Your Family Entertainment AG

Annual Business and Financial Report 2019

yfe yourfamily entertainment

Key Figures in EUR Thousand

	2019	2018
Sales Revenues	2,910	3,208
EBITDA[1]	-354	-343
EBIT[2]	-2,089	-3,926
Annual net loss	-2,372	-4,220
Balance sheet total	17,938	19,920
Film assets	16,320	18,000
Shareholders' equity	7,991	10,374

[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

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1. Foreword by the Management Board

Dear Shareholders,

As we write these words to you, in March 2020, the world is in a state of emergency. Every day, more bad news is published in the form of exponential infection rate curves and deaths from the SARS-CoV-2 virus, which causes the viral disease known as COVID-19. Schools are closed and children are being home-schooled. The global economy has only just begun to face up to this new challenge, which is often compared to the effects attributable to world wars.

As a content provider and specialist in high-quality family entertainment, we face the challenge of taking families in quarantine to a different place with our stories and high-quality films. At the current point in time, this upheaval is a risk that is difficult to assess, but it also offers opportunities that must be seized now. Nevertheless, we will also feel the effects, as we must expect a noticeable decline in business along with involuntarily extended payment periods from our customers.

But let me tell you about an interesting and varied past financial year. The licensing business, the free TV and pay TV business were developed further and we continued to consolidate our gains on all these fronts.

We would now like to present some of the events of 2019 in more detail:

Since January 2019 an iconic film by prominent Austrian media company LISA Film has been broadcast on "RiC" TV every Saturday afternoon at 4 pm. Under the slogan "A passion for entertainment", LISA Film recorded numerous film successes such as "Ein Schloss am Wörthersee" ("A Castle on Lake Wörthersee") and "Das Traumhotel" ("The Dream Hotel"). Also part of LISA Film are box office hits like "Die Supernasen" with Thomas Gottschalk and Mike Krüger. LISA Film has produced many classics with greats such as Maximilian Schell, Peter Weck and Roy Black.

On International Children's Day – 1 June – we broadcast a special programme as part of our successful and much-appreciated cooperation with the NGO development organisation SOS Children's Villages International. For the first time, "Fix&Foxi" TV broadcast cinematic journeys through the continents, revealing breath-taking landscapes, discovering exciting traditions and presenting interesting details of foreign cultures.

In July we were able to announce the conclusion of a new collaborative agreement. Together with POST Luxembourg, the two popular foxes returned to the Grand Duchy with the family channel "Fix&Foxi" TV. The channel is available as part of "Entertain Me", PostTV's next generation subscription model. "Fix&Foxi" can be booked through the TV and via the accompanying app, which makes it easy for users to access it – wherever they may be. Children's entertainment has never been so much fun and so colourful.

A major milestone that crowned the efforts of recent years was the launch of "RiC" TV in its international version. On 1 September 2019 "RiC" TV was launched in English and German across Central and Eastern Europe in cooperation with A1 Telekom Austria Group as our robust partner, with the aim of expanding RiC's strategic reach even further.

The international version of "RiC" TV broadcasts award-winning, educational series in English and German for the whole family. The sophisticated dialogues have been developed with specialists in children's education over several years – most of our series are based on popular children's books and classics. The RiC content promotes children's fluency in English, it supports their creativity and teaches important social skills. In doing so, RiC embodies a healthy balance between entertainment and learning – we've named this approach "Learning by Laughing".

For World Children's Day on 20 September, "RiC" TV set an example for children together with SOS Children's Villages. Traditionally, the programme revolved around children and their everyday lives, school routines, personal hobbies and local traditions. Special mention was made of the tireless effort put in by the loving SOS mothers who accompany the children through their challenging daily lives with so much affection and patience. At the same time, the cinematic journey is also meant to remind us of the millions of children worldwide who are still growing up without fundamental human rights and without a voice.

Shortly afterwards, we were pleased to announce another successful cooperation agreement with the ProSiebenSat.1 PULS 4 Group and Austria's streaming app ZAPPN. With the addition of the family channel "RiC" TV, ZAPPN has now managed to become the first streaming app in Austria to offer all relevant and established TV channels. Following the merger with the German counterpart Joyn which is anticipated in 2020, Your Family Entertainment AG will thus be represented in the portfolio from the beginning, thereby allowing it to reach an even larger target audience.

To take advantage of existing strong demand on the capital market, we decided in November to issue a convertible bond, which was successfully placed in February 2020.

