial year with a slight profit of EUR 47k and thus continued to improve significantly compared to the previous year. In the previous year, the company still had a deficit of EUR 2,372k. The Board of Directors considers this development to be positive – especially in the 2020 financial year, which itself is characterised as challenging due to external operating conditions.

Committees of the Board of Directors

The Board of Directors did not form any committees in the year under review.

Report on the audit of the annual financial statements

The annual financial statements and the management's discussion and analysis of Your Family Entertainment AG were prepared in accordance with the provisions of the German Commercial Code (HGB).

On behalf of the Board of Directors, Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the accounting, the annual financial statements and the management's discussion and analysis for the 2020 financial year. On the basis of the audit, the auditor issued an unqualified audit report. The annual financial statements, the management's discussion and analysis of the company and the auditors' reports were submitted to the Board of Directors and audited by it. The aforementioned documents were discussed fully by the Board of Directors at its meeting of 20 April 2021, in the presence of the auditors. All questions of the Board of Directors were answered comprehensively. The Board of Directors approved the results of the audit. After the final result of the Board of Directors' own review, no objections are to be raised against the annual financial statements and the management's discussion and analysis of the company for the 2020 financial year. The Board of Directors approved the financial statements of Your Family Entertainment AG. The annual financial statements of Your Family Entertainment AG are thus adopted. The Management Board prepared its report on the company's relationships with affiliated companies and submitted it to the Board of Directors together with the audit report of the auditors in this connection. The auditor issued an unqualified audit report.

The auditor reported on relationships with affiliated companies and the key findings of their audit. The Board of Directors' examination of the Management Board's report and the audit report gave no cause for concern; the Board of Directors agrees with the findings of the auditor's report.

The auditor also carried out an examination in accordance with Section 317 (4) HGB and concluded that the Management Board had set up a monitoring system, that the legal requirements for the early recognition of risks threatening the existence of the company are fulfilled and that the Management Board has taken appropriate measures to recognise developments at an early stage and avert risks.

The auditor submitted to the Board of Directors the declaration of independence required by the German Corporate Governance Code and disclosed the auditing and consulting fees incurred in the respective financial year to the Board of Directors.

Corporate governance and Declaration of Compliance

In the 2020 financial year, the Board of Directors once again dealt intensively with the current focal points of the German Corporate Governance Code (DCGK) and the new Code regulations that came into force in March 2020 and, together with the Management Board, issued a Declaration of Compliance in November 2020 in accordance with Section 161 German Stock Corporation Act (AktG).

This is available on the company's website (www.yfe.tv) under the menu item Corporate Governance in the Investor Relations section.

The Board of Directors would like to thank the Management Board and all employees for their dedicated performance in the 2020 financial year, and wishes you and your families good health and all the very best.

Munich, April 2021

Dr. Hans-Sebastian Graf von Wallwitz

Chair of the Board of Directors

4. The share

4.1 Overview

WKN	A161N1
ISIN	DE000A161N14
Code	RTV
Stock Markets	Regulated market in Frankfurt (General Standard); Open Market in Berlin, Düsseldorf, Stuttgart
Number of shares	10,457,730 pieces
Paying Agent	Bankhaus Gebr. Martin AG, Kirchstraße 35, 73033 Göppingen

4.2 Price performance of the share in 2020

(Source: https://www.ariva.de)

4.3 Shareholder structure as of 31.12.2020

66.90% | F&M Film- und Medien Beteiligungs GmbH, Vienna, Austria

13.06% | Holler Stiftung, Munich, Germany

20.04% | Free float (thereof > 3% VP Fund Solutions)

5. Annual financial statements and management's discussion and analysis

5.1 Balance sheet

ASSETS	31.12.2020 EUR	EUR	31.12.2019 EUR thousand
A. FIXED ASSETS			
I. Intangible assets			
1. Concessions, industrial property rights and similar rights and assets acquired for consideration and licences to such rights and assets	11,334.65		35
2. Film assets acquired for consideration and other rights	16,637,540.54		16,320
		16,648,875.19	16,355
II. Tangible assets other assets, operational and office equipment	20,597.00		34
		20,597.00	34
		16,669,472.19	16,389
B. CURRENT ASSETS			
I. Receivables and other assets			
1. Trade receivables	364,783.99		407
2. Other assets	21,951.64		43
		386,735.63	450
II. Cash on hand and bank balances		229,068.28	1,069
C. ACCRUALS AND DEFERRALS		25,974.97	30
		17,311,251.07	17,938

LIABILITIES		31.12.2020	31.12.2019
	EUR	EUR	EUR thousand
A. SHAREHOLDERS' EQUITY			
I. Subscribed capital less nominal value of treasury shares, issued capital		10,457,730.00	10,295
		-63,000.00	-30
		10,394,730.00	10,265
II. Capital reserve		2,840,227.52	2,782
III. Net loss		-5,010,258.20	-5,057
		8,224,699.32	7,990
B. PROVISIONS & ACCRUED LIABILITIES			
1. Provisions for pensions and similar obligations	350,054.00		350
2. Other provisions and accrued liabilities	450,583.29		466
		800,637.29	816
C. LIABILITIES			
1. Bonds of which committed: EUR 4,375,460.00 (PY: EUR 4,375k)	4,375,460.00		4,375
2. Loans from credit institutions	3,490,495.79		4,239
3. Advance payments received on account of orders	2,000.04		20
4. Accounts payable, trade	337,257.24		430
5. Other liabilities Of which taxes: EUR 37,962.10 (PY: EUR 25k) Of which relating to social security: EUR 0.00 (PY: EUR 0k)	56,027.99		39
		8,261,241.06	9,103
D. ACCRUALS AND DEFERRALS		24,673.40	29
		17,311,251.07	17,938

5.2 Income statement (P&L)

			2020 EUR		2019 EUR thousand
1.	Sales revenue			3,035,356.46	2,910
2	Other operating income			1,519,055.71	414
				4,554,412.17	3,324
3.	Cost of materials				
	a)	Cost of licences, commissions and materials	-70,974.96		-193
	b)	Cost of purchased services	-905,908.85		-951
				-976,883.81	-1,144
4.	Personnel expenses				
	a)	Wages and salaries	-1,106,805.25		-1,053
	b)	Social security contributions and pension scheme expenses and other benefits	-145,425.25		-166
		of which pension scheme expenses: EUR 5065.24 (PY: EUR 5k)			
				-1,252,230.50	-1,219
5.	Depreciation on intangible assets and property, plant and equipment			-1,155,776.86	-2,054
6.	Other operating expenses			-859,153.63	-996
7.	Interest and similar expenses			-259,848.62	-270
8.	Taxes on income			-3,199.00	-13
9.	Result after tax			47,319.75	-2,372
10.	Other taxes			-266.00	0
11.	Annual net profit (PY: Annual net loss)			47,053.75	-2,372
12.	Loss carried forward			-5,057,311.95	-2,685
13.	Accumulated loss			-5,010,258.20	-5,057

5.3 Cash flow statement for the 2020 financial year

		2020 EUR thousand	2019 EUR thousand
A.	**Current business activity**		
1.	Annual result	47	-2,372
2.	Depreciation of film assets and other rights	1,128	2,029
3.	Depreciation of remaining items of fixed assets	28	25
4.	Write-ups on film assets and other rights	-1,445	-319
5.	Losses from the disposal of fixed assets	12	0
6.	Change in long-term provisions	0	5
7.	Other non-cash expenses and income	-34	-31
8.	Interest payable	260	270
9.	Tax expenses	3	13
10.	Increase in trade receivables	42	138
11.	Increase in other assets	25	5
12.	Decrease in trade payables	-92	-169
13.	Change in other liabilities	-6	0
14.	Taxes paid	-3	-13
	Cash outflow/inflow from operating activities	**-35**	**-419**
B.	**Investment activity**		
1.	Investments in property, plant and equipment	-4	-17
2.	Investments in other intangible fixed assets	0	0
3.	Investments in film assets and other rights	0	-32
	Cash outflow from investing activities	**-4**	**-49**
C.	**Financing activities**		
1.	Payments for the acquisition of treasury shares	-40	-11
2.	Proceeds from capital increase	227	0
3.	Proceeds from taking out loans and bonds	4,375	200
4.	Payments from the redemption of loans and bonds	-4,375	0
5.	Interest paid	-239	-114
	Cash inflow/outflow from financing activities	**-52**	**75**
D.	**Changes in cash and cash equivalents**	**-91**	**-393**
E.	**Cash and cash equivalents at the beginning of the period**	**280**	**673**
F.	**Cash and cash equivalents at the end of the period**	**189**	**280**

Composition of cash and cash equivalents	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Cash in hand, bank balances	229	1,069
Bank liabilities with a remaining term of up to three months	-40	-789
Financial resources	**189**	**280**

5.4 Statement of changes in equity

in EUR	Subscribed capital	Nominal amount Treasury shares	Issued capital	Capital reserve	Accumulated profit	Shareholders' equity
As of 1.1.2018	10,295,459.00	-9,208.00	10,286,251.00	2,787,971.79	1,534,682.98	14,608,905.77
Acquisition of treasury shares	0.00	-11,255.00	-11,255.00	-4,280.78	0.00	-15,535.78
Issue of treasury shares	0.00	154.00	154.00	215.60	0.00	369.60
Annual net loss	0.00	0.00	0.00	0.00	-4,219,964.94	-4,219,964.94
As of 31.12.2018	10,295,459.00	-20,309.00	10,275,150.00	2,783,906.61	-2,685,281.96	10,373,774.65
As of 1.1.2019	10,295,459.00	-20,309.00	10,275,150.00	2,783,906.61	-2,685,281.96	10,373,774.65
Acquisition of treasury shares	0.00	-9,309.00	-9,309.00	-1,706.24	0.00	-11,015.24
Issue of treasury shares	0.00	0.00	0.00	0.00	0.00	0.00
Annual net loss	0.00	0.00	0.00	0.00	-2,372,029.99	-2,372,029.99
As of 31.12.2019	10,295,459.00	-29,618.00	10,265,841.00	2,782,200.37	-5,057,311.95	7,990,729.42
As of 1.1.2020	10,295,459.00	-29,618.00	10,265,841.00	2,782,200.37	-5,057,311.95	7,990,729.42
Acquisition of treasury shares	0.00	-33,382.00	-33,382.00	-6,881.25	0.00	-40,263.25
Capital increase	162,271.00	0.00	162,271.00	64,908.40	0.00	227,179.40
Annual net profit	0.00	0.00	0.00	0.00	47,053.75	47,053.75
As of 31.12.2020	10,457,730.00	-63,000.00	10,394,730.00	2,840,227.52	-5,010,258.20	8,224,699.32

5.5 Notes for the 2020 financial year

I. *General information*

The financial statements of Your Family Entertainment AG (YFE) (Munich District Court, HRB 164922) for the 2020 financial year were prepared in accordance with Sections 242 et seq., 264 et seq. German Commercial Code (HGB) and the relevant provisions of the German Stock Corporation Act (AktG). The rules apply to large corporations, as the corporation is capital market-oriented within the meaning of Section 264 d HGB.

Your Family Entertainment AG has its registered office in Munich, Nordendstraße 64, Germany.

Purpose of the company:

The creation, editing and production of films, video and sound carriers and merchandising products, the purchase and sale of rights, investment in radio and television broadcasting companies, trade in films, image/sound carriers, merchandising products and national and international rights and event marketing. The company is also a full-service provider in that it acts as an agency for the marketing of its own and third-party merchandising rights, both nationally and internationally. The company's purpose also includes the publication of music and all related business promoting the purpose of the company, including the production of music, especially film music, either in its own capacity or through third parties.

The business activities are divided into the segments "Productions" and "Licence Sales". The company's focus in recent years has been on the area of "Licence Sales". However, in its medium-term strategic planning, the Management Board envisages becoming active once again in the "Productions" business segment, e.g. by relaunching existing brands.

II. Accounting policies

Accounting and valuation have been carried out pursuant to the following principles:

1. Balance sheet

The film assets acquired for a consideration and the other rights are recognised at the amortised costs. Scheduled amortisation takes place depending on the exploitation of the film rights. The periodic proportionate depreciation resulting from the exploitation is carried out in line with the pro rata realised sales in the financial year in relation to the total planned realisation of the individual film rights including the sales realised in the financial year.

As part of the review of the procedure for determining the fair value of the individual film rights and due to the stronger concentration on the TV station business, it was decided to change the procedure for determining the fair value of the individual film rights as of the 2016 financial year.

In accordance with the procedure applied in the 2020 financial year, the individual film rights are valued on the basis of the immediate cash flow forecast method. The financial surpluses which are isolated for each film right form the starting point. The specific cash flows are determined separately for each individual film right on the basis of the different areas of licence revenues, television revenues (separated into pay TV and free TV), exploitation revenues, merchandising revenues and other revenues. In the case of the underlying cash flow planning period, the economic life or remaining useful life is considered separately for each individual film right.

The cash flows that can be generated in the future are discounted using a risk-adjusted capitalisation interest rate to determine the corresponding cash value on the valuation date. Calculation of the capitalisation rate or the weighted average cost of capital (WACC) of the company respectively is based, in particular, on the corresponding parameter characteristics of a group of listed comparable companies (peer group) collected from capital market data, with the help of which the cost of equity, borrowing costs and capital structure are determined. Asset-specific capital costs, based on the Capital Asset Pricing Model (CAPM), consist of a risk-free base rate and a market risk premium.

Based on the method for determining the value per film right, the corresponding fair values are determined, which are compared with the respective book values per film right in the context of the impairment test.

If the fair value is lower than the book value of the individual film rights at the valuation date, an unscheduled write-down will take place. In the 2020 financial year, unscheduled write-downs totalling EUR 78k (PY: EUR 796k) were recorded on the basis of the valuation method used and this comparison.

In the same way, if the fair value at the valuation date exceeds the book value but is less than the amortised acquisition cost of the respective film rights, a write-up is made if impairment no longer exists or has decreased. However, this means that an increase in value or reduction in the impairment of an asset is recognised only to the extent that it does not exceed the book value that would have resulted, taking into account the depreciation effects if no impairment had been recognised in previous years (amortised costs). Write-ups amounting to EUR 1,445k (PY: EUR 319k) were recognised in the 2020 financial year on the basis of the valuation method used and the corresponding determination; these are reported under the item "other operating income".

Purchased IT software and property, plant and equipment are stated at acquisition cost less scheduled depreciation. Depreciation of IT software takes place according to the straight-line method pro rata temporis. The movable assets are also depreciated using the straight-line method pro rata temporis. The period of depreciation corresponds to the useful lives of the assets customary in the industry. For IT software, it is three years and for the other operational and office equipment, it is two to ten years.

Receivables and other assets are shown at their nominal value. All items which present a risk are accounted for by forming appropriate individual valuation allowances. There is also a flat-rate bad debt allowance of 1% for the general credit risk.

Provisions for pensions are valued according to the accepted principles of actuarial mathematics using the so-called "projected unit credit method" (PUC method). The provisioning requirement according to the PUC method is defined as the actuarial present value of the pension obligations, earned by the employees up to the reporting date in accordance with the formula and vesting rule on the basis of their previously completed service periods. The provision amount is calculated taking into account trend assumptions with regard to the future development of the expectancy or pension and possible fluctuation probabilities. The biometric calculation bases used are the "Richttafeln 2018 G" of Dr. Klaus Heubeck. Furthermore, the assumptions are based on an actuarial interest rate of 2.30% p.a. (10-year average for retirement benefit plans) and 1.60% (7-year average for the disclosure of the difference in accordance with Section 253[6] HGB) and a pension trend of 0.00%.

The calculation of the provision for the widow's / widower's benefit entitlement was made according to the so-called collective method, which was based on the probability of marriage in the calculation bases used. In addition, uncommitted but existing widowhood benefit entitlements in case law were included according to the collective method. As the final retirement age, the retirement age at the agreed end of the phased retirement employment relationship was set for partial retirement, and the earliest possible retirement age under the Pension Insurance Age Limits Adjustment Act 2007 was set for the remaining group of persons.

The difference according to Section 253(6) HGB, which results from the comparison of the 10-year average to the 7-year average, is to be recognised at EUR 22k and is legally subject to a distribution block.

Other provisions include all identifiable risks and contingent liabilities. They are recognised in the amount of the required settlement value (i.e. including future cost and price increases). Other provisions and accrued liabilities with a term of more than one year are discounted using the term-appropriate interest rate in accordance with the ordinance for discounting provisions.

The liabilities and the convertible bond are recognised at the settlement value.

Amounts in foreign currency are valued at the spot exchange rate on the balance sheet cut-off date. With a term of more than one year, the realisation and acquisition cost principle is observed.

Economic hedging relationships are tracked through the formation of valuation units. In applying the "freezing method", offsetting changes in value from the hedged risk are not recognised. The offsetting positive and negative changes in the value of both the hedged item and the hedging instrument are recognised without affecting the income statement.

Deferred tax assets as of the balance sheet date mainly result from tax loss carry-forwards, pension provisions, other provisions and foreign currency gains.

The option to capitalise deferred taxes is not exercised.

2. Income statement

The income statement is structured according to the income by nature method.

Sales revenue is recognised depending on the respective licence agreement, in particular, according to the following points:

- A licence contract signed by both parties is in place;
- The contractual obligations with regard to the delivery/provision of the materials were fulfilled;
- The licensing period has begun;
- The contractual remuneration is determinable, e.g. also by the periodic notifications from the video-on-demand (VoD) platforms.

Whether the rights are used by the licensee at a later date is not relevant for the time at which the revenue is recognised.

As regards merchandising sales (business segment "Licence Sales"), the guaranteed income is shown at the time of conclusion of the contract and/or at the start of the respective licence period. In the case of income that is solely dependent on sales, recognition of the income takes place when the sales are given to the licensee.

Sales in the Production division will be realised after completion and acceptance.

III. Notes on the balance sheet

1. Fixed assets

The development of the individual items of the fixed assets is illustrated in the separate summary of fixed assets, stating the depreciation for the financial year.

2. Receivables and other assets

There are no items with a term of more than one year in trade receivables or other assets as of 31.12.2020, as was the case as of 31.12.2019.

3. Equity

Share capital

The share capital of Your Family Entertainment AG as of the balance sheet cut-off date is divided into 10,457,730 no-par value shares, each with a pro-rata amount of the share capital of EUR 1.00.

As of 31 December 2020, the capital stock therefore amounts to EUR 10,457,730.00. The shares are registered by name and are fully paid up.

As of 31 December 2020 F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, holds 66.90% of the share capital.

Capital reserve

To offset the purchase price for 33,382 treasury shares above the nominal amount, EUR 6,881.25 was taken from the freely available capital reserve in 2020.

Authorised capital 2016

The Annual General Meeting of 22 June 2016 resolved to cancel the Authorised Capital 2012 and at the same time approved new Authorised Capital (Authorised Capital 2016).