At the beginning of December, we were able to announce a welcome addition to our team. The seasoned industry professional Bernd Wendeln, who was previously with Tele München Gruppe among other companies, has bolstered the management as the new COO. His knowledge of the digital/linear media market and of the licensing business is of key strategic importance for Your Family Entertainment AG. In addition, Bernd Wendeln has already been able to contribute his expertise in the area of strategic partnerships.

In addition to these highlights, we maintained a strong presence in the market and established numerous new contacts worldwide. We were also able to take a giant leap forward in the important home market of Germany. Over the year, the groundwork for our partnership with Vodafone Germany was laid. In January 2020, we were able to announce the inclusion of "Fix&Foxi" TV in the Pay TV portfolio and the expansion of an existing cooperation agreement in the video-on-demand area.

Rest assured that the entire team is united in going face-to-face with this challenging time, as a result of which we have adapted quickly to the new requirements. Appropriate measures have been taken to guarantee the continued and proper functioning of our company.

Finally, I would like to express my sincere thanks to both you, dear shareholders, for your trust in our company and to the members of the Board of Directors for their continuous and unfailingly energetic support.

However, my special thanks also go to my team, which, as in recent years, has contributed to the ongoing development through its extraordinary dedication and has enabled the development and expansion of the company.

I look forward to leading Your Family Entertainment AG successfully in the future with motivated and ambitious employees in the future, to expanding the company and to working on exploiting the company's significant existing potential.

Munich, March 2020

Your Family Entertainment AG

The Management Board

Dr. Stefan Piëch

2. About us

The name Your Family Entertainment AG (YFE) symbolises innovation and tradition in one. For over 35 years, we have been producing and licensing high quality, educational television series for children, adolescents and families.

Your Family Entertainment AG is backed by a dynamic team of highly motivated employees who work together to achieve one objective: to pass on our enthusiasm and passion for responsible, high-quality children's TV programmes to children, families and customers all over the world.

We have the largest European independent library of entertainment for children and families in the international screen rights licensing trade. We can draw on a programme stock of around 3,500 half-hour programmes. This number includes many series, all of which were created with great enthusiasm and dedication. This enables us to offer such a strong and varied service.

The library is continuously maintained and supplemented by additional programmes. Recent years have also seen further long-term improvements in our excellent film stock. Since May 2014 we own all rights to Rolf Kauka's "Fix & Foxi". Since July 2014 we have also acquired all rights to the series "Albert asks" and "Albert says". In 2015 the world-class series "Toot the Tiny Tugboat" and "Eena Meena Deeka" were added to the sales service. In 2017 the service was expanded to include "Lola on Board", "Wondergrove Kids" and in 2018 "Secrets of Gravity", "Kaluoha Hina" and "Life of Trees". In addition, the films "Camp Cool Kids" and "Marshall the Miracle Dog" complete the film library.

Since 2007 we have successfully operated the award-winning pay TV channel "yourfamily", which won the prestigious HOT BIRD TV Award in 2010 and was nominated again in 2011, 2013, 2014 and 2015 for the final of the top three children's channels worldwide. The pay TV channel "yourfamily" welcomed two new channel characters in December 2014 and has since called itself "Fix & Foxi". In 2016 "Fix&Foxi" won the Eutelsat TV Award in the category "children's channel". Through the integration of the "Fix&Foxi" brand, which has had a large fan base both inside and outside Germany for more than 60 years, on pay TV the popularity of the two foxes is combined with high-quality television content for families. With their 24-hour, 16:9 programme, our popular foxes present an optimal mix of high-quality entertainment, educational content and monthly highlights. Through its extended concept, the station occupies an independent and clear position in the German-speaking kids pay TV market; and this has been the case since 2015, also via the AmazonFire TV app "Fix & Foxi TV". Furthermore, our children's entertainment channel, which can be ordered via Amazon Prime Video, has been offered under the name "Fix&Foxi" since 2017. Thanks to this successful concept, the channel is now represented in many countries.

Since 2012 YFE has also been represented on free TV with the children's channel "RiC", which celebrated its fifth birthday in September 2017. We are very pleased that "RiC" has established itself very well as a private children's and family channel in the German-speaking countries through its high-quality and popular European programmes. Our family channel is aimed at children from 3-13 years of age and homemakers. Through its extensive expertise and careful selection of high-quality content, "RiC" positions itself as the third private children's and family programme in German-speaking countries. Both the child-friendly station presentation and the decelerated content make "RiC" the antithesis to the otherwise predominantly American and Asian-influenced service. "RiC" is broadcast via satellite (Astra), many cable networks, as a live stream on the Internet of German-speaking countries and on the iOS and Android mobile platforms.

Since November 2014 "RiC" has been available via M-net in the Munich area as well as in parts of Augsburg, Nuremberg, Erlangen and Würzburg. Since February 2015 RiC the Raven 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). To date, "RiC" has expanded its reach to over 34 million households in German-speaking countries. The range on the cable network is still being continuously expanded.

3. Report of the Board of Directors

Dear
Shareholders,

The report of the Board of Directors normally deals with the previous financial year, but in view of the extraordinary circumstances, we would like to give you a brief overview of the impact of the Covid-19 pandemic on the company's business and the measures implemented by management.

The significant disruption of business caused by the Covid-19 pandemic has also affected Your Family Entertainment AG. The company's business premises have been closed, with the exception of Materials Management, and employees have been working from home. The trade fairs at which the company is usually represented have been cancelled. Unlike other industries, however, normal business has fortunately continued to date. At the time of this report, there has not yet been a coronavirus-related decline in business activity or an increase in defaults. The company has nevertheless taken precautions, including the implementation of the following measures: (i) external, non-essential costs for operations have been suspended (or not approved) and (ii) vacant positions have not been filled in the current situation. The Board of Directors is confident that these measures are appropriate for dealing with the current situation.

In the 2019 financial year, the Board of Directors regularly monitored, controlled and advised on the work of the Management Board. The Management Board provided the Board of Directors with extensive and prompt information in verbal and written reports. The Board of Directors and the Management Board were also in constant contact between meetings. Telephone conferences and email correspondence 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.

A total of four meetings of the Board of Directors took place in the 2019 financial year. All members of the Board of Directors attended at least half of its meetings during their term of office in the 2019 financial year: on the occasion of 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 examined and discussed with the Board in detail based on very comprehensive reports by the Board of Management. In addition, the Board of Directors has voted during telephone conferences. During the 2019 financial year, the Board of Directors again exercised its right to inspect the books, documents and assets of the company. The Management Board was always available for queries and explanations.

Focus of deliberations on the Board of Directors

As in previous financial years, the Board of Directors' deliberations and monitoring activities during the 2019 financial year focused, in particular, on the company's liquidity situation and its long-term financing. Particular attention was paid to the refinancing of the convertible bond set to mature in February 2020. The Management Board succeeded in completing this refinancing process, which the Board of Directors considers to be a vote of confidence by capital markets in the Management Board and the long-term prospects of the company.

Turnover for the 2019 financial year amounted to EUR 2,910k and thus fell short of expectations once more. However, the year-on-year decline was limited, indicating a process of stabilisation, albeit at a low level. A reversal of the trend will require further investment in film assets and an increased focus on online sales channels.

The net loss for the 2019 financial year improved significantly compared to the previous year to EUR 2,372k (PY: EUR 4,220k). The underlying reason was, among other things, that the 2019 result was burdened to a lesser extent by unscheduled depreciation on film assets than in the 2018 financial year. Furthermore, a significant bad debt loss with a key account customer had to be recognised in 2018. The improvement in result is essentially a pleasing development, but it cannot compensate for the above-mentioned unsatisfactory development in turnover.

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 2019 financial year. On the basis of the audit, the auditor issued an unqualified audit report. The annual financial statements and the management's discussion and analysis for the company and the auditors' reports were submitted to the Board of Directors and audited by the Board of Directors. The aforementioned documents were fully discussed by the Board of Directors at its meeting of 21 March 2020, 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 2019 financial year. The Board of Directors approved the annual financial statements of Your Family Entertainment AG submitted. The annual financial statements of Your Family Entertainment AG have therefore been 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 submitted by the auditors. 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 § 317 para. 4 HGB and concluded that the Management Board had installed 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 to counter risks.

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

Corporate governance and Declaration of Conformity

The issue of corporate governance has a high priority for the Board of Directors. The Board of Directors dealt with the further development of corporate governance principles in the company. The declaration made by the Management Board and the Board of Directors in accordance with Section 161 German Stock Corporation Act (AktG) is reproduced in the Corporate Governance section of the Annual Report and can also be downloaded from the company's homepage (www.yfe.tv) under Investor Relations.

For more information on the subject of Corporate Governance, see pages 13 to 16 of the Annual Report (Corporate Governance report).

The Board of Directors would like to thank the Management Board and all employees for their dedicated performance in the 2019 financial year, and wishes you and your families good health and all the very best.