The following resolution was taken:

a) The authorisation for the Management Board, with the approval of the Board of Directors, to increase the company's share capital by 26 June 2017, on one or more occasion, up to a total of EUR 4,831,499 (authorised capital 2012), is herewith nullified, provided this has not already taken place, effective at the time when the new authorised capital is created, in accordance with subsequent paragraphs b) to d), and entered in the commercial register.

b) With the approval of the Board of Directors, the Management Board is authorised to increase the company's share capital by 21 June 2021, on one or more occasion, by up to a total of EUR 4,831,499.00, through the issue of up to 4,831,499 new no-par bearer share certificates in return for cash and/or contributions in kind (authorised capital 2016). As a matter of principle, shareholders will thereby be granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or an equivalent institution under Section 186(5) Sentence 1 AktG with the obligation to offer these to shareholders of Your Family Entertainment AG for subscription. However, the Management Board is authorised, with the approval of the Board of Directors, to exclude the statutory subscription rights of shareholders

- if a capital increase against cash contributions does not exceed 10% of the share capital and the issue price of the new shares is not significantly lower than the market price (Section 186(3) Sentence 4 AktG); when making use of this authorisation under exclusion of subscription rights pursuant to Section 186(3) Sentence 4 AktG, the exclusion of the subscription right due to other authorisations pursuant to Section 186(3) Sentence 4 AktG must be taken into account;

- if the shares are issued against contributions in kind for the purpose of purchasing companies or interests in companies or parts of companies or for the purpose of purchasing receivables from the company;

- to the extent necessary to offset fractional amounts.

c) The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the capital increase and its implementation.

The Board of Directors is authorised to amend the version of the Articles of Association in accordance with the respective utilisation of the Authorised Capital 2016.

d) Section 4(3) of the Articles of Association shall be amended in accordance with the above resolutions as follows:

"(3) The Management Board is authorised, with the approval of the Board of Directors, to repurchase the share capital of the Company on or before June 21, 2021 by a total of up to EUR 4,831,499 by issuing up to 4,831,499 new shares to increase the number of no-par value registered shares from the beginning of the financial year which is ongoing at the time of issue against cash and / or non-cash contributions (Authorised Capital 2016). As a matter of principle, shareholders will thereby be granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or an equivalent institution under Section 186(5) Sentence 1 AktG with the obligation to offer these to shareholders of Your Family Entertainment AG for subscription. However, the Management Board is authorised, with the approval of the Board of Directors, to exclude the statutory subscription rights of shareholders

- if a capital increase against cash contributions does not exceed 10% of the share capital and the issue price of the new shares is not significantly lower than the market price (Section 186(3) Sentence 4 AktG); when making use of this authorisation under exclusion of subscription rights pursuant to Section 186(3) Sentence 4 AktG, the exclusion of the subscription right due to other authorisations pursuant to Section 186(3) Sentence 4 AktG must be taken into account;

- if the shares are issued against contributions in kind for the purpose of purchasing companies or interests in companies or parts of companies or for the purpose of purchasing receivables from the company;

- to the extent necessary to offset fractional amounts.

The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the capital increase and its implementation. The Board of Directors is authorised to amend the version of the Articles of Association in accordance with the respective utilisation of the Authorised Capital 2016."

Based on the resolution of the Annual General Meeting of Your Family Entertainment Aktiengesellschaft of 22 June 2016, the Management Board is authorised, with the approval of the Board of Directors and at the latest by 21 June 2021, to increase the share capital of the company on one or more occasions by a total of up to EUR 4,831,499 by issuing up to 4,831,499 new, registered, no-par value shares with dividend rights from the beginning of the financial year in progress at the time of the issue, in exchange for cash and/or contributions in kind (Authorised Capital 2016). As a matter of principle, shareholders will thereby be granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or an equivalent institution under Section 186(5) Sentence 1 AktG with the obligation to offer these to shareholders of Your Family Entertainment AG for subscription. However, the Management Board is authorised, with the consent of the Board of Directors, to exclude the shareholders' statutory subscription right to the extent deemed necessary to compensate for fractional amounts, among other things. Finally, the Management Board is authorised, with the consent of the Board of Directors, to determine the further details of the capital increase and its implementation. The Board of Directors is authorised to update the wording of the articles of association in accordance with the utilisation of the authorised capital.

The Management Board has not yet made use of this authorisation.

On the basis of the aforementioned authorisation, the Management Board resolves unanimously and with all votes on 30 October 2020, subject to the approval of the Board of Directors:

1. The share capital of the company in the amount of EUR 10,295,459.00 shall be increased by up to 1,029,545.00 to as much as EUR 11,325,004.00 by issuing up to 1,029,545 new, registered, no-par value shares with a notional interest in share capital of EUR 1.00 against cash contributions ("New Shares"), making partial use of the Authorised Capital 2016.

2. The new shares shall be issued at the lowest issue price of EUR 1.00 per new share and shall be entitled to participate in profits as of 1 January 2020. The subscription right of the shareholders for fractional amounts is excluded.

3. Only Small & Mid Cap Investmentbank AG, Munich shall be permitted to subscribe for the new shares. The statutory subscription right shall be granted to the shareholders as an indirect subscription right in such a way that the new shares shall be subscribed by Small & Mid Cap Investmentbank AG and taken over with the obligation to offer them to the shareholders at a subscription price of EUR 1.40 per new share in the ratio of 10: 1 for subscription, and to deliver them subsequent to the registration of the implementation of the capital increase in the Commercial Register in accordance with the exercised subscription rights. In order to be able to represent the smooth subscription ratio mathematically, the Management Board has ensured that the subscription right based on 9 shares is not exercised. Any shares not subscribed following the end of the subscription period (due to the subscription right) may be offered by Small & Mid Cap Investmentbank AG for purchase to institutional investors in a private placement at a placement price of EUR 1.70 per new share. Small & Mid Cap Investmentbank AG shall be obligated to transfer the respective additional proceeds to the company after deduction of an appropriate commission and costs. The period for the acceptance of the subscription offer ends, at the earliest, 2 weeks after the announcement of the subscription offer.

4. The subscriptions shall become non-binding if the implementation of the entire capital increase has not been entered in the respective Commercial Register for the company by 31 December 2020.

5. On the day of the registration of the implementation of the capital increase for entry in the Commercial Register, 25% of the issue amount per new share shall be paid free of interest and commission by way of credit to Bankhaus Gebr. Martin AG, IBAN: DE69 6103 0000 0000 051046, acting as settlement agent for Small & Mid Cap Investmentbank AG, ultimately at the free disposal of the Management Board.

6. The entire costs of this capital increase shall be borne by the company.

By resolution of 30 October 2020, the Board of Directors approves the resolution of the Management Board of today's date by which the Management Board resolves, within the framework of the authorisation of Article 4 (3) of the Articles of Association of the company, to increase the share capital of the company – in the amount of EUR 10,295,459.00 – through the partial utilisation of the Authorised Capital 2016 – by a maximum of 1,029,545.00 – and up to a new total of EUR 11,325,004.00, by issuing up to 1,029,545 new, registered, no-par value shares with a notional interest in the share capital of EUR 1.00 against cash contributions, including the terms and conditions of the share issue and the content of the share rights set out in the resolution.

By resolution dated 4 December 2020, the Board of Directors declares that

1. The Board of Directors approves the resolution of the Management Board dated 4 December 2020 by which the Management Board has set the number of new shares to be issued at 162,271 new shares.

2. On the basis of the authorisation provided in Article 4(3) last sentence and Article 15 of the Articles of Association of the company, the Board of Directors re-formulates the wording of Article 4(1) and
   (2) of the Articles of Association with effect from the date of entry of the implementation of the capital increase in the Commercial Register as follows:

   "(1) The share capital of the company is EURO 10,457,730.00 (in words: ten million four hundred and fifty seven thousand seven hundred and thirty euros).

   (2) The share capital is divided into 10,457,730 no-par value shares."

3. On the basis of the authorisation given in Article 4(3) Sentence 5 and Article 15 of the Articles of Association of the company, the Board of Directors reworded Article 4(3) Sentence 1 of the Articles of Association with effect from the date of entry of the implementation of the capital increase in the Commercial Register as follows:

   "The Management Board is authorised, with the consent of the Board of Directors, to increase the share capital of the company on one or more occasions until 21 June 2021 at the latest by a total of up to EUR 4,669,228.00 by issuing up to 4,669,228 new, registered, no-par value shares carrying dividend rights from the beginning of the financial year in progress at the time of the issue, in exchange for cash contributions and/or contributions in kind (Authorised Capital 2016)."

The capital increase was entered in the Commercial Register on 11 December 2020.

Resolution on the authorisation to issue convertible bonds, on the creation of Conditional Capital 2019 and the corresponding amendment to the Articles of Association

The Annual General Meeting of 19 July 2019 passed the following resolution:

a) The Management Board is authorised, with the consent of the Board of Directors, to issue bearer convertible bonds (hereinafter also referred to as "bonds") with a total nominal value of up to EUR 7,500,000.00 and a maximum term of 20 years on one or more occasion up to 18 July 2024, and to grant the holders of the bonds conversion rights to new shares in the company with a pro rata amount of the share capital of up to a total of EUR 2,573,929.00 in accordance with the terms and conditions of the convertible bonds. The bonds may be issued once or several times – in whole or in part and also simultaneously – in different tranches. Shareholders are generally entitled to a subscription right to the bonds. The statutory subscription right may also be granted in such a way that the bonds are underwritten by one or more banking institutions with the obligation to offer them to the shareholders for subscription. However, the Management Board shall be authorised – with the consent of the Board of Directors – to exclude in whole or in part the subscription right of the shareholders of the company to the bonds with conversion rights to shares of the company,

aa) provided that the bonds are issued against cash consideration and have such features that their issue price is not significantly lower than their theoretical market value determined in accordance with the recognised methods of financial mathematics; however, this shall only apply to the extent that the shares to be issued, in order to service the conversion rights and obligations thereby created, do not exceed a total of 10% of the share capital, either with respect to the time at which this authorisation becomes effective or with respect to the time at which this authorisation is exercised. When making use of this authorisation to exclude the subscription right pursuant to Section 186(3) Sentence 4 AktG, the exclusion of the subscription right on the basis of other authorisations pursuant to Section 186(3) Sentence 4 AktG shall be taken into account;

bb) in order to grant subscription rights to the holders of conversion rights to shares in the company, to compensate for dilutions to the extent to which they would be entitled after exercising these rights;

cc) in order to exclude fractional amounts from the shareholders' subscription right. In the event of the issue of bonds, the holders of the bonds shall receive the right to convert their bonds into shares of Your Family Entertainment Aktiengesellschaft in accordance with the terms and conditions of the convertible bonds. The pro rata amount of the share capital represented by the shares to be issued on conversion may not exceed the nominal amount of the bonds. The conversion rate is calculated by dividing the nominal amount of the bond by the nominal amount for one share of Your Family Entertainment Aktiengesellschaft. The bond terms may allow for a variable conversion rate and for the conversion price to be set depending on the movement of the share price during the term or over a set period within the term. The conversion rate may, in any case, be rounded up or down to a whole number; in addition, a payment to be made in cash may be determined. The terms may also allow for fractional amounts to be combined and/or settled in cash. The respective bond terms and conditions may also establish a conversion obligation at the end of the term, or at an earlier point in time.

The terms of the convertible bond may also entitle the company to pay the equivalent value in cash instead of granting shares in the company to those exercising their conversion option. The terms of the convertible bond may also allow the company to issue its treasury shares to bondholders exercising their conversion option. The conversion price to be fixed in each case for one share of the company (subscription price) must – even in the case of a variable conversion rate/conversion price – either correspond to

(a) at least 80% of the average closing price of the shares of the company in floor trading on the Frankfurt Stock Exchange or, if the shares are included in XETRA trading, in XETRA trading or in a corresponding successor system on the ten trading days immediately preceding the date of the resolution by the Management Board on the issue of the convertible bonds, or

(b) at least 80% of the average closing price of the shares of the company in floor trading on the Frankfurt Stock Exchange or, if the shares are included in XETRA trading, in XETRA trading or in a corresponding successor system during the days on which the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days of subscription rights trading. Sections 9(1), 199(2) AktG shall remain unaffected.

If dilutions of the economic value of the existing conversion rights occur during the term of a bond and no subscription rights are subsequently granted as compensation, the conversion rights shall be adjusted so as to preserve their value – notwithstanding the lowest issue amount pursuant to Section 9(1) AktG – insofar as the adjustment is not already subject to mandatory regulation by law. In any case, the pro rata amount of the share capital of the no-par value bearer shares to be subscribed per bond shall not exceed the nominal amount per bond. Instead of an adjustment of the conversion price, the payment of a corresponding amount in cash by the company on exercise of the conversion right or on fulfilment of the conversion obligation may also be provided for in accordance with the terms and conditions of the convertible bonds. The terms and conditions of the convertible bonds may also provide for an adjustment of the conversion rights or obligations in the event of a capital reduction or other extraordinary measures or events. The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the issue and nature of the convertible bonds, in particular the interest rate, issue price, duration and denomination, conversion price and conversion period.

b) The share capital is conditionally increased by up to EUR 2,573,929.00 by issuing up to 2,573,929 new, registered, no-par value shares (Conditional Capital 2019). The conditional capital increase shall be used to grant shares to holders of convertible bonds issued in accordance with the above authorisation. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds – issued on the basis of the authorisation of the Annual General Meeting of 19 July 2019 up to 18 July 2024 – exercise their conversion rights, and to the extent that other forms of fulfilment are not used for the purpose of servicing. The new shares shall participate in the profits from the beginning of the financial year in which they are created through the exercise of conversion rights. The Management Board is authorised, with the consent of the Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorised to amend the wording of the Articles of Association in accordance with the respective utilisation of the conditional capital.

c) Article 4 of the Articles of Association is supplemented by the following new paragraph 5: "(5) The share capital is conditionally increased by up to EUR 2,573,929.00 by issuing up to 2,573,929 new, registered, no-par value shares (Conditional Capital 2019). The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds – issued on the basis of the authorisation of the Annual General Meeting of 19 July 2019 up to 18 July 2024 – exercise their conversion rights, and to the extent that other forms of fulfilment are not used for the purpose of servicing. The new shares shall participate in the profits from the beginning of the financial year in which they are created through the exercise of conversion rights. The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorised to amend the version of the Articles of Association in accordance with the respective utilisation of the conditional capital."

Resolution of the Board of Directors on Conditional Capital (2013/2017) of 3 May 2019

Pursuant to Article 4(4) of the Articles of Association of the company, the share capital is conditionally increased by up to EUR 5,147,729.00 through the issuance of up to 5,147,729 new, registered, no-par value shares (Conditional Capital 2013/2017). The conditional capital increase serves to grant shares to the holders of convertible bonds issued in accordance with the authorisation of the Annual General Meeting of 7 November 2013 as amended by the resolution of the Annual General Meeting of 15 September 2017. The conditional capital increase shall be carried out only if the holders of convertible bonds issued by the company by 6 November 2018, based on the authorisation granted by the Annual General Meeting of 7 November 2013, as amended by resolution of the General Meeting of 15 September 2017, make use of their conversion right and provided other forms of fulfilment are not deployed. The new shares shall entitle the shareholder to participate in profits from the beginning of the financial year in which they are acquired by exercise of conversion rights. The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorised to amend the version of the Articles of Association in accordance with the respective utilisation of the conditional capital.

Based on the authorisation of 7 November 2013, the Management Board of the company – with the consent of the Board of Directors – issued a "4% convertible bond 2014/2018" in January 2014. The "4% convertible bond 2014/2018" expired in full on 9 February 2018. The holders of the convertible bond are no longer entitled to conversion rights.

Furthermore, the Management Board of the company – with the consent of the Board of Directors – issued a "3% convertible bond 2018/2020" in November 2017 based on the authorisation of the Annual General Meeting of 7 November 2013 as modified by the resolution of the Annual General Meeting of 15 September 2017. From this "3% convertible bond 2018/2020", partial debentures with a total nominal value of EUR 4,375,460 are currently still outstanding, which entitle the holders to acquire a total of 2,570,800 shares in Your Family Entertainment Aktiengesellschaft in accordance with the terms and conditions of the convertible bonds in the event of full conversion.

The authorisation to issue further convertible bonds expired on 6 November 2018 as per the authorisation of the Annual General Meeting of 7 November 2013, as modified by the resolution of the Annual General Meeting of 15 September 2017.

The Conditional Capital 2013/2017 is therefore only required in the amount of up to EUR 2,573,800.00 by issuing up to 2,573,800 new, registered, no-par value shares and shall, therefore, be adjusted to this figure.

The Board of Directors of Your Family Entertainment Aktiengesellschaft – consisting of Dr. Hans-Sebastian Graf von Wallwitz, Dr. Andreas Aufschnaiter and Johannes Thun-Hohenstein, hereby adopts the following resolution, while waiving all forms and deadlines provided for by law, the Articles of Association and the Rules of Procedure for convening and holding a meeting of the Board of Directors and for the adoption of resolutions by the Board of Directors:

Section 4(4) Sentence 1 of the Articles of Association of Your Family Entertainment Aktiengesellschaft is amended as follows:

"The share capital is conditionally increased by up to EUR 2,573,800.00 by issuing up to 2,573,800 new, registered, no-par value shares (Conditional Capital 2013/2017)."

Share buyback

In 2020, due to the favourable share price, use was made of the authorisation to acquire treasury shares – newly adopted at the Annual General Meeting of 27 June 2012 and at the Annual General Meeting of 22 June 2016 – and a total of 33,382 (0.32% of the share capital) treasury shares with a total nominal value of EUR 33,382.00 and at a total price of EUR 40,263.25 plus EUR 1,887.83 incidental costs, was acquired through the stock market.

Treasury shares thus amount to 63,000 shares with a total nominal value of EUR 63,000.00 (0.60% of the share capital) on the balance sheet date.

4. Provisions

The other provisions in the amount of EUR 451k (PY: EUR 466k) relate mainly to personnel costs of EUR 70k (PY: EUR 68k), provisions for outstanding invoices EUR 84k (PY: EUR 97k), provisions for annual reporting costs and auditing costs EUR 50k (PY: EUR 49k), provisions for the interest expense of the convertible bond EUR 140k (PY: EUR 131k) and the provision for the remuneration of the Board of Directors EUR 45k (PY: EUR 46k).

5. Convertible bonds

On 23 November 2017 the Management Board and Board of Directors of Your Family Entertainment resolved to issue a convertible bond (2018/2020) with a total nominal amount of up to EUR 4,375,460, divided into up to 2,573,800 partial bearer debentures with equal rights and a nominal amount of EUR 1.70 each.

The term of the convertible bond started on 1 January 2018 and ended at the end of 9 February 2020. The issue amount per partial debenture was 100% of the nominal amount and thus EUR 1.70. Each partial debenture bore interest of 3% p.a. on its nominal amount.

At maturity on 9 February 2020, the convertible bond (2018/2020) in the total nominal amount of EUR 4,375,460.00 was redeemed.

On 18 November 2019 the Management Board and the Board of Directors resolved to issue another convertible bond (2020 / 2022) with a total nominal amount of up to EUR 4,375,460, divided into up to 2,573,800 partial debentures with equal rights and a nominal amount of EUR 1.70 each.

The term of the convertible bond began on 1 February 2020 and ends at the end of 31 March 2022. The issue amount per partial debenture is 100% of the nominal amount and thus EUR 1.70. Each partial debenture bears interest of 3.5% p.a. on its nominal amount.

Under the subscription right, the shareholders were entitled to subscribe to a new partial debenture for every four shares in accordance with the ratio of 4:1. The option of a multiple partial debenture subscription was provided for. The subscription period ran from 25 November 2019 to 9 December 2019 (inclusive), and trading in subscription rights was not provided for. The corresponding subscription offer was published on 20 November 2019 in the Federal Gazette.

Roughly EUR 1,032k was subscribed to by existing shareholders as part of the subscription and oversubscription offer, and the remaining approximate amount of EUR 3,343k was successfully placed with institutional investors as part of the private placement.

6. Liabilities

2020 (in EUR thousand)	up to 1 year	more than 1 year	more than 5 years	Total
Convertible bonds	0	4,375	0	4,375
Loans from credit institutions	3,491	0	0	3,491
Advance payments received on account of orders	2	0	0	2
Accounts payable, trade	337	0	0	337
Other liabilities	56	0	0	56
• Of which taxes	(38)	(0)	(0)	(38)
• Of which relating to social security	(0)	(0)	(0)	(0)
Total liabilities as of 31.12.2020	**3,886**	**4,375**	**0**	**8,261**

2019 (in EUR thousand)	up to 1 year	more than 1 year	more than 5 years	Total
Convertible bonds	4,375	0	0	4,375
Loans from credit institutions	4,239	0	0	4,239
Advance payments received on account of orders	20	0	0	20
Accounts payable, trade	367	63	0	430
Other liabilities	39	0	0	39
• Of which taxes	(25)	(0)	(0)	(25)
• Of which relating to social security	(3)	(0)	(0)	(3)
Total liabilities as of 31.12.2019	**9,040**	**63**	**0**	**9,103**

Collateral in the form of rights and claims from film licence agreements, which fully cover the line provided, was granted to collateralise liabilities vis-a-vis UniCredit Bank Austria AG, Vienna, Austria within the framework of the line granted in the amount of EUR 3,600k. In addition, the loans from credit institutions are backed by a bill designation and a bill of exchange.

7. Other financial obligations

The other financial obligations due within one year amount to EUR 617k and are essentially divided into rental (EUR 46k), leasing (EUR 6k), consulting and service obligations (EUR 565k).

Within a period of 2 to 5 years, a total of EUR 8k will be due, primarily for leasing expenses.

IV. Notes on the income statement

1. Sales revenue

Sales revenue totalling EUR 3,035k was generated entirely in the "Licence Sales" area in 2020 (PY: EUR 2,910k), of which EUR 1,329k (PY: EUR 922k) was generated in Germany and EUR 1,706k (PY: EUR 1,988k) abroad.

2. Other operating income

Other operating income includes, in particular, income from write-ups on film assets amounting to EUR 1,445k (PY: EUR 319k) and from the release of provisions amounting to EUR 35k (PY: EUR 10k). In addition, income from currency conversion in the amount of EUR 7k (PY: EUR 5k) is reported.

3. Cost of materials

The statement includes sales-related expenses for licences, commissions, materials and purchased services. These are above all the expenses for purchased services of EUR 906k (PY: EUR 951k), licences (author shares) of EUR 29k (PY: EUR 138k) and commissions of EUR 38k (PY: EUR 54k).

4. Personnel expenses

The average number of employees during the year, including one apprentice and intern, but excluding the Management Board, was 12 (PY: 15), of which 0 (PY: 2) were part-time employees.

5. Depreciation

As a result of the so-called impairment test for financial stability, unscheduled amortisations of the value of film assets amounting to EUR 78k (PY: EUR 796k) were made. In addition, depreciation on film assets of EUR 1,036k (PY: EUR 1,219k) and straight-line depreciation on film assets in the amount of EUR 14k (PY: EUR 14k) were incurred.

6. Other operating expenses

This collective item mainly includes the costs of maintenance and administration (especially investor relations, legal, court, audit and consultancy costs), rental and leasing costs, and press, advertising and trade show costs.

In addition, expenses for losses from the increase of specific valuation allowances on trade receivables in the amount of EUR 29k (PY: EUR 82k) and from currency conversion in the amount of EUR 8k (PY: EUR 6k) were reported.

7. Interest and similar expenses

Expenses from the discounting of provisions amount to EUR 9k (PY: EUR 11k).

8. Taxes on income

This item of EUR 3k (PY: EUR 13k) mainly relates to foreign withholding tax.

V. Significant transactions with related persons or companies

There were no transactions on non-market terms.

VI. Information about the executive bodies of the company

1. Board of Directors

The members of the Board of Directors of Your Family Entertainment AG are:

- Dr Hans-Sebastian Graf von Wallwitz, Munich, Germany, Lawyer

  (Chair)
- Dr Andreas Aufschnaiter, Munich, Germany, Management Consultant, Management Board MS Industrie AG

  (Deputy Chair)
- Mag. Johannes Thun-Hohenstein, Vienna, Austria, Media Consultant, Coach and Civil Rights Mediator

Total remuneration (excluding expenses) of the Board of Directors amounted to EUR 45k in the financial year 2020. According to Article 16 of the Articles of Association, EUR 20k was due to the Chair, EUR 15k to the Deputy and EUR 10k to the other members. As of 31 December 2020, the members of the Board of Directors held 100 shares.

The members of the Board of Directors hold the following positions on other supervisory boards and control bodies within the meaning of Section 125(1) Sentence 3 AktG:

- Dr. Hans-Sebastian Graf von Wallwitz:

  Member of the Management Board of

  - Fenix Outdoor International AG, Zug, Switzerland

- Dr. Andreas Aufschnaiter:

  regular member of the Board of Directors of
  - Beno Holding AG, Starnberg, Germany

  Member of the Management Board of
  - Frener & Reifer GmbH, Brixen, Italy

2. Management Board

The Management Board of Your Family Entertainment AG comprises:

- Dr. Stefan Piëch, Vienna, Austria, CEO
- Bernd Wendeln, Munich, Germany, COO (since 1 June 2020)

Management Board member Dr. Stefan Piëch holds the following positions – as a regular member – on other supervisory boards and control bodies within the meaning of Section 125(1) Sentence 3 AktG

- SOS Children's Villages International Hermann-Gmeiner-Fonds Deutschland e.V., Munich, Germany
- SEAT, S.A., Martorell, Spain
- Porsche Automobile Holding SE, Stuttgart, Germany
- Volkswagen Belegschaftsstiftung, Wolfsburg, Germany
- Siemens Österreich AG, Austria (since 17 December 2020)

The remuneration of the Management Board for the 2020 financial year is as follows:

in EUR thousand	**Fixed remuneration**	**Remuneration in kind**	**Variable remuneration**
Dr. Stefan Piëch (CEO)	221	5	0
Bernd Wendeln (COO) (since 1 June 2020)	100	8	0
Total	**321**	**13**	**0**

As of the balance sheet date, 152,001 no-par shares were held by the Management Board member Dr Stefan Piëch.

The total remuneration for former members of the Management Board amounted to EUR 25k. The pension provisions for former members of the Management Board and their surviving dependents are formed in full and amount to EUR 313k as of 31 December 2020.

3. Auditing and consultation fees

The total fee charged by the auditor for the financial year amounts to EUR 30k, of which EUR 30k is accounted for by auditing services.

4. Appropriation of net income

The proposal is submitted to carry forward the annual net profit.

VII. Supplementary report

Impact of the Coronavirus

At the time of preparing these financial statements, coronavirus remains active, with increasing numbers of cases and incidences. The consequences are not yet fully foreseeable. Effects in the media industry were (and are) felt, for example, in the cancellation of one of the most important trade fairs in Cannes, France, and the fact that trade fairs are currently held exclusively in virtual format. In addition, personal customer appointments and meetings, travel and workshops (and the like) are still barely possible, which is having a corresponding impact on sales activities.

As to whether previous findings that more media are consumed in economically difficult times and that this even represents an opportunity for the industry hold true has yet to be seen, as such an "exceptional situation" with school, day-care and shop closures – including restrictions on leaving home and freedom of public assembly – has so far only come about in Europe in times of war. No one can reliably forecast the consequences for the economy at this point in time (end of March 2021). For this reason, this situation represents a risk for the company, with possible effects on the net assets, financial position and operating results. However, the potential effects cannot be quantified at the time of preparing the management's discussion and analysis in March 2021.

VIII. Declaration according to Section 161 German Stock Corporation Act (AktG) in respect of the Corporate Governance Code

Your Family Entertainment AG, Munich, submitted the declaration required under Section 161 German Stock Corporation Act (AktG) and made it permanently available to the shareholders in November 2020 on the website of the company (www.yfe.tv) under the heading "Investor Relations".

Munich, 31 March 2021

Your Family Entertainment AG

The Management Board

Dr. Stefan Piëch (CEO) Bernd Wendeln (COO) yourfamilyentertainment

IX. Development of fixed assets 2020

		Acquisition and manufacturing costs				Accumulated depreciation					Carrying amounts	
		1.1.2020	Acquisitions	Disposals	31.12.2020	1.1.2020	Acquisitions	Write-ups	Disposals	31.12.2020	31.12.2020	31.12.2019
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
A.	**FIXED ASSETS**											
I.	**Intangible assets**											
1.	Concessions, industrial property rights and similar rights and assets acquired for consideration and licences to such rights and assets	278,713.48	0.00	25,160.56	253,552.92	243,856.27	11,716.56	0.00	13,354.56	242,218.27	11,334.65	34,857.21
2.	Film assets and other rights acquired for a consideration	118,071,807.09	373.68	5,068,198.63	113,003,982.14	101,751,642.01	1,127,510.12 [1)]	1,444,511.90	5,068,198.63	96,366,441.60	16,637,540.54	16,320,165.08
		118,350,520.57	373.68	5,093,359.19	113,257,535.06	101,995,498.28	1,139,226.68	1,444,511.90	5,081,553.19	96,608,659.87	16,648,875.19	16,355,022.29
II.	**Tangible assets**											
	other assets, operational and office equipment	490,394.59	3,628.18	26,760.84	467,261.93	456,023.59	16,550.18	0.00	25,908.84	446,664.93	20,597.00	34,371.00
		118,840,915.16	4,001.86	5,120,120.03	113,724,796.99	102,451,521.87	1,155,776.86	1,444,511.90	5,107,462.03	97,055,324.80	16,669,472.19	16.389.393.29

1) thereof unscheduled depreciation in the amount of EUR 78k (PY: EUR 796k)

6. Management's discussion and analysis for the 2020 financial year

A. General

The name **Your Family Entertainment AG** (YFE) symbolises innovation and tradition in one. For more than 35 years, YFE has produced and licensed high-quality, educational television series for children, young people and families.

Behind YFE is a dynamic team of highly motivated employees who pursue a common goal: to pass on their enthusiasm and passion for responsible, high-quality children's TV programming to children, young people, families and customers around the world.

The business activities are divided into the segments "Productions" and "Licence Sales". The company's focus in recent years has been on the area of "Licence Sales". However, in its medium-term strategic planning, the Management Board envisages becoming active once again in the "Productions" business segment, e.g. by relaunching existing brands.

The company's extensive film library and content, which is subject to manifold distribution rights, is extensively commercially exploited on a regional level. One type of exploitation is the international licensing of individual series and films to free and pay TV channels, video-on-demand (VoD)/streaming platforms and mobile TV platforms and the value chain of ancillary rights marketing. This also includes production and distribution, both by the company directly and via third parties, of DVD and audio products for home entertainment.

In the field of international licence sales, YFE has one of the largest independent European libraries for children's and family entertainment. YFE can draw on a stock of approximately 3,500 half-hour programmes. These comprise a large number of series, all lovingly created with great effort, which enables YFE to offer a varied range. The library is continuously maintained and supplemented by additional programmes/formats. Thus, the value of the programme library (Rechtestock) has been sustainably expanded in recent years.

Since November 2007 YFE has successfully operated the **award-winning pay TV channel** "yourfamily", which won the prestigious HOT BIRD™ TV Award in 2010 and was nominated again for the finals of the best three children's channels worldwide in 2011, 2013, 2014 and 2015. Since December 2014 the pay TV channel "yourfamily" has been known as "Fix&Foxi". Integration of the "Fix&Foxi" brand, which has had a large fan base for over 60 years (not only in Germany), combines the popularity of the two foxes with the quality of high-quality television content for families. With their 24-hour programme, the two popular foxes present an optimal mix of high-quality entertainment, educational content and monthly highlights. In 2016 "Fix&Foxi" won the **Eutelsat TV Award** in the category "children's channel". With its expanded concept, the channel occupies an independent and clear position in the

German-speaking kids' pay TV market; and this has also been the case since 2015 via the **Amazon Fire** TV app "Fix&Foxi" TV. Furthermore, a channel in the children's entertainment segment that can be ordered via **Amazon Prime Video** has been offered under the name "Fix&Foxi" since 2017. In January 2020 YFE was able to announce the inclusion of "Fix&Foxi" TV in the pay tv portfolio of **Vodafone Germany** and the expansion of an existing cooperation agreement in the video-on-demand sector. Thanks to its successful concept, the channel already has a presence in many countries and different languages around the world.

Since 2012 YFE has also been available on free TV with the family channel "RiC". "RiC" has been able to establish itself very successfully as a private children's and family channel in German-speaking countries with its high-quality, popular European programmes. Thanks to its extensive expertise and carefully selected, high-quality content, "RiC" has positioned itself as the third private children's and family programme in German-speaking countries. Both the presentation that underpins the child-friendly channel and the decelerated content make "RiC" the antithesis to the predominantly American and Asian services. "RiC" is broadcast via satellite (Astra), many cable networks and as a live stream on the internet in German-speaking countries, as well as on the mobile platforms iOS and Android.

Since February 2015 "RiC" has also been available on the road in the areas of Baden-Württemberg, Hesse and North Rhine-Westphalia via **Vodafone NRW** (legal successor to Unitymedia and Kabel BW). "RiC" has now expanded its reach to over 34 million households in German-speaking countries and continues to grow in the cable network.

B. Economic review

1. Economic conditions

1.1 Economic development – Pandemic-induced recession

"The coronavirus pandemic led to the sharpest slump in economic output in Germany in a single quarter since quarterly national accounts began in 1970. Due to the strong recovery seen over the summer, real gross domestic product (GDP) is expected to decline at a rate of -5.1% for 2020 as a whole, roughly as much as in 2009 during the global financial crisis. The recovery is expected to continue at a slower pace, with growth of 3.7% in the coming year. However, the pre-crisis level of Q4 2019 is unlikely to be reached before early 2022. For any and all subsequent developments, the infection rate and the associated restrictions remain decisive. In its forecast, the German Council of Economic Experts assumes that the situation concerning infections can be kept under control with limited interventions, that no extensive shutdown as in the spring of 2020 is necessary to this end, and that international supply chains are not significantly disrupted. Clear communication by policymakers, for example regarding the criteria according to which new restrictions are imposed or lifted, is important for ensuring that the fight against the pandemic is successful.

International developments play an important role. In China, economic development is indeed progressing rapidly once more, and in the course of the economic recovery, the USA and the euro zone were able to record strong GDP growth in the third quarter. Now, however, the pace of recovery is likely to slow down considerably once more. For 2020 the German Council of Economic Experts expects GDP in the euro zone to decline by a total of 7.0%. The major member states of Spain, Italy and France are among the hardest hit in the euro zone. In 2021 the GDP growth rate in the euro zone is expected to turn positive again at 4.9%. However, in view of dynamic infection rates, there are considerable downside risks for the further development of the global economy.

The Coronavirus pandemic and its consequences will accompany the German economy for some time to come. In such an exceptional situation, it is important to take countermeasures at all levels and with the necessary strength. In addition, long-term challenges need to be addressed. New opportunities lie, for example, in a pandemic-induced surge in digitalisation and innovation, in the transformation towards a climate-neutral economy and in increased European cooperation. Economic policy should
seize opportunities and create the framework conditions for a resilient and future-oriented economy."

(Source: German Council of Economic Experts, Annual Report 2020/2021, Summary)

1.2 Entertainment and media industry

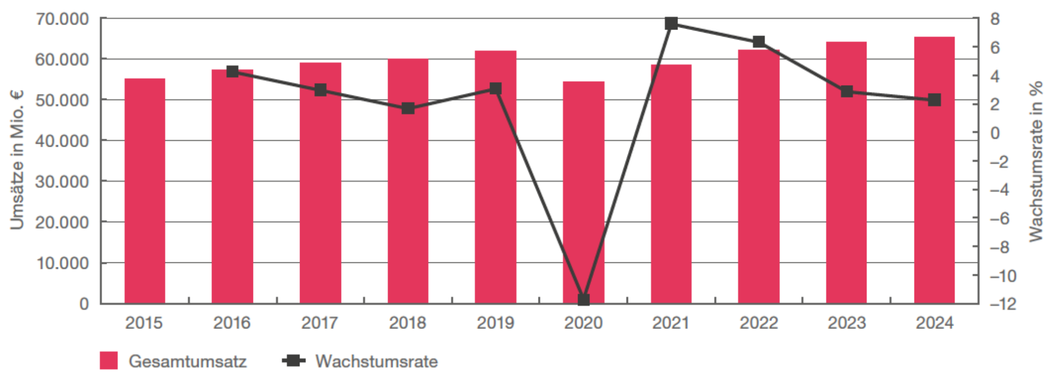
The year 2020 was dominated, in particular, by the COVID-19 pandemic and its consequences for the economy and society. For the entire entertainment and media market, a decline in turnover of 11.9% to a volume of EUR 54.3 billion is expected for 2020, and thus approximately EUR 7.4 billion less than in the previous year 2019 (without taking into account the less volatile income from broadcasting contributions). The various segments of the entertainment and media industry are experiencing different effects as a result of this crisis. While some sectors are facing severe challenges and major losses, others are benefiting from the accelerated digital transformation due to the fact that, for example, lockdowns have all but signalled the end of "in-person" entertainment services, while media consumption in the home is increasing significantly.

The clear winner of the crisis is the internet video segment, consisting of subscription and transactional video-on-demand (S-VoD and T-VoD), with revenue growth of 16.8% compared to 2019.

Thus, the COVID-19 pandemic is accelerating developments in the entertainment and media market, and the change from analogue to digital services.