Munich, April 2020

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

4. The share

4.1 Overview

Your Family Entertainment AG is quoted under the security identification number WKN A161N1/ISIN: DE000A161N14 with the code "RTV" on the Regulated Market of the Frankfurt Stock Exchange (General Standard).

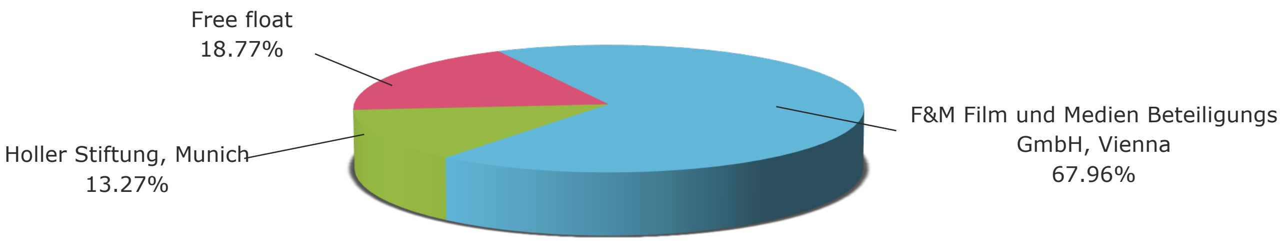
Number of shares:	10,295,459
Subscribed capital:	€ 10,295,459
Initial listing:	8 June 1999
Indexes/lists:	CDAX, DAXsector All Media, DAXsubsector All Movies + Entertainment, General All Share, General Standard
Paying Agent:	Bankhaus Gebr. Martin AG, Kirchstraße 35, 73033 Goppingen, Germany

4.2 Share price performance in 2019

From January to December 2019, the price per share (in EUR) of Your Family Entertainment AG, listed on the Frankfurt Stock Exchange, performed as follows:

Source: www.ariva.de

4.3 Shareholder structure (as of 31.12.2019)



5. Corporate Governance Report

Your Family Entertainment AG continued to develop its Corporate Governance in 2019 and mainly follows the recommendations and suggestions of the German Corporate Governance Code in the version of 7 February 2017.

The Board of Directors of Your Family Entertainment AG does not form committees due to its size as it consists of only three members, but has at its disposal an independent financial expert who meets the required criteria. This financial expert is independent and was not a member of the Management Board of the company (recommendations in Clause 5.3.2). In its current composition, the Board of Directors of Your Family Entertainment AG has a very broad base of expert knowledge, which also accommodates the international orientation of the company (Clause 5.4.1). YFE is also guided by this objective when making suggestions for new appointments to the Board of Directors. If Your Family Entertainment AG makes use of the exception regulations in Clause 5.4.4 of the Code when a member of the Management Board becomes a member of the Board of Directors, it will explain this at the Annual General Meeting.

The remuneration for the Management Board and Board of Directors is shown in the Notes to the Annual Financial Report 2019. Since the remuneration for ongoing contracts was not reviewed, no internal vertical adequacy comparison was carried out (Clause 4.2.2 / 4.2.3). Conflicts of interest did not arise in 2019 either on the Management Board or the Board of Directors. Possible conflicts of interest of Board of Directors member Dr. Sebastian Graf von Wallwitz were prevented by the fact that a form of cooperation with the law firm Schwarz Kelwing Wicke Westphal, in which Graf von Wallwitz is also a partner and which was desired by the company, was presented to the 2007 Annual General Meeting for approval and corresponding approval was granted. In 2019 members of the Management Board also held a Board of Directors mandate with the following entities: SOS Children's Villages International, Hermann-Gmeiner-Fonds Deutschland e.V., Munich, Seat, S.A, Martorell, Spain, Porsche Automobil Holding SE, Stuttgart and Volkswagen Belegschaftsstiftung, Wolfsburg, Germany. The Board of Directors reviews the efficiency of its activities on an annual basis. In its own view, the Board of Directors has an adequate number of independent members.

A comparison of the previous Declaration of Compliance with the corporate governance actually implemented in the 2019 financial year showed no deviations. Your Family Entertainment AG complies to a large extent with the recommendations of the government commission German Corporate Governance Code, departing from the Code only in areas where this appears justified due to the company's size, the expediency of such measures and the financial parameters of a medium-sized company.

The rules of procedure for the Management Board and the Board of Directors remained unchanged in 2019. Around 34 shareholders and guests, or 83.56% of the voting share capital, attended the 2019 Annual General Meeting. All points awaiting resolution have been accepted.