Forecast of total sales of the entertainment & media industry in Germany

For the period under consideration up to 2024, average annual growth of 1.1% is anticipated for the industry, to a total market volume in Germany of EUR 65.2 billion, i.e. an overall increase of around EUR 3.6 billion vis-a-vis 2019. This growth is fuelled, in particular, by the increase in digital products, which continues to accelerate due to the COVID-19 pandemic.



The German TV market recorded growth of +0.8% to EUR 5.8 billion in 2019. The key reason for this minimal growth is the intensified competition from competing VoD platforms such as YouTube, Amazon Prime, Netflix, DAZN, Apple TV and Disney+.

The share of VoD services in total media usage increased significantly in 2019 across all age groups compared to the previous year. YouTube continues to be the most used VoD service with around 40%. New competitors such as Apple and Disney entered the market, further intensifying the competitive situation.

Sales revenue in the German TV advertising market declined slightly in 2019 to EUR 4.7 billion or 1.5%. Advertising revenues in traditional linear TV and pay tv decreased by 2%, while online TV advertising revenues increased by 8.4%. Overall, the share of sales revenue from online TV advertising remained comparatively low at EUR 246 million (5.2%).

(Source: pwc "German Entertainment and Media Outlook 2024 - 2024")

2. Significant events in the 2020 financial year

Repayment of the convertible bond (2018/2020)

On 23 November 2017 the Management Board and Board of Directors of Your Family Entertainment resolved to issue a convertible bond (2018/2020) with a total nominal amount of up to EUR 4,375,460, divided into up to 2,573,800 partial bearer debentures with equal rights and a nominal amount of EUR 1.70 each.

The term of the convertible bond started on 1 January 2018 and ended at the end of 9 February 2020. The issue amount per partial debenture was 100% of the nominal amount and thus EUR 1.70. Each partial debenture bore interest of 3% p.a. on its nominal amount.

At maturity on 9 February 2020, the convertible bond (2018/2020) in the total nominal amount of EUR 4,375,460.00 was redeemed.

Issue of the convertible bond (2020/2022)

The Management Board and the Board of Directors of Your Family Entertainment Aktiengesellschaft have, on 18 November 2019 and on the basis of the authorising resolution of the Annual General Meeting of 19 July 2019, resolved to issue a convertible bond with a total nominal amount of up to EUR 4,375,460, divided into up to 2,573,800 partial debentures with equal rights and a nominal amount of EUR 1.70 each.

The term of the convertible bond began on 1 February 2020 and ends at the end of 31 March 2022. The issue amount per partial debenture is 100% of the nominal amount and thus EUR 1.70. Each partial debenture bears interest of 3.5% p.a. on its nominal amount.

Under the subscription right, the shareholders were entitled to subscribe to a new partial debenture for every four shares in accordance with the ratio of 4:1. The possibility of an additional subscription of partial debentures was provided for. The subscription period ran from 25 November 2019 to 9 December 2019 (inclusive), and trading in subscription rights was not provided for. The corresponding subscription offer was published on 20 November 2019 in the Federal Gazette.

At the end of the two-week subscription period, the company offered all partial debentures not previously subscribed to by virtue of the subscription right to interested investors for purchase in the context of a private placement.

Subscription rights capital increase from authorised capital

One further item worthy of note is the implementation of a rights issue capital increase by utilising the Authorised Capital 2016. Through the issue of 162,271 new shares, the company received gross issue proceeds of EUR 227,179.40. The capital increase was entered in the Commercial Register on 11 December 2020.

3. Business development

The Management Board manages the company using monthly reporting, among other methods. Key data used in the management of the business relates particularly to the turnover, EBITDA (earnings before interest, taxes, depreciation and amortisation) and the liquidity status.

Write-ups and write-downs can have a material impact on the result of the company and therefore do not allow any conclusions to be drawn about the operating business of the company. In order to neutralise this effect, the Management Board decided to focus on the key performance indicator EBITDA in the management of the company. For the assessment of the financial position, the liquidity status and the planning derived from this are also indispensable for making investment decisions.

Operational business development in 2020 was primarily shaped by the coronavirus pandemic, meaning that it was all the more pleasing that it was possible to expand the cooperation with Vodafone in the area of pay tv and VoD significantly.

The Management Board's most recent forecast in the 2020 half-year financial report of a slightly higher turnover than in the previous year – with a simultaneous improvement in EBITDA – is confirmed by the present annual financial statements.

In other financial developments, issuance of a new convertible bond (2020/2022) for EUR 4.375 million, redemption of the convertible bond (2018/2020) that expired in February 2020 and registration of a cash capital increase in December 2020 should be mentioned here.

3.1 Turnover development

Sales revenues in the licensing business – including TV broadcasters – were approximately 4% above the previous year's level in the 2020 financial year at EUR 3,035k.

In principle, fluctuations in the development of turnover can occur due to project business and/or so-called "package deals". Furthermore, there is a shift in sales due to the rules of accounting, since sales are only realised at the beginning of the licence term. This effect can lead to shifts in turnover in subsequent periods.

3.2 Sales by region

In the reporting period, the company's revenue was broken down by region as follows:

Region	**2020**		**2019**	
	in EUR thousand	*in %*	*in EUR thousand*	*in %*
Domestic	1,329	44	922	32
Overseas	1,706	56	1,988	68
Total	**3,035**	**100**	**2,910**	**100**

3.3 EBITDA

The sales above the previous year's level led to a positive EBITDA in the amount of EUR 21k (PY: EUR -354k), which is determined as follows:

EUR	47k	(PY: EUR -2.372k)	Annual net profit / PY: Net annual loss
+ EUR	3k	(PY: EUR 13k)	Taxes on income and earnings
+ EUR	260k	(PY: EUR 270k)	Interest and similar expenses
+ EUR	1,156k	(PY: EUR 2,054k)	Depreciation on fixed assets
./. EUR	1,445k	(PY: EUR -319k)	Write-ups on fixed assets
= EUR	**21k**	**(PY: EUR - 354k)**	**EBITDA**

3.4 Liquidity

Cash and cash equivalents as of the balance sheet date, consisting mainly of bank balances, amounted to EUR 189k (PY: EUR 280k).

3.5 Summary

Sales revenue was around 4% higher than the previous year, with a slightly positive EBITDA, which improved significantly compared to the previous year. The net profit for the year was positive in the 2020 financial year compared to the negative result in 2019, although 2019 was characterised to a much greater extent by depreciation on film assets than was the case in 2020.

The Management Board is generally satisfied with the development of business.

4. Earnings situation

Sales revenues in the licensing business – including TV broadcasters – were approximately 4% above the previous year's level in the 2020 financial year at EUR 3,035k. The increase relates entirely to the area of Licence Sales.

The net profit for 2020 amounts to EUR 47k compared to a net loss of EUR 2,372k in the previous year.

EBITDA amounts to EUR 21k (PY: EUR -354k).

Other operating income in the reporting year totalled EUR 1,519k
(PY: EUR 414k). Essentially, this includes write-ups on film assets of EUR 1,445k (PY: EUR 319k).

Depreciation fell year-on-year from EUR 2,054k to EUR 1,156k. In addition to the straight-line depreciation on film assets of EUR 14k (PY: EUR 14k) and the write-downs of EUR 1,036k (PY: EUR 1,219k), these include extraordinary write-downs on film rights of EUR 78k (PY: EUR 796k), which were carried out on the basis of the impairment test carried out as of the balance sheet date.

As part of the review of the process for determining the fair value of the individual film rights and the greater focus on the broadcaster business, it was decided that the procedure for determining the fair value of the individual film rights would be changed from the beginning of the 2016 financial year. Since then, the business divisions and plans of the company have evolved. Start-up costs for the internationalisation of the free TV channel "RiC" in cooperation with Telekom Austria are having a negative effect on the planned cash inflows and on the valuation of the individual film titles, especially in the starting year. In addition, a large number of other parameters, including peer group data are included in the valuation, which can also influence the level of the valuation. Consequently, future fluctuations in write-ups and write-downs cannot be ruled out in the balance sheet approach for the film assets and thus also in the income statement.

In accordance with the procedure applied in the 2020 financial year, the individual film rights are valued on the basis of the immediate cash flow forecast method. The financial surpluses which are isolated for each film right form the starting point. The specific cash flows are determined separately for each individual film right on the basis of the different areas of licence revenues, TV revenues (separated into pay TV and free TV), exploitation revenues, merchandising revenues and other revenues. In the case of the underlying cash flow planning period, the economic life or remaining useful life is considered separately for each individual film right.

The cash flows that can be generated in the future are discounted using a risk-adjusted capitalisation interest rate to determine the corresponding cash value on the valuation date. Calculation of the capitalisation rate or the weighted average cost of capital (WACC) of the company respectively is based, in particular, on the corresponding parameter characteristics of a group of listed comparable companies (peer group) collected from capital market data, with the help of which the cost of equity, borrowing costs and capital structure are determined. Asset-specific capital costs, based on the Capital Asset Pricing Model (CAPM), consist of a risk-free base rate and a market risk premium.

Based on the method for determining the value per film right, the corresponding fair values are determined, which are compared with the respective book values per film right in the context of the impairment test.

Film rights that are fully depreciated due to exploitation are no longer included in the film assets. Write-ups on film assets relate only to film rights that were previously written down by extraordinary write-downs, mainly in the course of the restructuring phase of the company, which at that time operated under the name Ravensburger TV Family AG between 1999 and 2006.

The material expenses relate to licences, commissions and material. They are directly connected with realised sales revenues. These are primarily sales-based royalties to be paid to the licensors of the company. The increase is mainly due to TV stations.

5. Asset and financial position

The balance sheet total decreased by EUR 627k to EUR 17,311k (PY: EUR 17,938k).

Film assets increased by EUR 318k to EUR 16,638k (PY: EUR 16,320k). This increase essentially results from the aforementioned write-ups on film assets.

Trade receivables and other assets decreased by EUR 42k to EUR 365k (PY: EUR 407k).

Equity increased by EUR 234k, from EUR 7,991k to EUR 8,225k, resulting in an equity ratio of approximately 48% as of 31 December 2020 (PY: 45%).

As of 31 December 2020 the company has subscribed capital of EUR 10,458k, issued capital of EUR 10,395k, a capital reserve of EUR 2,840k and an accumulated loss of EUR 5,010k.

Other provisions decreased to EUR 451k (PY: EUR 466k).

The cash outflow from operating activities amounted to EUR 35k (PY: cash outflow EUR 419k), the cash outflow from investing activities was EUR 4k (PY: EUR 49k), the cash outflow from financing activities was EUR 52k (PY: cash inflow EUR 75k).

Cash and cash equivalents as of the balance sheet date, consisting mainly of bank balances, amounted to EUR 189k (PY: EUR 280k).

There is a credit line with UniCredit Bank Austria AG, Vienna, Austria, in the amount of EUR 3,600k, which is granted for an indefinite period. Of this amount, EUR 3,453k was drawn down as of 31 December 2020; the bank balance at UniCredit Bank Austria AG amounted to EUR 228k. Under an agreement dated 11 July 2012, UniCredit Bank Austria AG, Vienna provided the company with a separate framework for guarantees amounting to EUR 140k. The framework is available until further notice.

In addition, there is a credit line of EUR 750k with Deutsche Bank AG, Munich, Germany, which has been granted for an indefinite period until further notice and can be terminated with three months' notice. Of this, as of 31 December 2020 EUR 38k had been utilised.

As of the balance sheet date, the company had liabilities vis-a-vis banks of EUR 3,490k (PY: EUR 4,239k) with liquid funds (including available credit lines) of EUR 1,089k. In addition, as of the balance sheet date the company had a tradable portfolio of treasury shares of EUR 85k (63 thousand shares valued at a price of EUR 1.35).

In March 2020 a framework loan agreement was concluded with Comic Collection GnbR, Vienna, Austria. This means that the company is entitled, at its request, to access up to EUR 250k. The interest rate is then 2% p.a. The loan is granted until 31 December 2020, but can be repaid early by the company at any time; early termination on the part of Comic Collection GnbR is excluded. Should capital of more than EUR 1,000k be injected into the company in the course of 2020, the contract will end prematurely. As collateral for the loan, the company assigns to Comic Collection GnbR various rights, such as word mark, figurative mark, exhibition rights, etc., in the event that the full loan amount is called up.

This contract was not utilised and expired on 31.12.2020.

Furthermore, a second framework loan agreement was concluded with F&M Film und Medien Beteiligungs GmbH, Vienna, Austria. This provides for up to EUR 750k to be made available to the company at its request. The interest rate is then 2% p.a. The loan is granted until 31 December 2020, but can be repaid early by the company at any time; early termination on the part of F&M Film und Medien Beteiligungs GmbH is excluded. Should capital of more than EUR 1,000k be injected into the company in the course of 2020, the contract will end prematurely. As collateral for the loan, the company assigns to F&M Film und Medien Beteiligungs GmbH all net proceeds from the exploitation of the film rights owned by the borrower for the period from the point of time of disbursement of the loan amount (or part thereof) by F&M Film und Medien Beteiligungs GmbH to the company until the full repayment of the loan granted in the amount of the disbursed amount, in the case of the complete disbursement of the loan amount, then a maximum of EUR 750k plus the contractually agreed interest.

This contract was not utilised and expired on 31.12.2020.

The company had sufficient liquidity at all times. The company's short-term liquidity needs are monitored with the help of rolling financial planning. The company prepares a 24-month liquidity plan to manage and secure its medium-term liquidity requirements. Further financial management goals are optimising interest expenses and income and securing the necessary foreign currency. The company has a USD account.

6. Investments

Investments of EUR 4k were made during the reporting period (PY: EUR 49k). Of this, EUR 0.4k (PY: EUR 30k) went into film assets.

7. Key data

Key figures in EUR thousand	**2020**	**2019**
Turnover	3,035	2,910
EBITDA[1]	21	- 354
EBIT[2]	310	- 2,089
Annual net profit / PY: Annual net loss	47	- 2,372
Balance sheet total	17,311	17,938
Film assets	16,638	16,320
Shareholders' equity	8,225	7,991

[1] EBITDA = Annual net profit + Taxes on income and earnings + Interest and similar expenses ./. Other interest and similar income + Depreciation ./. Write-ups

[2] EBIT = EBITDA + Write-ups ./. Write-downs

8. Employees

Personnel expenses for the 2020 financial year were slightly above the previous year's level of EUR 1,219k at EUR 1,252k. 13 employees (PY: 15) were employed on average during the year, including apprentices and interns, but excluding the Management Board; 0 (PY: 2) of these were part-time.

As of the balance sheet date, the company employed a total of 15 people (PY: 15), including two members of the Management Board and one apprentice.

C. Risk management

All general and operational risks are regularly recorded and evaluated and risk minimisation measures are determined.

We see risk management as a core responsibility of the Management Board, the management team and all employees.

The risk management policy of Your Family Entertainment AG is divided into the following four steps:

1. Risk identification
2. Risk assessment
3. Risk management
4. Risk monitoring

For each of these steps, we have developed suitable instruments adapted to the size of the company, with time horizons ranging from less than one year to several years, depending on the content.

Central to the risk management of Your Family Entertainment AG are the regular discussions between the Management Board and the second management tier. These discussions serve to recognise and assess risks and, if necessary, to take counter-measures in good time and to monitor the measures taken. Moreover, the second management tier informs the Management Board about risks which may unexpectedly occur outside these regular meetings.

Special issues are discussed promptly between the Management Board and the Board of Directors.

For continuous risk monitoring, we use the following three instruments: liquidity management, sales controlling and balance sheet controlling. By ensuring regular and systematic control of these issues, all material operational and structural risks to the company's business are monitored. The overall responsibility for monitoring these risks lies with the Management Board of the company.

The aim of liquidity management is to monitor and ensure the liquidity of the company continuously. Liquidity management is based on four reports: the medium-term 24-month liquidity plan, the annual liquidity plan as part of budget preparation, the rolling liquidity forecast and the daily liquidity status.

Since the 2021 financial year, annual liquidity planning has been extended to a period of 24 months (at the time the annual financial statements are prepared). This medium-term liquidity planning for the period April 2021 to March 2023 is presented to the Board of Directors during the preparation process for the financial statements and has thus become part of the company's early risk detection system for identifying and addressing any liquidity needs at an early stage.

The aim of sales controlling is to recognise, quantify and develop the sales potential of the company by planning and coordinating the sales activities. This ensures that realisable medium-term sales potential is recognised, investments and expenditure are covered by realisable income and a realistic cash flow plan can be prepared. Furthermore, the sales activities of the company are planned based on the sales planning. In addition, these figures are checked for their plausibility using a rights-based approach.

The aim of balance sheet controlling is to monitor the balance sheet items in order to recognise necessary corrective measures in time, in particular an equity deficiency. Balance sheet controlling consists of three pillars: the audited annual financial statements, the half-year financial report and continuous balance sheet controlling.

In addition, a monthly report that features a breakeven analysis is prepared. The development of the particular market and company is also updated in an internal rolling forecast. Short-term budget planning thus serves as an important early-warning system and as the basis for variance analyses and planning control.

Fundamentally, the risk management system serves to avoid risks. Since a proportion of the risks are beyond the control of the Management Board, well-functioning risk management cannot guarantee that all risks are eliminated. In this respect, there may be developments that deviate from the planning of the Management Board.

D. Internal control and risk management system with regard to the accounting process

As a capital market-oriented corporation within the meaning of Section 264 d HGB, we are required by Section 289(4) HGB to describe the main features of the internal control and risk management system with regard to the accounting process.

The internal control and risk management system is not defined by law with regard to the accounting process.

We understand an internal control system to mean the principles, procedures and measures adopted by the Management Board and the management of the company which are geared towards organisational implementation of management decisions to ensure the effectiveness and efficiency of the business (including the protection of assets and prevention and detection of pecuniary damage), the regularity and reliability of internal and external accounting and compliance with the legal requirements applicable to the company.

The risk management system includes the entirety of all organisational regulations and measures for identifying risk and dealing with the risks of entrepreneurial activity.

Your Family Entertainment AG has implemented the following structure and processes with respect to the accounting system:

The Management Board bears overall responsibility for the internal control and risk management system with regard to the accounting process. Due to the size of the company, the finance and sales management functions are directly involved in the process of preparing the annual financial statements.

With regard to the accounting process, we consider those features of the internal control and risk management system to be significant that can have a material effect on the accounting and the overall result of the annual financial statements including the management's discussion and analysis. These include the following elements in particular:

- identification of major areas of risk and control of relevance for the accounting system;
- continuous balance sheet controlling in order to monitor the accounting system and its results;
- preventive control measures in finance and accounting and in the operational business processes that generate essential information for preparation of the annual financial statements and the management's discussion and analysis, including a separation of functions and approval processes in relevant areas;
- measures to ensure the proper computerised processing of accounting-related facts and data;
- measures to monitor the accounting-related internal control and risk management system

E. Forecast, opportunities and risk report

The following risks are also taken into consideration in the deliberations and risk management system of the company. The aim is to avoid these risks or counteract them with appropriate measures.

1. Business risk and organisation

Fluctuations in future business results

During a financial year and also from year to year, YFE may experience fluctuations in sales and operating income, as is generally the case with film and TV production companies. These fluctuations have various causes, such as scope and timing of the completion of new productions, the volume and timing of sales of film and television rights, and market and competitive influences on product demand and thus sales prices. Fluctuations in write-ups and write-downs in the balance sheet approach for film assets cannot be ruled out due to the large number and complexity of the parameters which are included in the individual evaluation of the film titles.

At the time of preparing these financial statements, coronavirus remains active, with increasing numbers of cases and incidences. The consequences are not yet fully foreseeable. Effects in the media industry were (and are) felt, for example, in the cancellation of one of the most important trade fairs in Cannes, France, and the fact that trade fairs are currently held exclusively in virtual format. In addition, personal customer appointments and meetings, travel and workshops (and the like) are still barely possible, which is having a corresponding impact on sales activities.

As to whether previous findings that more media are consumed in economically difficult times and that this even represents an opportunity for the industry hold true has yet to be seen, as such an "exceptional situation" with school, day-care and shop closures – including restrictions on leaving home and freedom of public assembly – has so far only come about in Europe in times of war. No one can reliably forecast the consequences for the economy at this point in time (end of March 2021). For this reason, this situation continues to represent a risk for the company, with possible effects on the net assets, financial position and operating results. However, the potential effects cannot be quantified at the time of preparing the management's discussion and analysis in March 2021.

Cyber attacks

YFE assumes that global cyber attacks will continue to increase in the future. Based on the procedures implemented, the Management Board currently assumes that IT risks are unlikely to occur. Expenses for the recovery of files and delays in deliveries to customers could have a short-term impact on the company's situation if such an attack were to be successful. Arrangements have been made to minimise this effort.

2. External risks / market risk

Competitive risks

The film and television market relevant to YFE continues to be characterised by the influence of a consolidation and concentration process, both among producers and buyers. These developments can affect the demand for programmes. In particular, the target group of TV broadcasters or TV broadcaster groups makes a much stricter contribution margin calculation than in the past with regard to the programmes they broadcast. In combination with the increasing (and multiple) exploitation of individual productions in the industry and the introduction of proprietary platforms to exploit in-house productions, this leads to a more efficient use of broadcasters' own programme resources and thus to lower new investments. In addition, external factors such as current consumption and leisure behaviour and fundamental changes in the advertising market influence the programming and purchasing policies of the broadcasters.

3. Business performance risks/litigation risk

3.1. Risks in the production of programmes

The production of programmes, both in-house and co-produced, carries a number of operational risks. Fundamentally, the development and production of formats or television broadcasts are usually very costly and therefore associated with a high financial risk. If, for example, despite careful selection of co-production partners or service providers, delays in completion occur, there may be a shift in timing of the company's targeted revenue and earnings. In addition, it cannot be ruled out that YFE will not have sufficient financial resources to develop programmes and fund their production, which is a prerequisite for the company conducting its business operations.

Co-production

YFE will secure the completion of co-productions through careful selection of established and reliable co-production partners and service providers, but also, if necessary, through hedging instruments such as insurance or completion bonds. YFE also carries out regular checks on both finances and content during production. Nevertheless, delays in completion may occur in individual projects, which may lead to the postponement of turnover and profit from one accounting period to the next.

Production to order

If the company, as a producer, is responsible for completion of the production under contract, it usually receives a fixed price for this from the client. The producer therefore carries the risk of possible budget overruns in the case of incorrect estimation of the costs of the production or should unplanned costs arise. In the case of a licence production, the producer carries the full financing risk right through to the delivery of the completed product. In the case of contractual delivery, the production costs and, if applicable, the profit are usually covered by the licence proceeds. Should the budget not be covered or not fully covered by licence sales under certain circumstances, the producer bears the risk of loss.

3.2. Risks when purchasing and using programmes

YFE tries to identify trends in the field of programming and the needs of broadcasters at an early stage and to design its own service accordingly. In doing so, the company has to take into account the current restrictive purchasing policy of the broadcasters and its own restrictions with regard to investment opportunities and safeguarding of productions. The company has entered into a large number of licensing agreements with licensors. On the one hand, there are general contractual risks for the company, such as the risk associated with contract fulfilment. In addition, a number of copyrights and ancillary copyrights must be transferred to the respective customers under the contracts. The company must therefore ensure, within the framework of its contracts with those involved in the production of the particular programme, that the necessary copyrights and ancillary copyrights are transferred to the company in order to avoid infringements of industrial property rights (e.g. copyrights, licence rights and personal rights). Even though the company uses internal and external legal advice, the possibility cannot be ruled out that third parties will assert claims regarding the above-mentioned rights, which might have significant negative implications for the company's asset, financial and earnings situation.

Depreciation of film assets (that is, the rights of use and exploitation referred to above) and the other rights are governed by exploitation of the film rights. Depreciation resulting from exploitation takes place in accordance with the ratio between the actual sales in the financial year and the total expected revenue from the exploitation of film rights including sales in that financial year. Furthermore, a minimum value test (so-called impairment test) is performed on each balance sheet date. It cannot be completely ruled out that the valuation of the film library will change significantly in future as a result of running impairment tests, at least in part. Two thirds of the company's film rights catalogue, which currently has around 155 titles, consists of licences from third parties, while only one third of the titles are self-produced or co-produced. In addition, there are third-party programmes for which a distribution mandate exists. These titles are not carried as fixed assets and are not subject to film valuation. YFE does not hold third-party licences for an indefinite period of time, but usually for a limited time. YFE may no longer use these licences should it not be possible to renew a large part of them on expiry. Consequently, an essential part of the library and thus the basis of the company would cease to exist. This may have negative implications for the company's asset, financial and earnings situation.

There is an inherent risk that receivables from the exploitation of programmes remain unpaid. The Management Board assumes that the default risks are adequately covered overall.

4. Financial risks

As far as monitoring of liquidity risk is concerned, we refer to the presentation under section C. Risk management.

4.1 Maturity of the convertible bond (2020/2022)

The convertible bond (2020/2022) in the amount of EUR 4.375 million matures on 1 April 2022. From today's perspective, the Management Board plans to redeem the portion that is not converted by issuing a new convertible bond. The refinancing of the convertible bond is secured; there is a valid and seamless 24-month liquidity plan in place until 31.03.2023.

4.2 Access to external finance, interest rate risks, interest rate hedges

YFE has provided collateral in the form of rights and claims under film licence agreements to Bank Austria AG, Vienna, Austria, under the terms of the loan agreement. YFE may find it significantly more difficult to take up further loans if valuable securities are not released. If the company is unable to acquire additional loans should they be required, this could have considerable implications for the company's asset, financial and earnings situation.

4.3 Exchange rate fluctuations, hedging transactions

The company's current and future activities outside the territory of the European Monetary Union are partially settled by YFE itself or by its distributors in currencies other than the euro. The applicable exchange rates are subject to fluctuations which cannot be foreseen and which may possibly prevent the company from generating a stable income. There is an inherent risk of losses from such exchange rate fluctuations.

Unfavourable exchange rate fluctuations or costs incurred in the future for currency hedging could therefore have negative effects on the development of sales and thus the asset, financial and earnings situation of the company.

Currently, the company has not entered into any hedging transactions.

4.4 Other financial instruments

Attempts are made to counteract bad debts with contractual arrangements for prepayment and / or through contract fulfilment guarantees from major European banks. Receivables are subjected to a regular review as part of the calculation of the specific allowance.

5. Opportunities

In addition to its high-quality and extensive library of approximately 3,500 half-hour programmes, the experience of Your Family Entertainment AG over many years in the production of TV programmes and the extensive network of cooperation with purchasing broadcasters can be considered its strengths.

Significant potential for the development of the company is offered by the consistent expansion of the pay tv channel "Fix&Foxi", by gaining additional platforms and thus further subscribers and through the possibilities of marketing advertising time on the free TV channel "RiC".

Furthermore, the company's opportunities lie in an even more effective use of its stock of rights via new distribution channels, supported by the development of exploitation and production concepts. The value-oriented approach pursued in this respect with regard to content clearly distinguishes the company from its competitors.

Progressive digitalisation and the resulting changes in the possibilities and/or habits of media consumption continue to develop into positive operating conditions.

The extent to which the current coronavirus pandemic might represent an opportunity for the company's development cannot yet be conclusively assessed. In the past, it was assumed that media consumption would increase if broader circumstances were considered bad. Initial sales enquiries support this, but have yet to materialise in sales revenues.

The aforementioned opportunities form a balanced basis for the further development of the company.

Overview of the risks and opportunities

The overall picture of the company's risk and opportunity situation is made up of the individual risks and opportunities presented in all risk and opportunity categories.

In addition to the risk categories described, there are unpredictable events that can disrupt business processes.

The opportunities and risks have not changed significantly compared to the previous year. Risks that alone or in combination with other risks could jeopardise the continued existence of the company are not discernible either at the balance sheet date or at the time of preparation.

In order to recognise risks and opportunities at an early stage and successfully manage the current risk and opportunity situation, the established risk and opportunity management system is continuously monitored and developed.

6. Forecast

As in previous years, the focus of the company will continue to be on the expansion of international and national broadcasting activities. The aim is to tap further into the markets both in the free TV area with "RiC" and in the pay tv area with "Fix&Foxi".

In addition, the company wants to benefit from the strong growth in the VoD sector driven by the Covid-19 pandemic and concentrate with greater intensity than before on this business segment. The size of the film library in terms of children's and family programmes is a good starting position for the company, not just for supplying existing customers, but also for the basic provisioning needs of new players.

Although the development of sales and earnings will continue to be subject to natural fluctuations due to the dependency on projects or so-called "package deals", the stronger focus on the broadcasters, in addition to the stabilising element of the continuity of sales, should provide further impetus for a strong growth trend.

For the current 2021 financial year, the Management Board expects turnover to be slightly above the previous year with a slightly positive EBITDA. However, as previously described, the effects of the coronavirus on the economy are not foreseeable from today's perspective, meaning that the situation in the future may deviate significantly from the Management Board's forecast.

F. Declaration on Corporate Governance in accordance with Section 289 f German Commercial Code (HGB)

The Declaration on Corporate Governance (Section 289f HGB) contains the Declaration of Compliance, information on corporate governance practices, a description of the working methods of the Management Board and Board of Directors and information about the diversity policy. Our goal is to describe the management of the company in a manner that is clear and to the point.

1. Declaration of Compliance by the Management Board and Board of Directors of Your Family Entertainment AG as per the German Corporate Governance Code and pursuant to Section 161 German Stock Corporation Act (AktG)

According to Section 161 AktG, the Management Board and Board of Directors of a listed stock corporation must declare annually that the recommendations of the "Government Commission German Corporate Governance Code" published by the Federal Ministry of Justice in the official part of the electronic Federal Gazette have been and will be met or which recommendations were or will not be applied and why not.

In November 2020, the Management Board and the Board of Directors issued the following declaration pursuant to Section 161 AktG:

1. The recommendations of the "Government Commission German Corporate Governance Code" (DCGK), in the version of 16 December 2019, have been complied with by Your Family Entertainment Aktiengesellschaft since their publication in the Federal Gazette on 20 March 2020, and the company will continue to comply with them in the future, with the following exceptions:

Recommendation A.2 DCGK 2019

(Establishment and disclosure of the principles of a Compliance Management System)

"The Management Board shall ensure that the Compliance Management System is aligned with the company's risk situation and shall disclose its basic features. Employees shall be given the opportunity to provide protected information about violations of the law in the company in an appropriate manner; third parties shall also be given this opportunity". (A.2)

In view of the size of the company, no separate Compliance Management System has been established, as the Management Board believes that the cost of establishing such a Compliance Management System would be disproportionate to its benefits. Therefore, the recommendation described in A. 2 has not been implemented. Likewise, no specially protected whistleblowing facility for employees, as recommended in A. 2, has been established in the company. The Management Board is also of the opinion that, due to the size of the company and the internal culture of trust, any breaches of the law will be communicated directly.

Recommendation B.1 DCGK 2019 (Diversity on the Management Board)

"In the composition of the Management Board, the Board of Directors shall give due consideration to the topic of diversity." (B.1)

By resolution of the Board of Directors on 29 April 2019, a target figure for the proportion of women on the Management Board was set at 0%. When determining the target for the proportion of women on the Management Board, the Board of Directors was of the opinion that the Management Board of the company was sufficiently staffed with one member at the time, especially considering the size of the company. In view of the term of office of the then sole Management Board member until at least 31 December 2022, no personnel change has been planned either. The implementation of a women's quota of more than 0% on the Management Board would therefore not have been feasible by the aforementioned date without expanding the Management Board.

The Management Board was expanded with effect from 1 June 2020. In the interest of the company, the Board of Directors of Your Family Entertainment AG was largely guided by the suitability of the candidate in its decision to appoint this person to the Management Board, with the aim of forming the Management Board in such a way that it has the knowledge, skills and professional experience required to perform its duties properly. This should continue to be the decisive criteria, even if special attention should be paid to seeking out qualified female candidates actively for appropriate Management Board vacancies. Due to the expansion of the Management Board, the Board of Directors will re-clarify and re-determine the target for the proportion of women on the Management Board. A target for the quota of women of 50% is to be established.

Recommendation B.2 DCGK 2019

(Long-term succession planning and description in the Declaration on Corporate Governance)

"The Board of Directors shall work with the Management Board to ensure long-term succession planning; the approach shall be described in the Declaration on Corporate Governance." (B.2)

The Board of Directors and Management Board have recognised the issue of succession planning and this is one reason for the expansion of the Management Board in June 2020. Succession planning has been discussed but has not yet been recorded in writing and is therefore not described in the Declaration on Corporate Governance.

Recommendation B.5 DCGK 2019

(Age limit for the Management Board and disclosure in the Declaration on Corporate Governance)

"An age limit shall be set for Management Board members and stated in the Declaration on Corporate Governance." (B.5)

Your Family Entertainment Aktiengesellschaft does not currently comply with this recommendation. No age limit is set for members of the Management Board. Age alone is not decisive for the performance, suitability and independence of a current or potential executive body member. The appointment of Management Board members should be based solely on knowledge, skills and professional experience. Moreover, no Management Board member is currently close to a conceivable age limit.

Recommendation C.1 DCGK 2019

(Definition of specific objectives for the composition of the Board of Directors and development of a competence profile)

"The Board of Directors shall determine specific goals for its composition and develop a competence profile for the entire body. In doing so, the Board of Directors shall give due attention to the issue of diversity. Proposals of the Board of Directors to the Annual General Meeting shall take these objectives into account and, at the same time, aim to complete the competence profile for the entire Board. The status of implementation is to be published in the Declaration on Corporate Governance. This shall also provide information on what the Board of Directors considers to be an appropriate number of independent shareholder representatives and the names of these members." (C.1)

The Board of Directors of Your Family Entertainment AG does not stipulate any specific goals for its composition. A competence profile for the entire committee is not being drawn up. Until now, the Board of Directors' election proposals for the Board of Directors have been guided exclusively by the suitability of the candidates with the aim of constituting the Board of Directors in such a way that its members as a whole have the necessary knowledge, skills and professional experience to perform their duties properly. In the opinion of the Board of Directors, this approach has proven effective. It is therefore considered unnecessary to change this practice. Consequently, the recommendations based on this according to C.1 cannot be followed.

Recommendation C.2 DCGK 2019

(Age limit for members of the Board of Directors and their disclosure in the

Declaration on Corporate Governance)

"An age limit shall be specified for members of the Board of Directors and stated in the Declaration on Corporate Governance." (C.2)

Your Family Entertainment AG does not currently comply with this recommendation. No age limit has been set for members of the Board of Directors. Age alone is not decisive for the performance, suitability and independence of a current or potential executive body member. The appointment of Board of Directors members should be based solely on knowledge, skills and professional experience. Moreover, no member of the Board of Directors is currently close to a conceivable age limit.

Recommendation C.3 DCGK 2019
(Disclosure of length of service on the Board of Directors)

"The length of service on the Board of Directors shall be disclosed." (C.3)

The length of service on the Board of Directors has not been indicated separately on the homepage of Your Family Entertainment Aktiengesellschaft to date. This is planned for the future.

Recommendation C. 1 Sentence 5, C. 6, C.7, C. 8, C. 10 and D. 4 DCGK 2019
(Independence of the Board of Directors and Committee Members)

"Pursuant to Recommendation C.1 Sentence 5 DCGK 2019, the Declaration on Corporate Governance shall also report on what the Board of Directors considers to be an appropriate number of independent shareholder representatives and their names. According to Recommendation C.6 DCGK 2019, the Board of Directors shall include an appropriate number of independent members on the shareholder side, taking into account the ownership structure. A Board of Directors member is considered independent for the purposes of this recommendation if he or she is independent of the company and its Management Board and is independent of a controlling shareholder.

More than half of the shareholder representatives shall be independent of the company and the Management Board according to recommendation C.7 DCGK 2019.

According to the DCGK 2019, a Board of Directors member is independent of the company and its Management Board if he or she has no personal or business relationship with the company or its Management Board that could constitute a material conflict of interest that is not merely temporary in nature. The shareholder side shall, when assessing the independence of its members from the company and from the Management Board, take particular account of whether the Board of Directors member themselves or a close family member of the Board of Directors member

- *was a member of the Management Board of the company in the two years preceding their appointment,*
- *currently or in the year up to their appointment maintains (or has maintained) a material business relationship with the company or a company dependent on it (e.g. as a customer, supplier, lender or consultant) directly, as a shareholder or in a responsible function of a company outside the group,*
- *is a close family member of a member of the Management Board, or*
- *has been a member of the Board of Directors for more than 12 years.*

Recommendation C.8 DCGK 2019 stipulates that, should one or more of the indicators set out in Recommendation C.7 DCGK 2019 be met and the Board of Directors member in question is nevertheless considered independent, this should be justified in the Declaration on Corporate Governance.

The Chair of the Board of Directors, the Chair of the Audit Committee and of the Committee on Management Board Remuneration shall be independent according to recommendation C.10 DCGK 2019. The independence of the Chair of the Audit Committee is postulated again by recommendation D.4 DCGK 2019."

Your Family Entertainment Aktiengesellschaft does not follow these recommendations for the following reasons:

With the entry into force of the Auditor Oversight Reform Act (APAReG) on 17 June 2016, the previous statutory regulations still in existence pertaining to the independence of Board of Directors members have completely ceased to apply.