Munich, March 2020

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

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

Pursuant to Section 161 German Stock Corporation Act (AktG), the Management Board and the 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 have been (and will be) respected or which recommendations have not been (or will not be) applied and why.

The company's Management Board and Board of Directors welcome the German Corporate Governance Code and state the following:

1. Your Family Entertainment AG will comply with the recommendations of the German Corporate Governance Code as amended on 7 February 2017, with the following exceptions:

D&O insurance for the Board of Directors (Clause 3.8 [3])

There is a D&O insurance policy for the members of the Board of Directors that does not include an excess. The company does not consider the agreement of an excess to be suitable for improving the work ethic and sense of responsibility with which members of the Board of Directors carry out the tasks and functions assigned to them. The Management Board meets the legal requirements.

Composition of the Management Board (Clause 4.2.1 Sentence 1)

Due to the scale of the business operations and the size of the company, the Management Board consists of only one person. It therefore has no chair or spokesperson.

Establishment and disclosure of the principles of a Compliance Management System
(Clause 4.1.3 Sentences 2 & 3)

The Management Board ensures compliance with the legal provisions and the company's internal guidelines. The Code recommends in Clause 4.1.3, Sentence 2, that the Management Board should ensure that the company's measures are tailored to its risk situation (Compliance Management System) and that it should disclose its basic features. In view of the size of the company, no separate Compliance Management System has been established, as the Management Board and the Board of Directors believe that the costs of setting up such a Compliance Management System would be disproportionate to its benefits. The recommendation contained in Clause 4.1.3 Sentence 2 has not therefore been implemented.

Likewise, no specially protected whistleblowing option has been established for employees in the company as recommended in Clause 4.1.3 Sentence 3. The Management Board and the Board of Directors are of the opinion that, due to the size of the company and the internal corporate culture of trust, any legal violations will be communicated directly.

Management remuneration (Clause 4.2.2 [2] Sentence 3, 4.2.3 [2] Sentence 6)

Insofar as the Code of Conduct in Clause 4.2.2 (2) Sentence 3 recommends, for the purposes of Management Board remuneration, that the ratio of availability of the upper management tier and the workforce as a whole be taken into account with regard to temporal development, a deviation is declared in this respect. The Board of Directors did not distinguish between the comparison groups of the Code Recommendation when reviewing vertical adequacy and did not carry out any surveys on the temporal development of the salary structure. However, when concluding the current Management Board contract, the Board of Directors has,, ensured that the total remuneration is proportionate to the tasks and services of the Management Board and does not exceed the usual remuneration, in accordance with the requirements of AktG. The Board of Directors nevertheless intends to include a vertical assessment of remuneration suitability for the Management Board in future versions of management contracts on the basis of the content and timescale criteria set out in the aforementioned Code recommendations.

The recommendation in Clause 4.2.3 (2) Sentence 6 of the Code for an upper limit both to total remuneration for Management Board members and to the variable bonus element, is not adhered to. The current Management Board contract, which was concluded before the aforementioned recommendation came into effect, does not set upper limits either for total remuneration or for the variable elements. However, variable remuneration is exclusively performance-related and the Board of Directors believes that this ensures the reasonable and appropriate nature of the remuneration.

Diversity on the Management Board (Clause 5.1.2 [1] Sentence 2)

The Board of Directors cannot afford due consideration to the issue of diversity in the composition of the Management Board, as the company has a sole Management Board member. In view of the number of Management Board members currently considered sufficient for the company and whose position will be filled for the foreseeable future, it appears unworkable to seek diversity in the composition of the Management Board in the near future as recommended by the Government Commission.

Formation of committees (Clauses 5.3.1, 5.3.2, 5.3.3)

In view of the size of the Board of Directors (three members), the formation of committees is not considered necessary.

Setting specific objectives for the composition of the Board of Directors and
the development of a competence profile (Clause 5.4.1 [2] and [3])

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. In its proposal of suitable election candidates for the Board of Directors, the Board of Directors has always aimed to put together a Board of Directors exclusively made up of members who possess the proper qualifications - the knowledge, abilities and industry experience to work effectively. 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 Clause 5.4.1. (3) cannot be followed.

Time of financial accounting (Clause 7.1.2 Sentence 4)

The annual financial statements is not published within 90 days of the end of the financial year and the half-yearly financial statements are not made public 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.

2. Your Family Entertainment AG has generally complied with the recommendations of the German Corporate Governance Code in the version of 7 February 2017 since the last Declaration of Compliance in December 2018. The recommendations contained in Clauses 3.8 (3), 4.2.1 Sentence 1, 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.

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

Munich, November 2019

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

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

6.1 Balance sheet as of 31 December 2019

ASSETS		31.12.2019 EUR	31.12.2019 EUR	31.12.2018 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	34,857.21		42
2.	Film assets acquired for consideration and other rights	16,320,165.08		18,000
			16,355,022.29	18,042
II.	**Tangible assets**	34,371.00		34
	other assets, operational and office equipment		34,371.00	34
			16,389,393.29	18,076
B.	**CURRENT ASSETS**			
I.	**Receivables and other assets**			
1.	Trade receivables	406,885.33		670
2.	Other assets	42,807.58		26
			449,692.91	696
II.	**Cash on hand and bank balances**		1,069,195.57	1,095
C.	**ACCRUALS AND DEFERRALS**		29,986.35	52
			17,938,268.12	19,919

LIABILITIES			31.12.2019	31.12.2018
		EUR	EUR	EUR thousand
A.	**SHAREHOLDERS' EQUITY**			
1.	Subscribed capital less the nominal value of treasury shares		10,295,459.00 -29,618.00	10,295 -20
	Issued capital		10,265,841.00	10,275
II.	Capital reserve		2,782,200.37	2,784
III.	Balance sheet loss		-5,057,311.95	-2,685
			7,990,729.42	10,374
B.	**PROVISIONS**			
1.	Provisions for pensions and similar obligations	349,650.00		345
2.	Other provisions and accrued liabilities	465,670.33		478
			815,320.33	823
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	4,238,726.31		3,672
3.	Advance payments received on account of orders	20,455.10		31
4.	Trade payables	429,535.08		598
5.	Other liabilities Of which taxes: EUR 25,238.85 (PY: EUR 29) Of which relating to social security: EUR 0.00 (PY: EUR 0k)	38,504.31		38
			9,102,680.80	8,714
D.	**ACCRUALS AND DEFERRALS**		29,537.57	8
			17,938,268.12	19,919

6.2 Income statement for the 2019 financial year

			2019 EUR	2018 EUR thousand
1.	Sales revenue		2,910,324.54	3,208
2	Other operating income		413,602.74	1,088
			3,323,927.28	4,296
3.	Cost of materials			
	a) Cost of licenses, commissions and materials	-192,853.44		-167
	b) Cost of purchased services	-951,301.32		-962
			-1,144,154.76	-1,129
4.	Personnel expenses			
	a) Wages and salaries	-1,052,616.43		-972
	b) Social security expenses and expenses for pension schemes and for support	-166,199.18		-182
	of which pension scheme expenses: EUR 5,053.24 (PY: EUR 36k)			
			-1,218,815.61	-1,154
5.	Depreciation on intangible assets and property, plant and equipment		-2,053,973.08	-4,486
6.	Other operating expenses		-996,367.62	-1,453
7.	Interest and similar income		57.00	0
8.	Interest and similar expenses		-270,124.35	-292
9.	Taxes on income		-12,578.85	-2
10.	Result after tax		-2,372,029.99	-4,220
11.	Annual net loss		-2,372,029.99	-4,220
12.	Loss carried forward		-2,685,281.96	1,535
13.	Accumulated loss		-5,057,311.95	-2,685

6.3 Cash flow statement for the 2019 financial year

		2019 EUR thousand	2018 EUR thousand
A.	**Current business activity**		
1.	Annual result	-2,372	-4,220
2.	Depreciation of film assets and other rights	2,029	4,458
3.	Depreciation of remaining items of fixed assets	25	28
4.	Write-ups on film assets and other rights	-319	-903
5.	Losses from the disposal of fixed assets	0	0
6.	Change in long-term provisions	5	30
7.	Other non-cash expenses and income	-31	329
8.	Interest payable	270	292
9.	Tax expenses	13	2
10.	Increase in trade receivables	138	253
11.	Increase in other assets	5	15
12.	Decrease in trade payables	-169	-155
13.	Change in other liabilities	0	2
14.	Taxes paid	-13	-2
	Cash outflow/inflow from operating activities	-419	129
B.	**Investment activity**		
1.	Investments in property, plant and equipment	-17	-2
2.	Investments in other intangible fixed assets	0	0
3.	Investments in film assets and other rights	-32	-46
	Cash outflow from investment activities	-49	-48
C.	**Financing activities**		
1.	Payments for the acquisition of treasury shares	-11	-15
2.	Proceeds from taking out loans and bonds	200	150
3.	Repayments of financial loans	0	-3,494
4.	Interest paid	-114	-147
	Cash inflow/outflow from financing activities	75	-3,506
D.	Net change in cash and cash equivalents	-393	-3,425
E.	Cash and cash equivalents at beginning of the period	673	4,098
F.	Cash funds at the end of the period	280	673