The institutional separation of the Board of Directors and the Management Board "already ensures a generally high degree of independence", according to the government's explanatory memorandum during the legislative process. However, under recommendation C.6 (2) DCGK 2019, it is now stated that a Board of Directors member is to be considered independent if they are independent of the company and its Management Board and independent of a controlling shareholder. Another new feature is that Recommendation C.7 (2) DCGK 2019 contains a – far from exhaustive – list of criteria that the shareholder side should take into account in its assessment of independence. From the point of view of Your Family Entertainment Aktiengesellschaft, this indicative solution and the assessment of the individual members of the Board of Directors based on it entail legal uncertainties for any subsequent declarations of compliance.

On the one hand, the term "independence from the Management Board" is used here, which is vague and not further defined by law or in legal practice. In addition, and according to the DCGK 2019, it should be taken into account whether the person has been a member of the Board of Directors for more than twelve years. In this respect, it already seems doubtful as to whether a long-term appointment to the Board of Directors is, in itself, an indicator of a lack of independence. It may be that a person could become operationally "blinkered" to a certain extent through many years of holding such an appointment, but an initial presumption of cronyism and thus a lack of independence from the Management Board cannot be justified on that basis alone. Even in the case of Board of Directors mandates held for more than 12 years, Your Family Entertainment Aktiengesellschaft can regularly claim to be able to confront the Management Board without bias. Of course, it is good practice in companies for a Board of Directors member to maintain a minimum level of personal and professional distance from the Management Board members, in order to be able to act impartially in a critical situation or in the event of controversial decisions. However, the nuances of this point cannot be reliably addressed by legal norms or code recommendations, but must, in the view of Your Family Entertainment Aktiengesellschaft, be left to the good practice of each company. Against this background, Your Family Entertainment Aktiengesellschaft considers the provisions of the DCGK 2019 on the subject of independence to be inappropriate, and will continue to assess the independence of its Board of Directors members on the basis of the criteria already applied.

By applying these criteria, which have been used by Your Family Entertainment AG until now and will continue to be applied to the current Board of Directors members on the shareholder side, the conclusion can be drawn that they are to be regarded as independent. In particular, none of the members of the Board of Directors is in any way economically dependent on the Management Board or persons or companies associated with the Management Board.

Recommendation D.1 DGCK 2019 (Rules of Procedure: Board of Directors)

"The Board of Directors shall adopt rules of procedure and make them available on the company's website." (D.1)

The Board of Directors has not yet made its rules of procedure available on the company's website. However, the plan is to publish the rules of procedure on the company's website in the future.

Recommendations D.2, D.3, D.4, D.5 and D.11 DCGK 2019
(Formation of committees in the Board of Directors)

"The Board of Directors shall form professionally qualified committees depending on the specific circumstances of the company and the number of its members. The respective committee members and the committee chair shall be named in the Declaration on Corporate Governance. (D.2)

The Board of Directors shall establish an Audit Committee which – unless another committee or the plenum is entrusted with this task – shall deal, in particular, with audit of the accounting processes, monitoring of the accounting process, efficacy of the internal control system, the risk management system and the internal audit system, audit of the financial statements and the issue of compliance. Accounting includes, in particular, the consolidated financial statements and the consolidated management discussion and analysis (including CSR reporting), financial information during the year and the separate financial statements according to the HGB. (D.3)

The Chair of the Audit Committee shall possess specialist knowledge and experience in the application of accounting principles and internal control procedures, and shall be familiar with (and independent of) the audit of the financial statements. The Chair of the Board of Directors shall not chair the Audit Committee. (D.4)

The Board of Directors shall form a Nomination Committee composed exclusively of shareholder representatives, which shall nominate suitable candidates to the Board of Directors for election as members to the Annual General Meeting." (D.5)

"The Audit Committee shall regularly assess the quality of the audit." (D.11)

The above recommendations are not complied with, given that, in view of the size of the Board of Directors (three members), the formation of committees is not considered necessary.

Recommendation D.13 DCGK 2019

(Assessment of the efficacy of the Board of Directors' activities)

"The Board of Directors shall regularly assess how effectively the Board of Directors – as a whole – and its committees perform their duties. In the Declaration on Corporate Governance, the Board of Directors shall report whether and how a process of self-assessment has been carried out." (D.13)

The Board of Directors of Your Family Entertainment Aktiengesellschaft regularly assesses how effectively the Board of Directors as a whole performs its duties. In deviation from the recommendation, however, the Board of Directors does not report in the Declaration on Corporate Governance as to whether and how a process of self-assessment was carried out.

Recommendation F.2 DCGK 2019 (Date of financial accounting)

"The consolidated financial statements and the consolidated management discussion and analysis shall be publicly accessible within 90 days of the end of the financial year, while mandatory financial information to be made available during the year shall be publicly accessible within 45 days of the end of the reporting period." (F.2)

The annual financial statements and management's discussion and analysis of Your Family Entertainment Aktiengesellschaft are not made publicly available within 90 days of the end of the financial year, and mandatory financial information to be made available during the year (e.g. half-yearly financial report) is not made publicly available within 45 days of the end of the reporting period. The amount of work required for publication according to this schedule would entail unreasonably high costs. From the point of view of both the Management Board and the Board of Directors, the legal requirements are sufficient to provide timely information to shareholders and the capital market.

Recommendation F.3 DCGK 2019

(Information on business development during the year)

"If the company is not obligated to publish quarterly reports, it shall, in addition to the half-yearly financial report, provide information in an appropriate form during the year about the development of business, in particular about significant changes in the business outlook and the risk situation". (F.3)

The Management Board and the Board of Directors are of the opinion that the publication of the Annual Financial Report and the half-year financial report, in conjunction with other publications of the company such as press releases, corporate news and other mandatory publications, are adequate instruments to provide information about business development and any significant changes in the business outlook and the risk situation, and for this reason Recommendation F.3 is not followed.

Recommendation G.1 DCGK 2019 (Determination of the remuneration system)

"The remuneration system shall, in particular, specify

- *how the target total remuneration is determined for the individual Management Board members and what amount the total remuneration may not exceed (maximum remuneration),*
- *the relative share of fixed remuneration, on the one hand, and short-term variable and long-term variable remuneration components, on the other, in the target total remuneration,*
- *which financial and non-financial performance criteria are decisive for granting variable remuneration components,*
- *what the relationship is between the achievement of previously agreed performance criteria and the variable remuneration,*
- *in what form and when the Management Board member can dispose of the variable remuneration amounts granted."*

(G.1)

In deviation from recommendation G.1, Your Family Entertainment AG has not regulated the maximum level of remuneration, due to the fact that, in the opinion of the Board of Directors, this is not expedient for positive business development. The Management Board should participate in the success of the company appropriately. There is currently no provision for a long-term variable remuneration component; the performance of the Management Board is measured against the achievement of annual targets and is subject to variable remuneration. These targets are based exclusively on financial performance criteria, measured by corresponding financial ratios, with the financial performance criterion or its achievement correlating directly with the variable remuneration.

Recommendation G.3 DCGK 2019 (Assessment of total remuneration)

"In order to confirm that the specific total remuneration of the members of the Management Board is comparable to other companies, the Board of Directors shall refer to a suitable peer group of other companies, the composition of which shall be disclosed by it. Peer group comparison should be used with care so that there is no automatic upward trend." (G.3)

The Board of Directors has discussed the specific total remuneration of the members of the Management Board in comparison to other companies and has come to the conclusion that it is not possible to form a suitable peer group in this context, as Your Family Entertainment Aktiengesellschaft is not comparable in terms of size (turnover, number of employees, balance sheet) with other listed German media companies in the television industry, such as Pro7Sat1 AG. The Board of Directors considers the remuneration set to be normal and appropriate.

Recommendation G.6 DCGK 2019

(Variable remuneration on the basis of long-term goals)

"The variable remuneration resulting from the achievement of long-term goals shall exceed the proportion resulting from short-term goals." (G.6)

As previously explained under G.1, no distinction is made between short-term and long-term goals, meaning that Your Family Entertainment Aktiengesellschaft does not adhere to this recommendation.

Recommendation G.7 DCGK 2019 (Establishment of performance criteria)

"The Board of Directors shall determine the performance criteria for all variable remuneration components for each member of the Management Board for the upcoming financial year, which – in addition to operational objectives – shall be based primarily on strategic objectives. The Board of Directors shall determine the extent to which specific objectives of the individual members of the Management Board (or objectives for all members of the Management Board together) shall be decisive." (G.7)

Your Family Entertainment AG does not currently adhere to this recommendation, as it has not been deemed necessary to date due to the fact that the Management Board comprises one person. The remuneration of the new Management Board member was based on the existing Management Board contract. However, the Board of Directors considers this to be reasonable going forward, and will discuss the inclusion of strategic objectives.

Recommendation G.10 DCGK 2019

(Share-based variable remuneration components)

"The variable remuneration amounts granted to a member of the Management Board shall be invested by them predominantly in shares of the company, taking into account the respective tax burden, or granted accordingly on a share basis. The member of the Management Board shall only be able to dispose of the long-term variable amounts after four years." (G.10)

The company does not currently have a stock option programme and there is no agreement to invest the variable remuneration amounts predominantly in shares of the company. Due to the low free float of the company's shares, this was not deemed necessary. However, the Board of Directors plans to look at the remuneration structure again in the future in view of the expansion of the Management Board.

Recommendation G.11 DCGK 2019

(Withholding or reclaiming variable remuneration)

"The Board of Directors shall have the option to take extraordinary developments into account within an appropriate framework. In justified cases, it shall be possible to withhold or reclaim variable remuneration." (G.11)

Your Family Entertainment AG deviates from this recommendation as the remuneration system is currently based exclusively on financial performance criteria. Payment is only made if the agreed parameters for a period that has already elapsed are achieved.

Recommendation G.13 DCGK 2019 (Severance cap)

"Payments to a member of the Management Board in the event of premature termination of Management Board activities shall not exceed the value of two years' remuneration (severance cap) and shall not compensate more than the remaining term of the employment contract. In the case of a post-contractual non-competition clause, the severance payment shall be credited against the compensation due for the observance of a non-competition clause." (G.13)

Ordinary termination before the expiry of the contract is excluded on both sides and thus no severance payment cap of a maximum of two years' remuneration has been agreed. In the event of extraordinary termination, there is no contractually defined severance payment cap, as the payment of any remuneration would cease immediately if this were to occur.

2. Your Family Entertainment AG has generally complied in principle with the recommendations of the German Corporate Governance Code (DCGK), as amended on 7 February 2017, since the last Declaration of Compliance in November 2019 until the recommendations of the German Corporate Governance Code, as amended on 16 December 2019, came into force. The recommendations in 3.8 (3), 4.2.1 Sentence 1, 4.1.3 Sentences 2 & 3, 4.2.2 (2) Sentence 3, 4.2.3 (2) Sentence 6, 5.1.2 (1) Sentence 2, 5.3.1, 5.3.2, 5.3.3, 5.4.1 (2) and (3), 7.1.2 Sentence 4 were not applied.

3. Your Family Entertainment AG has complied in principle with the recommendations of the German Corporate Governance Code in the version dated 16 December 2019 since it came into force on 20 March 2020 by publication in the Federal Gazette. Recommendations A.2, B.1, B.2, B.5, C.1, C.2, C.3, C.6, C.7, C.8, C.10, D.1, D.2, D.3, D.4, D.5, D.11, F.2, F.3, G.1, G.3, G.6, G.7, G.10, G.11 and G.13 were not applied.

   For reasons for the deviation from the aforementioned paragraphs, see the explanations under point 1.

Munich, November 2020

Dr. Hans-Sebastian Graf von Wallwitz (Chair of the Board of Directors)

Dr. Stefan Piëch (Management Board, CEO)

Bernd Wendeln (Management Board, COO)

The Declaration of Compliance is published on the company's website (www.yfe.tv) under Investor Relations. Earlier declarations pursuant to Section 161 AktG can also be viewed there. Likewise, declarations that are no longer current will remain accessible there for at least five years.

2. Information on corporate governance practices and the working methods of the Management Board and the Board of Directors

The company's management and the monitoring of Your Family Entertainment AG is structured as follows:

2.1 Shareholders and Annual General Meeting

Our shareholders exercise their rights at the Annual General Meeting.

The shareholders' meeting is convened in the legally required manner and within the required time limit by circulating the agenda.

The Chair of the Board of Directors chairs the Annual General Meeting.

The Annual General Meeting decides on all tasks assigned to it by law (including election of Board of Directors members, amendment of the Articles of Association, appropriation of profits, capital measures).

2.2 Board of Directors

The central task of the Board of Directors is to advise and supervise the Management Board.

The Board of Directors of Your Family Entertainment AG currently consists of three full members and a substitute member.

The Board of Directors of Your Family Entertainment Aktiengesellschaft is currently also fully staffed with three members, all of whom are male. The current members of the Board of Directors are elected before the end of the ordinary Shareholder's meeting, which decides on whether they are discharged for the 2023 financial year. It would thus not be possible to implement a quota of women before that time without expanding the Board of Directors. The Board of Directors does not consider such an expansion to six members to be appropriate, especially taking into account the size of the company. The Board of Directors will, however, pay particular attention to considering women for future Board of Directors vacancies as part of its candidate nominations.

In addition to the reimbursement of their expenses, which also include the value added tax due on their remuneration, the members of the Board of Directors receive a fixed remuneration payable at the end of the financial year, which amounts to EUR 10,000.00 for an individual member, twice that amount for the Chair and 1.5 times that amount for the Vice-Chair.

2.3 Management Board

The Management Board – as the managing body of the public limited company – manages the business of the company and is bound by the interests and business policy principles of the company in accordance with stock corporation law. It reports to the Board of Directors regularly, promptly and comprehensively on all essential matters concerning the development of the business, the company's strategy and possible risks.

The remuneration of the Management Board consists of performance-related and fixed components.

The members of the Management Board are appointed by the Board of Directors.

The Management Board of Your Family Entertainment Aktiengesellschaft currently consists of two
male members.

Until 31 May 2020, the Management Board consisted of one male member. In the run-up to the expansion of the Management Board from 1 June 2020, the Board of Directors and the Management Board discussed and debated filling the additional Management Board position in detail and decided on a suitable, qualified candidate who would bring the required experience. As far as a target for the proportion of women on the Management Board is concerned, the Board of Directors believes that the Management Board of the company is currently adequately staffed with two members, especially taking into account the size of the company. With regard to the term of office of the current members of the Management Board, no personnel changes are planned for the Management Board until at least 31 December 2022. The implementation of a proportion of women of more than 0% on the Management Board would therefore not be feasible until that date without expanding the Board. Moreover, in the interests of the company, the Board of Directors of Your Family Entertainment Aktiengesellschaft was largely guided by the suitability of the candidate when making the appointment to the Management Board, with the aim of putting together a Management Board in such a way that the necessary knowledge, skills and professional experience is available for proper performance of its duties. This should continue to be the decisive criteria, even if special attention should be paid to seeking out qualified female candidates actively for appropriate Management Board vacancies.

Nevertheless, since 1 June 2020, the expansion of the Management Board has resulted in a different situation than that which existed with a single Management Board member, which allows the Board of Directors to redefine the target for the proportion of women.

<u>In this context, the Board of Directors has passed the following resolution:</u>

The target to be achieved for the proportion of women on the Management Board is set at 50%.

Since the Management Board currently has two male members and an expansion of the Management Board is not planned from today's perspective, the Board of Directors has not set a deadline for reaching the aforementioned target figure.

However, in a resolution of 29 April 2019, the Management Board determined that the target for the proportion of women in the management level below the Management Board should be 20%. As the proportion of females currently stands at more than 50% and thus reaches the target number, it is not necessary to set deadlines for reaching the aforementioned target. Should the proportion of women at that management level fall below the target of 20%, the Management Board will deal with the issue again and, in particular, set a deadline for achieving this target. Likewise, if and as soon as another management level is set up, the Management Board will revisit the issue.

2.4 Shareholdings of the Management Board and the Board of Directors

Members of the Management Board and the Board of Directors hold shares in Your Family Entertainment AG.

2.5 Transparency

Your Family Entertainment AG places high priority on uniform, comprehensive and prompt information. Reporting on the business situation and the results of Your Family Entertainment AG takes place in the Annual Financial Report and the half-year financial report.

Furthermore, information about press releases and ad-hoc announcements are published. All announcements and releases are accessible on the Internet.

Your Family Entertainment AG has created the prescribed insider list in accordance with Art. 18 Market Abuse Regulation (MAR). The persons concerned were informed about the legal obligations and sanctions.

2.6 Accounting and auditing

Since the 2006 financial year the annual financial statements have been prepared exclusively in accordance with the provisions of the HGB. After being prepared by the Management Board, the annual financial statements are audited by the auditors and the Board of Directors and subsequently adopted by the Board of Directors.

The annual financial statements are published within four months of the end of the financial year.

It has been agreed with the auditor that the Chair of the Board of Directors will be notified immediately of the reasons for exclusions or exemptions and/or errors in the Declaration of Compliance revealed during the audit. The auditor reports promptly to the Chair of the Board of Directors about all significant issues and events relating to the remit of the Board of Directors that arise during the audit of the annual financial statements.

2.7 Risk management

The business areas of Your Family Entertainment AG are exposed to a variety of risks that are inextricably linked to global entrepreneurial activity.

We see risk management as a core responsibility of the Management Board, the management team and all employees. Through active risk management, it should be possible to detect risks earlier, to limit them and at the same time make use of entrepreneurial opportunities.

The risk management of Your Family Entertainment AG is divided into the following four steps:

1. Risk identification
2. Risk assessment
3. Risk management
4. Risk monitoring

For each of these steps, we have developed suitable instruments adapted to the size of the company.

The central instrument of risk management at Your Family Entertainment AG is the regular meetings between the Management Board and the second management tier to identify risks in good time, assess them, take countermeasures where necessary and monitor the measures taken.

Moreover, the second management tier informs the Management Board about risks which may unexpectedly occur outside these regular meetings.

Special issues are discussed promptly between the Management Board and the Board of Directors.

The controlling function and the internal control systems are a material component of consistent and effective risk management.

Since a proportion of the risks are beyond the control of the Management Board, well-functioning risk management cannot guarantee that all risks are eliminated. In this respect, there may be developments that deviate from the planning of the Management Board.

2.8 Details of diversity policy

On 1 May 2015 the "Law for Equal Participation of Women and Men in Leadership Positions in the Private Sector and Public Service" of 24 April 2015 (Federal Law Gazette I p. 642) came into force. For listed companies, Section 111(5) AktG now requires the Board of Directors to set targets for the proportion of women on the Board of Directors and the Management Board and deadlines for their achievement.

The Board of Directors has addressed this issue and resolved the following on 15 December 2020:

Target for the proportion of women on the Board of Directors

The Board of Directors of Your Family Entertainment Aktiengesellschaft, in accordance with Section 9 (1) of the Articles of Association of the company in conjunction with Sections 95 Sentence 1, 96 (1) 6, 101 (1) AktG, shall comprise three representatives of the shareholders, to be elected by the General Meeting.