Composition of cash and cash equivalents	31.12.2019 EUR thousand	31.12.2018 EUR thousand
Cash in hand, bank balances	1,069	1,095
Bank liabilities with a remaining term of up to three months	-789	-422
Financial resources	280	673

6.4 Equity analysis 2019

Statement of changes in equity for the 2019 financial year

	Subscribed capital	Nominal amount Treasury shares	Issued capital	Capital reserve	Accumulated loss	Equity
	EUR	EUR	EUR	EUR	EUR	EUR
As of 1.1.2017	**10,295,459.00**	**-8,758.00**	**10,286,701.00**	**2,788,264.29**	**653,189.94**	**13,728,155.23**
Acquisition of treasury shares	0.00	-450.00	-450.00	-292.50	0.00	-742.50
Annual net profit	0.00	0.00	0.00	0.00	881,493.04	881,493.04
As of 31.12.2017	**10.295.459.00**	**-9,208.00**	**10,286,251.00**	**2,787,971.79**	**1,534,682.98**	**14,608,905.77**
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**

6.5 Notes for the 2019 financial year

I. General information

The financial statements of Your Family Entertainment AG (YFE) (Munich District Court, HRB 164922) for the 2019 financial year were prepared in accordance with Sections 242 et seq., 264 et seq. HGB and the relevant provisions of AktG. The rules for large corporations apply, 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 company’s business activities are split into the business segments “Production” and “Licence Sales”.

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 process for determining the fair value of the individual film rights and the greater focus on the broadcaster business, it was decided from the 2016 financial year to change the procedure for determining the fair value of the individual film rights.

In accordance with the procedure applied in the 2019 financial year, the individual film rights are valued on the basis of the direct 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. The calculation of the weighted average cost of capital (WACC) is based in particular on the corresponding parameter values taken from capital market data of a listed peer group, which are used to calculate the cost of equity, borrowing costs and capital structure. 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 and compared with the respective carrying amounts per film right in the context of the impairment test.

If the fair value is lower than the carrying amount of the individual film rights at the valuation date, an unscheduled write-down will take place. In the 2019 financial year, unscheduled write-downs totalling EUR 796k (PY: EUR 3,032k) were recorded on the basis of the valuation method used and as a result of this comparison.

In the same way, if the fair value at the valuation date exceeds the carrying amount but is less than the amortised acquisition cost of the respective film rights, a write-up is carried put 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 carrying amount that would have resulted, taking into account the depreciation effects if no impairment had been recognised in previous years (amortised acquisition cost). Write-ups amounting to EUR 319k (PY: EUR 903k) were recognised in the 2019 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 2.71% p.a. (10-year average for pension obligations) and 1.97% (7-year average to indicate the difference in accordance with section 253(6) HGB) and a pension trend of 0%.

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 valued at EUR 23k.

Other provisions cover all identifiable risks and contingent liabilities. They are valued at the required settlement amount (i.e. including future cost and price increases). Other provisions with a term of more than one year are discounted using the term-appropriate interest rate in accordance with the Discounting Provisions Regulation.

The liabilities and the convertible bond are valued at the settlement amount.

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 accounted for 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 has not been exercised.

2. Income statement

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

Revenue recognition is dependent on the respective licence agreement, in particular on the following points:

- a licence contract signed by both parties is in place;
- the contractual obligations regarding the delivery/provision of the material have been fulfilled;
- the licensing period has begun;
- the contractual remuneration can be determined, e.g. also through the periodic reports of 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 are 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

Both trade receivables and other assets as of 31.12.2019 and trade receivables and other assets as of 31.12.2018 do not include any items with a term of more than one year.

3. Equity

Share capital

The share capital of Your Family Entertainment AG as of the balance sheet cut-off date is divided into 10,295,459 no-par value shares, each with a pro-rata amount in the share capital of EUR 1.00. As of 31 December 2019, the capital stock therefore amounts to EUR 10,295,459.00. The shares are registered by name and are fully paid up.

As of 31 December 2019, F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, holds 67.96% of the share capital.

Capital reserve

To offset the purchase price for 9,309 treasury shares above the nominal amount, EUR 1,706.24 was taken from the freely available capital reserve in 2019.