All seats on the Board of Directors of Your Family Entertainment Aktiengesellschaft are currently
occupied by three members, all of whom are male.

In determining the target for the proportion of women on the Board of Directors, the Board of Directors believes that, in addition to company and industry-specific characteristics, the availability of suitable, qualified female candidates for Board of Directors mandates with the required experience in management positions must also be taken into account.

The current members of the Board of Directors are elected before the end of the ordinary Shareholder's meeting, which decides on whether they are discharged for the 2023 financial year. The implementation of a proportion of women of more than 0% on the Board of Directors would therefore not be possible before that date without extending the Board of Directors. The Board of Directors does not consider such an expansion to six members to be appropriate, especially taking into account the size of the company. Without restricting subsequent target setting for the proportion of women on the Board of Directors, however, the Board of Directors will pay particular attention to the consideration of women for future Board of Directors vacancies in the context of its candidate proposals.

In this context, the Board of Directors has passed the following resolution:

The target figure for the proportion of women on the Board of Directors is set at 0%. Therefore, it is also unnecessary to set deadlines for achieving the aforementioned target.

In the run-up to the Annual General Meeting, which will decide on discharging the Board of Directors for the 2018 financial year, the Board of Directors and the Management Board discussed and debated the proposal to nominate new candidates for the Board of Directors as of the date of the Annual General Meeting. When determining the target size for the proportion of women on the Board of Directors, the Board of Directors considers the company and industry-specific characteristics, as well as the availability of suitable, qualified candidates for the assumption of Board of Directors mandates with the required experience in management positions. As a result, the Board of Directors decided to propose the candidates Dr. Sebastian Graf von Wallwitz (lawyer), Dr. Andreas Aufschnaiter (management consultant) and Mag. Johannes Thun-Hohenstein (lawyer and media consultant) to the Annual General Meeting, which decides on the appointment of the Board of Directors members until the date of discharge for the 2023 financial year. For the aforementioned reasons, an expansion to more than 3 members does not appear appropriate to the Board of Directors, taking into account the size of the company.

Target for the proportion of women on the Management Board

The Management Board of Your Family Entertainment Aktiengesellschaft currently consists of two
male members.

Until 31 May 2020, the Management Board consisted of one male member. In the run-up to the expansion of the Management Board from 1 June 2020, the Board of Directors and the Management Board discussed and debated filling the additional Management Board position in detail and decided on a suitable, qualified candidate who would bring the required experience. When determining the target for the proportion of women on the Management Board, the Board of Directors is of the opinion that the Management Board of the company is sufficiently staffed with two members at present, especially considering the size of the company. With regard to the term of office of the current members of the Management Board, no personnel changes are planned for the Management Board until at least 31 December 2022. The implementation of a proportion of women of more than 0% on the Management Board would therefore not be feasible until that date without expanding the Board. Moreover, in the interests of the company, the Board of Directors of Your Family Entertainment Aktiengesellschaft was largely guided by the suitability of the candidate when making the appointment to the Management Board, with the aim of putting together a Management Board in such a way that the necessary knowledge, skills and professional experience is available for proper performance of its duties. This should continue to be the decisive criteria, even if special attention should be paid to actively seeking out qualified female candidates for appropriate Management Board vacancies.

Nevertheless, since 1 June 2020, the expansion of the Management Board has resulted in a different situation than that which existed with a single Management Board member, which allows the Board of Directors to redefine the target for the proportion of women.

<u>In this context, the Board of Directors has passed the following resolution:</u>

The target to be achieved for the proportion of women on the Management Board is set at 50%.

Since the Management Board currently has two male members and an expansion of the Management Board is not planned from today's perspective, the Board of Directors has not set a deadline for reaching the aforementioned target figure.

G. Principles of the remuneration system in accordance with § 285 sentence 1 no. 9 HGB

The remuneration of the Management Board complies with the legal requirements of the German Stock Corporation Act. The Management Board receives fixed remuneration, which also includes benefits in kind, in particular insurance benefits and car use. The fixed components guarantee a basic remuneration that allows the Management Board to orientate its management to the established interests of the company and its commercial interests, without being dependent on merely short-term performance goals. In addition, the service contract includes a variable special remuneration, which depends on the economic success of the company, in particular an increase in the annual result.

H. Reporting according to Section 289a HGB

1. Composition of the subscribed capital

The share capital is divided into 10,457,730 no-par-value shares with a pro rata amount of the share capital of EUR 1.00 as of the balance sheet date. As of 31 December 2020 the share capital thus amounted to EUR 10,457,730.00. The shares are registered by name. They are fully paid-up.

2. Direct or indirect interests in capital

As of 31 December 2020 F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, holds 66.90% of the share capital.

The Holler Foundation, Munich, is in possession of 13.06% of the share capital as of 31 December 2020.

Moreover, Dr. Stefan Piëch, Vienna, has a direct stake of 1.45% in the capital of Your Family Entertainment AG and an indirect stake of 66.90% through F&M Film und Medien Beteiligungs GmbH referred to above, such that in total 68.35% of the share capital is attributable to Dr. Piëch directly and indirectly.

3. Holders of shares with special rights

As of 31 December 2020 there are no shares with special rights.

4. Nature of controls on voting rights in the case of employee shareholdings

As of 31 December 2020 there is no voting control.

5. Rules established by law and in the articles of association concerning the appointment and dismissal of members of the Management Board and changes to the articles of association

The appointment and dismissal of the members of the Management Board take place in accordance with Sections 84 and 85 AktG. Changes to the Articles of Association are made in accordance with Sections 133 and 179 AktG.

6. Rights of the Management Board to issue and buy back shares

Authorised capital 2016

The Annual General Meeting of 22 June 2016 resolved to cancel the Authorised Capital 2012 and at the same time approved new Authorised Capital (Authorised Capital 2016).

The following resolution was taken:

a) The authorisation for the Management Board to increase the company's share capital by 26 June 2017 with the agreement of the Board of Directors, on one or more occasions, by up to a total of EUR 4,831,499 (authorised capital 2012), is herewith nullified, provided it has not yet been used, effective from the time when the new authorised capital, in accordance with subsequent paragraphs b) to d), is entered in the commercial register.

b) With the approval of the Board of Directors, the Management Board is authorised to increase the company's share capital by 21 June 2021, on one or more occasion, by up to a total of EUR 4,831,499.00, through the issue of up to 4,831,499 new no-par bearer share certificates in return for cash and/or contributions in kind (authorised capital 2016). As a matter of principle, shareholders will thereby be granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or an equivalent institution under Section 186(5) Sentence 1 AktG with the obligation to offer these to shareholders of Your Family Entertainment AG for subscription. However, the Management Board is authorised, with the approval of the Board of Directors, to exclude the statutory subscription rights of shareholders

- if a capital increase against cash contributions does not exceed 10% of the share capital and the issue price of the new shares is not significantly lower than the market price (Section 186(3) Sentence 4 AktG); when making use of this authorisation under exclusion of subscription rights pursuant to Section 186(3) Sentence 4 AktG, the exclusion of the subscription right due to other authorisations pursuant to Section 186(3) Sentence 4 AktG must be taken into account;

- if the shares are issued against contributions in kind for the purpose of purchasing companies or interests in companies or parts of companies or for the purpose of purchasing receivables from the company;

- to the extent necessary to offset fractional amounts.

c) The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the capital increase and its implementation.

The Board of Directors is authorised to amend the version of the Articles of Association in accordance with the respective utilisation of the Authorised Capital 2016.

d) Section 4(3) of the Articles of Association shall be amended in accordance with the above resolutions as follows:

"(3) The Management Board is authorised, with the consent of the Board of Directors, to increase the share capital of the company on one or more occasions until 21 June 2021 at the latest by a total of up to
EUR 4,831,499.00 – by issuing up to 4,831,499 new no-par value registered shares with profit entitlement from the beginning of the financial year in question at the time of issue, for contributions in cash and/or contributions in kind (Authorised Capital 2016). As a matter of principle, shareholders will thereby be granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or an equivalent institution under Section 186(5) Sentence 1 AktG with the obligation to offer these to shareholders of Your Family Entertainment AG for subscription. However, the Management Board is authorised, with the approval of the Board of Directors, to exclude the statutory subscription rights of shareholders

- if a capital increase against cash contribution does not exceed 10% of the capital stock and the issue price of the new shares does not vastly fall below the stock market price
(Section 186(3), Sentence 4 AktG); when making use of this authorisation to exclude the subscription right under § 186(3) sentence 4 AktG, the exclusion of the subscription right due to other authorisations listed under § 186(3) sentence 4 AktG is to be taken into account;

- if the shares are issued against contributions in kind for the purpose of purchasing companies or interests in companies or parts of companies or for the purpose of purchasing receivables from the company;

- to the extent necessary to offset fractional amounts.

The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the capital increase and its implementation. The Board of Directors is authorised to amend the version of the Articles of Association in accordance with the respective utilisation of the Authorised Capital 2016."

Based on the resolution of the Annual General Meeting of Your Family Entertainment Aktiengesellschaft of 22 June 2016, the Management Board is authorised, with the approval of the Board of Directors and at the latest by 21 June 2021, to increase the share capital of the company on one or more occasions by a total of up to EUR 4,831,499 by issuing up to 4,831,499 new, registered, no-par value shares with dividend rights from the beginning of the financial year in progress at the time of the issue, in exchange for cash and/or contributions in kind (Authorised Capital 2016). As a matter of principle, shareholders will thereby be granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or an equivalent institution under Section 186(5) Sentence 1 AktG with the obligation to offer these to shareholders of Your Family Entertainment AG for subscription. However, the Management Board is authorised, with the consent of the Board of Directors, to exclude the shareholders' statutory subscription right to the extent deemed necessary to compensate for fractional amounts, among other things. Finally, the Management Board is authorised, with the consent of the Board of Directors, to determine the further details of the capital increase and its implementation. The Board of Directors is authorised to update the wording of the articles of association in accordance with the utilisation of the authorised capital.

The Management Board has not yet made use of this authorisation.

On the basis of the aforementioned authorisation, the Management Board resolves unanimously and with all votes on 30 October 2020, subject to the approval of the Board of Directors:

1. The share capital of the company in the amount of EUR 10,295,459.00 shall be increased by up to 1,029,545.00 to as much as EUR 11,325,004.00 by issuing up to 1,029,545 new, registered, no-par value shares with a notional interest in share capital of EUR 1.00 against cash contributions ("New Shares"), making partial use of the Authorised Capital 2016.

2. The new shares shall be issued at the lowest issue price of EUR 1.00 per new share and shall be entitled to participate in profits as of 1 January 2020. The subscription right of the shareholders for fractional amounts is excluded.

3. Only Small & Mid Cap Investmentbank AG, Munich, shall be permitted to subscribe for the new shares. The statutory subscription right shall be granted to the shareholders as an indirect subscription right in such a way that the new shares shall be subscribed by Small & Mid Cap Investmentbank AG and taken over with the obligation to offer them to the shareholders at a subscription price of EUR 1.40 per new share in the ratio of 10: 1 for subscription, and to deliver them subsequent to the registration of the implementation of the capital increase in the Commercial Register in accordance with the exercised subscription rights. In order to be able to represent the smooth subscription ratio mathematically, the Management Board has ensured that the subscription right based on 9 shares is not exercised. Any shares not subscribed following the end of the subscription period (due to the subscription right) may be offered by Small & Mid Cap Investmentbank AG for purchase to institutional investors in a private placement at a placement price of EUR 1.70 per new share. Small & Mid Cap Investmentbank AG shall be obligated to transfer the respective additional proceeds to the company after deduction of an appropriate commission and costs. The period for the acceptance of the subscription offer ends, at the earliest, 2 weeks after the announcement of the subscription offer.

4. The subscriptions shall become non-binding if the implementation of the entire capital increase has not been entered in the respective Commercial Register for the company by 31 December 2020.

5. On the day of the registration of the implementation of the capital increase for entry in the Commercial Register, 25% of the issue amount per new share shall be paid free of interest and commission by way of credit to Bankhaus Gebr. Martin AG, IBAN: DE69 6103 0000 0000 051046, acting as settlement agent for Small & Mid Cap Investmentbank AG, ultimately at the free disposal of the Management Board.

6. The entire costs of this capital increase shall be borne by the company.

By resolution of 30 October 2020, the Board of Directors approves the resolution of the Management Board of today's date by which the Management Board resolves, within the framework of the authorisation of Article 4 (3) of the Articles of Association of the company, to increase the share capital of the company – in the amount of EUR 10,295,459.00 – through the partial utilisation of the Authorised Capital 2016 – by a maximum of 1,029,545.00 – and up to a new total of EUR 11,325,004.00, by issuing up to 1,029,545 new, registered, no-par value shares with a notional interest in the share capital of EUR 1.00 against cash contributions, including the terms and conditions of the share issue and the content of the share rights set out in the resolution.

By resolution dated 4 December 2020, the Board of Directors declares that

1. The Board of Directors approves the resolution of the Management Board dated 4 December 2020 by which the Management Board has set the number of new shares to be issued at 162,271 new shares.

2. On the basis of the authorisation given in Article 4(3) last sentence and Article 15 of the Articles of Association of the company, the Board of Directors reworded the wording of Article 4(1) and (2) of the Articles of Association with effect from the date of entry of the implementation of the capital increase in the Commercial Register as follows:

   "(1) The share capital of the company is EURO 10,457,730.00 (in words: ten million four hundred and fifty seven thousand seven hundred and thirty euros).

   (2) The share capital is divided into 10,457,730 no-par value shares."

3. On the basis of the authorisation given in Article 4(3) Sentence 5 and Article 15 of the Articles of Association of the company, the Board of Directors reworded Article 4(3) Sentence 1 of the Articles of Association with effect from the date of entry of the implementation of the capital increase in the Commercial Register as follows:

   "The Management Board is authorised, with the consent of the Board of Directors, to increase the share capital of the company on one or more occasions until 21 June 2021 at the latest by a total of up to EUR 4,669,228.00 by issuing up to 4,669,228 new, registered, no-par value shares carrying dividend rights from the beginning of the financial year in progress at the time of the issue, in exchange for cash contributions and/or contributions in kind (Authorised Capital 2016)."

The capital increase was entered in the Commercial Register on 11 December 2020.

Resolution on the authorisation to issue convertible bonds, on the creation of Conditional Capital 2019 and the corresponding amendment to the Articles of Association

The Annual General Meeting of 19 July 2019 passed the following resolution:

a) The Management Board is authorised, with the consent of the Board of Directors, to issue bearer convertible bonds (hereinafter also referred to as "bonds") with a total nominal value of up to EUR 7,500,000.00 and a maximum term of 20 years on one or more occasion up to 18 July 2024, and to grant the holders of the bonds conversion rights to new shares in the company with a pro rata amount of the share capital of up to a total of EUR 2,573,929.00 in accordance with the terms and conditions of the convertible bonds. The bonds may be issued once or several times – in whole or in part and also simultaneously – in different tranches. Shareholders are generally entitled to a subscription right to the bonds. The statutory subscription right may also be granted in such a way that the bonds are underwritten by one or more banking institutions with the obligation to offer them to the shareholders for subscription. However, the Management Board shall be authorised – with the consent of the Board of Directors – to exclude in whole or in part the subscription right of the shareholders of the company to the bonds with conversion rights to shares of the company,

aa) insofar as the bonds are issued against cash consideration and are structured in such a way that their issue price is not significantly lower than their theoretical market value determined in accordance with recognised financial mathematical methods; however, this shall only apply insofar as the shares to be issued to service the conversion rights and obligations thereby created do not in total exceed 10% of the share capital either with respect to the time at which this authorisation becomes effective or with respect to the time at which this authorisation is exercised. When making use of this authorisation to exclude the subscription right pursuant to Section 186(3) Sentence 4 AktG, the exclusion of the subscription right on the basis of other authorisations pursuant to Section 186(3) Sentence 4 AktG shall be taken into account;

bb) in order to grant subscription rights to the holders of conversion rights to shares in the company, to compensate for dilutions to the extent to which they would be entitled after exercising these rights;

cc) to exclude fractional amounts from the shareholders' subscription right. In the event of the issue of bonds, the holders of the bonds shall receive the right to convert their bonds into shares of Your Family Entertainment Aktiengesellschaft in accordance with the terms and conditions of the convertible bonds. The pro rata amount of the share capital represented by the shares to be issued on conversion may not exceed the nominal amount of the bonds. The conversion rate is calculated by dividing the nominal amount of the bond by the nominal amount for one share of Your Family Entertainment Aktiengesellschaft. The bond terms may allow for a variable conversion rate and for the conversion price to be set depending on the movement of the share price during the term or over a set period within the term. The conversion rate may, in any case, be rounded up or down to a whole number; in addition, a payment to be made in cash may be determined. The terms may also allow for fractional amounts to be combined and/or settled in cash. The respective bond terms and conditions may also establish a conversion obligation at the end of the term, or at an earlier point in time.

The terms of the convertible bond may also entitle the company to pay the equivalent value in cash instead of granting shares in the company to those exercising their conversion option. The terms of the convertible bond may also allow the company to issue its treasury shares to bondholders exercising their conversion option. The conversion price to be fixed in each case for one share of the company (subscription price) must – even in the case of a variable conversion rate/conversion price – either correspond to

(a) at least 80% of the average closing price of the shares of the company in floor trading on the Frankfurt Stock Exchange or, if the shares are included in XETRA trading, in XETRA trading or in a corresponding successor system on the ten trading days immediately preceding the date of the resolution by the Management Board on the issue of the convertible bonds, or

(b) at least 80% of the average closing price of the shares of the company in floor trading on the Frankfurt Stock Exchange or, if the shares are included in XETRA trading, in XETRA trading or in a corresponding successor system during the days on which the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days of subscription rights trading. Sections 9(1), 199(2) AktG shall remain unaffected.

If dilutions of the economic value of the existing conversion rights occur during the term of a bond and no subscription rights are subsequently granted as compensation, the conversion rights shall be adjusted so as to preserve their value – notwithstanding the lowest issue amount pursuant to Section 9(1) AktG – insofar as the adjustment is not already subject to mandatory regulation by law. In any case, the pro rata amount of the share capital of the no-par value bearer shares to be subscribed per bond shall not exceed the nominal amount per bond. Instead of an adjustment of the conversion price, the payment of a corresponding amount in cash by the company on exercise of the conversion right or on fulfilment of the conversion obligation may also be provided for in accordance with the terms and conditions of the convertible bonds. The terms and conditions of the convertible bonds may also provide for an adjustment of the conversion rights or obligations in the event of a capital reduction or other extraordinary measures or events. The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the issue and nature of the convertible bonds, in particular the interest rate, issue price, duration and denomination, conversion price and conversion period.

b) The share capital is conditionally increased by up to EUR 2,573,929.00 by issuing up to 2,573,929 new, registered, no-par value shares (Conditional Capital 2019). The conditional capital increase shall be used to grant shares to holders of convertible bonds issued in accordance with the above authorisation. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds – issued on the basis of the authorisation of the Annual General Meeting of 19 July 2019 up to 18 July 2024 – exercise their conversion rights, and to the extent that other forms of fulfilment are not used for the purpose of servicing. The new shares shall participate in the profits from the beginning of the financial year in which they are created through the exercise of conversion rights. The Management Board is authorised, with the consent of the Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorised to amend the wording of the Articles of Association in accordance with the respective utilisation of the conditional capital.

c) Article 4 of the Articles of Association is supplemented by the following new paragraph 5: "(5) The share capital is conditionally increased by up to EUR 2,573,929.00 by issuing up to 2,573,929 new, registered, no-par value shares (Conditional Capital 2019). The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds – issued on the basis of the authorisation of the Annual General Meeting of 19 July 2019 up to 18 July 2024 – exercise their conversion rights, and to the extent that other forms of fulfilment are not used for the purpose of servicing. The new shares shall participate in the profits from the beginning of the financial year in which they are created through the exercise of conversion rights. The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorised to amend the version of the Articles of Association in accordance with the respective utilisation of the conditional capital."

Resolution of the Board of Directors on Conditional Capital (2013/2017) of 3 May 2019

Pursuant to Article 4(4) of the Articles of Association of the company, the share capital is conditionally increased by up to EUR 5,147,729.00 through the issuance of up to 5,147,729 new, registered, no-par value shares (Conditional Capital 2013/2017). The conditional capital increase serves to grant shares to the holders of convertible bonds issued in accordance with the authorisation of the Annual General Meeting of 7 November 2013 as amended by the resolution of the Annual General Meeting of 15 September 2017. The conditional capital increase shall be carried out only if the holders of convertible bonds issued by the company by 6 November 2018, based on the authorisation granted by the Annual General Meeting of 7 November 2013, as amended by resolution of the General Meeting of 15 September 2017, make use of their conversion right and provided other forms of fulfilment are not deployed. The new shares shall entitle the shareholder to participate in profits from the beginning of the financial year in which they are acquired by exercise of conversion rights. The Management Board is authorised, with the approval of the Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorised to amend the version of the Articles of Association in accordance with the respective utilisation of the conditional capital.

Based on the authorisation of 7 November 2013, the Management Board of the company – with the consent of the Board of Directors – issued a "4% convertible bond 2014/2018" in January 2014. The "4% convertible bond 2014/2018" expired in full on 9 February 2018. The holders of the convertible bond are no longer entitled to conversion rights.

Furthermore, the Management Board of the company – with the consent of the Board of Directors – issued a "3% convertible bond 2018/2020" in November 2017 based on the authorisation of the Annual General Meeting of 7 November 2013 as modified by the resolution of the Annual General Meeting of 15 September 2017. From this "3% convertible bond 2018/2020", partial debentures with a total nominal value of EUR 4,375,460 are currently still outstanding, which entitle the holders to acquire a total of 2,570,800 shares in Your Family Entertainment Aktiengesellschaft in accordance with the terms and conditions of the convertible bonds in the event of full conversion.

The authorisation to issue further convertible bonds expired on 6 November 2018 as per the authorisation of the Annual General Meeting of 7 November 2013, as modified by the resolution of the Annual General Meeting of 15 September 2017.

The Conditional Capital 2013/2017 is therefore only required in the amount of up to EUR 2,573,800.00 by issuing up to 2,573,800 new, registered, no-par value shares and shall therefore be adjusted to this number.

The Board of Directors of Your Family Entertainment Aktiengesellschaft – consisting of Dr. Hans-Sebastian Graf von Wallwitz, Dr. Andreas Aufschnaiter and Johannes Thun-Hohenstein, hereby adopts the following resolution, while waiving all forms and deadlines provided for by law, the Articles of Association and the Rules of Procedure for convening and holding a meeting of the Board of Directors and for the adoption of resolutions by the Board of Directors:

Section 4(4) Sentence 1 of the Articles of Association of Your Family Entertainment Aktiengesellschaft is amended as follows:

"The share capital is conditionally increased by up to EUR 2,573,800.00 by issuing up to 2,573,800 new, registered, no-par value shares (Conditional Capital 2013/2017)."

7. Essential agreements made on the condition of a change of control following a takeover bid

There were no such agreements at the balance sheet date.

8. Compensation agreements

As of the balance sheet date, there are no agreements with the members of the Management Board or employees in the event of a takeover bid.

I. Dependency report

The Management Board has prepared and submitted to the auditors a report on the relations of Your Family Entertainment AG with affiliated companies (dependent company report) for the 2020 financial year.

The Management Board declares that the company has received reasonable compensation for any legal transaction specified in the report on relationships with affiliated companies, in the light of the circumstances known to it at the time of the legal transaction. Other measures were neither taken nor omitted at the initiative or in the interest of those companies.

Munich, 31 March 2021

Your Family Entertainment AG

The Management Board

Dr. Stefan Piëch (CEO) Bernd Wendeln (COO)

7. Auditors' Report of Baker Tilly GmbH & Co. KG

AUDITORS' REPORT OF THE INDEPENDENT AUDITOR

Addressed to Your Family Entertainment AG, Munich

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AND THE MANAGEMENT'S DISCUSSION AND ANALYSIS

Audit opinions

We have audited the annual financial statements of Your Family Entertainment AG, Munich, comprising the balance sheet as of 31 December 2020 and the income statement for the financial year from 1 January 2020 to 31 December 2020, the cash flow statement and the statement of changes in equity for the financial year from 1 January 2020 to 31 December 2020, and the notes on the financial statements, including a description of the accounting policies. We have also audited the management's discussion and analysis of Your Family Entertainment AG for the financial year from 1 January 2020 to 31 December 2020. The contents of the section "Other information" mentioned in the management's discussion and analysis have not been checked in terms of content, in accordance with statutory provisions.

In our opinion, based on the findings of the audit,

- the accompanying financial statements comply with German commercial law applicable to corporations in all material respects and give a true and fair view of the net assets and financial position of the company as of 31 December 2020 and its results of operations for the financial year 1 January 2020 until 31 December 2020 and

- overall, the accompanying management's discussion and analysis provides a true picture of the state of the company. In all material respects, the management's discussion and analysis is consistent with the annual financial statements, complies with German statutory provisions and accurately presents the opportunities and risks of future development.

Pursuant to Section 322(3) Sentence 1 HGB, we declare that our audit has not led to any objections with regard to the regularity of the annual financial statements and the management's discussion and analysis.

Basis for the audit opinions

We have audited the annual financial statements and the management's discussion and analysis in accordance with Section 317 HGB and the EU Auditors Ordinance (No. 537/2014, hereinafter

"EU-APrVO") in accordance with the standards which are generally accepted in Germany as promulgated by the Institut der Wirtschaftsprüfer (Institute of Auditors - IDW) for auditing financial statements. Our responsibilities under these rules and policies are further described in the section of our report entitled "Auditors' Responsibilities for Auditing the Financial Statements and Management's Discussion and Analysis". We are independent of the company in accordance with the European and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, in accordance with Article 10(2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services under Article 5(1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinion on the financial statements and management's discussion and analysis.

Particularly important audit matters in the audit of the annual financial statements

Particularly important audit matters are those matters that, in our best judgment, were most significant in our audit of the financial statements for the year ended 1 January 2020 to 31 December 2020. These matters have been taken into account in the context of our audit of the financial statements as a whole and in our opinion on the audit; we do not give a separate opinion on these matters.

In our view, the following matters were most significant in our audit:

- Impairment of the film assets
- Going concern

Our presentation of this particularly important audit matter has been structured as follows:

1. Facts and presentation of the problem
2. Auditing procedure and findings
3. Reference to further information

In the following, we present audit matters of particular importance:

Impairment of the film assets

1. In the annual financial statements of Your Family Entertainment AG, the balance sheet item "Intangible assets" includes film assets and other rights acquired for a consideration amounting to EUR 16.6 million, which thus represent around 96% of the balance sheet total. The film assets and other rights acquired against payment are subject to an annual impairment test as of the balance sheet date or on an ad hoc basis. These valuations are

usually based on the present value of future cash flows for the respective film right. The valuations are based on the budget forecasts of the individual film rights, which are based on the financial plans approved by the management. Discounting takes place using the weighted average cost of capital of the company. The result of this valuation depends to a large extent on the assessment of future cash inflows by the legal representatives of the company and the discount rate used and is therefore subject to considerable uncertainty, which is why this issue is of particular importance in our audit.

2. To address this risk, we critically scrutinised the assumptions and estimates made by management, including the following audit procedures:

   - We followed the methodological procedure for carrying out the impairment tests and assessed the determination of the weighted average cost of capital.

   - We are convinced that the future cash flows underpinning the valuations and the discount rates used form an adequate basis for the impairment tests on the individual film rights.

   - Our estimation was based, inter alia, on a comparison with general and industry-specific market expectations, as well as extensive explanations from the management team regarding the key value drivers for the plans and the reconciliation of these figures with the current budget from the planning approved by the Board of Directors.

   - Knowing that even relatively small changes in the discount rate can have a material impact on the value determined in this way, we used the parameters to determine the discount rate used, including the weighted average cost of capital, and followed the calculation scheme of the company.

   - Moreover, we performed additional sensitivity analyses for selected film rights, in order to be able to assess a possible impairment risk in the event of a possible change in a material assumption of the valuation. The selection was based on qualitative aspects and the amount of coverage of the respective book value by the value in use. We have determined that the respective film rights and the total book values of the acquired film assets acquired for a consideration and other rights as of the balance sheet date are covered by the discounted future cash flows.

3. The details of the film assets are given in section "II. Accounting policies, 1. Balance Sheet" in the Notes.

Going concern

The Management Board has prepared the annual financial statements in accordance with Section 252(1) no. 2 HGB from the perspective of a going concern. We have ascertained to a satisfactory degree that these conditions are met. The Management Board has prepared a 24-month liquidity plan, i.e. from 1 April 2021 to 31 March 2023. This liquidity planning is valid and seamless.

Other information

The legal representatives are responsible for the other information:

- "Statement on corporate governance in accordance with Section 289 f HGB" in the management's discussion and analysis,
- "Statement of Responsibility" in the Annual Report,
- "Foreword by the Management Board" in the Annual Report,
- "About us" in the Annual Report and
- "The share" in the Annual Report

The Board of Directors is responsible for the following types of other information. Other information comprises:

- "Report of the Board of Directors" in the Annual Report.

Our audit opinions on the annual financial statements and the management's discussion and analysis do not extend to the other information, and accordingly, we provide neither an opinion nor any other form of audit conclusion.

In connection with our audit, we have the responsibility to read the other information and to evaluate whether the other information

- has material inconsistencies with the annual financial statements, management's discussion and analysis or our knowledge acquired during the audit; or
- otherwise appears to be a significant misrepresentation.

Responsibility of the legal representatives and the Board of Directors for the annual financial statements and the management's discussion and analysis

The legal representatives are responsible for preparing the annual financial statements that comply with German commercial law applicable to corporations in all material respects, and for ensuring that the annual financial statements, in accordance with the accounting principles generally accepted in Germany, give a true and fair view of the net assets, financial position and earnings situation of the company. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with generally accepted accounting principles in Germany in order to facilitate the preparation of financial statements that are free from material misstatement, whether intentional or unintentional.

In preparing the financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing matters relating to the continuation of the business, where relevant. In addition, they are responsible for accounting for continuing operations on the basis of the accounting principle, unless contrary to fact or law.

In addition, the legal representatives are responsible for the preparation of the management's discussion and analysis, which as a whole conveys a true picture of the company's position, is in all material respects consistent with the annual financial statements, complies with German legal requirements and accurately reflects the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they deemed necessary to enable the preparation of a management discussion and analysis in accordance with the applicable German statutory provisions and to provide sufficient suitable evidence for the statements in the management's discussion and analysis.

The Board of Directors is responsible for overseeing the company's accounting process for preparing the annual financial statements and the management's discussion and analysis.

Responsibility of the auditor for the audit of the annual financial statements and the management's discussion and analysis

Our objective is to obtain reasonable assurance regarding whether the annual financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the management's discussion and analysis as a whole provides an appropriate view of the company's position and is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks stemming from future development, and to issue an auditor's report that includes our audit opinion on the annual financial statements and the management's discussion and analysis.

Reasonable assurance is a high degree of certainty, but not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-APrVO in compliance with the generally accepted standards in Germany for the audit of financial statements as promulgated by the Institute of Auditors (IDW) always reveals a material misstatement. Misstatements can result from any violation or inaccuracy and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these financial statements and the management's discussion and analysis.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement, whether intentional or unintentional, in the financial statements and the management's discussion and analysis, plan and perform procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to form the basis of our audit opinion. The risk that material misstatements will not be detected is higher for violations than for inaccuracies, as violations may include fraudulent interactions, counterfeiting, intentional incompleteness, misrepresentations or overriding of internal controls.

- we gain an understanding of the internal control system relevant to the audit of the financial statements and the arrangements and measures relevant to the audit of the management's discussion and analysis in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on their effectiveness.

- we assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by the legal representatives.

- we draw conclusions about the appropriateness of the accounting policy used by the legal representatives in continuing operations and, on the basis of the audit evidence obtained, about whether there is material uncertainty related to events or circumstances that could raise significant doubts about the company's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in the audit report to the related disclosures in the financial statements and management's discussion and analysis or, if inaccurate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit report. However, future events or circumstances may mean that the company can no longer continue its business activities.

- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events in such a way that the financial statements give a true and fair view of the assets, financial and earnings situation in accordance with generally accepted accounting principles.

- we assess the consistency of the management's discussion and analysis with the annual financial statements, its compliance with the law and the image it conveys of the state of the company.

- we perform audit procedures on the forecasts presented by the legal representatives in the management's discussion and analysis. On the basis of sufficient suitable audit evidence, in particular, we analyse the significant assumptions underlying the forecasts of the legal representatives and assess proper derivation of the forecasts from these assumptions. We do not give an independent opinion on the forecasts and their underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forecasts.

Among other things, we discuss the planned scope and timing of the audit with the responsible parties and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We make a statement to the responsible parties that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be expected to affect our independence and the safeguards that are in place in this connection.

From the issues we have discussed with the responsible parties, we identify those matters that were most significant in the audit of the financial statements for the current period and are therefore the audit matters of particular importance. We describe these matters in the audit report, unless legislation or other legal regulations preclude public disclosure of the facts.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the electronic reproductions of the annual financial statements and the management's discussion and analysis prepared for the purpose of disclosure in accordance with Section 317 (3b) HGB

Audit opinion

Pursuant to Section 317(3b) HGB, we have performed an audit with a reasonable degree of certainty allowing us to determine whether in the attached file
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the reproductions of the financial statements prepared for the purpose of disclosure (hereinafter also referred to as "ESEF documents") comply in all material respects with the requirements of Section 328(1) HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to transfer of the information contained in the annual financial statements and the management's discussion and analysis into ESEF format and therefore does not extend either to the information contained in these reproductions or to any other information contained in the aforementioned file.

In our opinion, the reproductions of the annual financial statements and the management's discussion and analysis contained in the aforementioned attached file (and prepared for the purpose of disclosure) comply in all material respects with the requirements of Section 328(1) HGB regarding the electronic reporting format. Other than this opinion and our opinions on the accompanying financial statements and the management's discussion and analysis for the financial year from 1 January 2020 to 31 December 2020 as included in the "Report on the audit of the financial statements and management's discussion and analysis" above, we do not express any opinion about the information contained in these reproductions or about any other information contained in the aforementioned file.

Basis for the audit opinion

We conducted our check of the reproductions of the annual financial statements and the management's discussion and analysis contained in the aforementioned attached file in accordance with Section 317(3b) HGB, taking into account the draft IDW Auditing Standards: Audit of the electronic reproductions of financial statements and management discussions and analyses prepared for disclosure purposes in accordance with Section 317(3b) HGB (IDW EPS 410). Our responsibility thereafter is described in further detail in the section entitled "Auditor's responsibility for the audit of the ESEF documents". Our auditing practice has applied the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1).

Responsibility of the legal representatives and the Board of Directors for the ESEF documents

The legal representatives of the company bear responsibility for the preparation of the ESEF documents with the electronic reproductions of the annual financial statements and the management's discussion and analysis in accordance with Section 328(1) Sentence 4 No. 1 HGB.

Furthermore, the company's legal representatives are responsible for the internal controls as they deem necessary in order to enable the preparation of ESEF documents that are free of material violations of the electronic reporting format requirements of Section 328(1) HGB, whether intentional or unintentional.

The company's legal representatives are also responsible for submitting the ESEF documents together with the auditor's report and the attached, audited annual financial statements and audited management discussion and analysis and other documents to be disclosed to the operator of the Federal Gazette.

The Board of Directors is responsible for overseeing the preparation of the ESEF documents as part of the financial accounting and reporting process.

Auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain a reasonable assurance about whether the ESEF documentation is free from instances of material defect – whether intentional or unintentional – as per the requirements of Section 328(1) HGB. During the audit, we exercise due discretion and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material violations of the requirements of Section 328(1) HGB, whether intentional or unintentional, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- we obtain an understanding of those internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the efficacy of those controls.

- we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, for the technical specification for that file.

- we assess whether the ESEF documentation allows for a content-equivalent XHTML reproduction of the audited financial statements and the audited management's discussion and analysis.

Other information according to Article 10 EU-APrVO

We were appointed as auditors by the Annual General Meeting of 29 June 2020. We were commissioned by the Board of Directors on 23 November 2020. We have worked continuously as an auditor of Your Family Entertainment AG, Munich, since the 2017 financial year.

We declare that the opinions contained in this Auditor's Report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-APrVO (Audit report).

RESPONSIBLE FINANCIAL AUDITOR

The financial auditor responsible for the audit is Carola Schindler.

Munich, 19 April 2021

Baker Tilly GmbH & Co. KG

Auditors
(Dusseldorf)

Signed: Stahl
Financial Auditor

Signed: Schindler
Financial Auditor

8. Statement of Responsibility

"We certify that, to the best of our knowledge and in accordance with the applicable accounting principles, the annual financial statements convey a true and fair picture of Your Family Entertainment AG's asset, financial and earnings situation and that the management's discussion and analysis presents the development of the business and its results and the company's current situation in such a way that a true and fair picture is conveyed and that major risks and opportunities in the company's expected development are described."

Munich, 31 March 2021

Your Family Entertainment AG

The Management Board

Dr. Stefan Piëch (CEO)

Bernd Wendeln (COO)

9. Financial calendar

➢ 29 April 2021	Publication of Annual Financial Report 2020
➢ 29 June 2021	Annual General Meeting 2021
➢ 30 September 2021	Release of the half-yearly interim financial report 2021

10. LEGAL NOTICE / CONTACT

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