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 occasions, 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 stock exchange price (Section 186(3) Sentence 4 AktG); when exercising this authorisation under exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG, the exclusion of subscription rights on the basis of other authorisations pursuant to Section 186 (3) Sentence 4 AktG shall 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 Board of Management 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."

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 occasions up until 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) 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 the 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 shall be supplemented by the following new Paragraph 5: "(5) The share capital may be increased by up to EUR 2,573,929.00 by issuing up to 2,573,929 new no-par value registered 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 and 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, in November 2017 issued a "3% Convertible Bond 2018/2020". From this "3% convertible bond 2018/2020", a total of partial debentures with a total nominal amount of EUR 4,375,460 are 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 Board of Directors meeting 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 2019 due to the favourable share price, use was made of the authorisation to acquire treasury shares, as 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 9,309 (0.09% of the share capital) treasury shares with a total nominal value of EUR 9,309.00 were acquired on the stock exchange at a total price of EUR 11,015.24 plus EUR 261.41 in incidental costs.

The treasury shares thus amounted to 29,618 shares as of the balance sheet date. This corresponds to 0.29% of the share capital.

4. Provisions

Other provisions of EUR 466k (PY: EUR 478k) mainly relate to personnel expenses of EUR 68k (PY: EUR 75k), provisions for outstanding invoices of EUR 97k (PY: EUR 103k), a provision for financial statement and auditing costs of EUR 49 (PY: EUR 47k), a provision for the interest expense of the convertible bond of EUR 131 (PY: EUR 131k) and a provision for the remuneration of the Board of Directors of EUR 46k (PY: EUR 46k).

5. Convertible bonds

In 2014, convertible bonds (2014/2018) were issued in the total nominal amount of EUR 3,494,760.00. The holders of the convertible bonds were granted conversion rights to new shares in the company with a proportionate amount of the share capital of EUR 1,456,150.00. At maturity, these convertible bonds were partly converted by the creditors (154 shares), but most of the liabilities were repaid.

On 23 November 2017 the Management Board and Board of Directors of Your Family Entertainment resolved to issue a further 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 ends on 9 February 2020. The issue amount per partial debenture is 100% of the nominal amount and thus EUR 1.70. Each partial debenture will be issued in the amount of its nominal amount and shall bear interest of 3% p. a.

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 subscription of bonds was provided. The subscription period ran from 29 November 2017 to 13 December 2017 (inclusive), and trading in subscription rights was not provided for. The corresponding subscription offer was published on 24 November 2017 in the Federal Gazette.

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 started on 1 February 2020 and ends on 31 March 2022. The issue amount per partial debenture is 100% of the nominal amount and thus EUR 1.70. Each partial debenture will be issued in the amount of its nominal amount and shall bear interest of 3.5% p.a.

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 subscription of bonds was provided. 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.

6. Liabilities

Liabilities as of 31.12.2019 in EUR thousand	up to 1 year	1 - 5 years	> 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 • Of which taxes • Of which relating to social security	39 (25) (3)	0 (0) (0)	0 (0) (0)	39 (25) (3)
Total liabilities	**9,040**	**63**	**0**	**9,103**

Liabilities as of 31.12.2018 in EUR thousand	up to 1 year	1 - 5 years	> 5 years	Total
Convertible bonds	0	4,376	0	4,376
Loans from credit institutions	3,672	0	0	3,672
Advance payments received on account of orders	31	0	0	31
Accounts payable, trade	473	125	0	598
Other liabilities • Of which taxes • Of which relating to social security	38 (29) (3)	0 (0) (0)	0 (0) (0)	38 (29) (3)
Total liabilities	**4,214**	**4,501**	**0**	**8,715**

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 624k and are essentially divided into rental (EUR 50k), leasing (EUR 5k), consulting and service obligations (EUR 569k).

Within a period of 2 to 5 years, a total of EUR 3k will be due, primarily for leasing expenses.

8. Derivative financial instruments

The company had entered into interest rate hedging instruments to hedge interest rate risks. These financial instruments have been effective since 1 June 2012. Insofar as the underlying transactions are closed positions, there was no need for provisions.

Other provisions of EUR 8k were formed for the caps as of 31 December 2018.

The interest rate hedging instruments expired in June 2019, so the instruments were no longer recognised in the half-year financial statements as of 30 June 2019, and the provisions were used accordingly.

9. Valuation units

The following valuation units were formed as of 31 December 2018:

Underlying transaction / hedging instrument	Risk / type of valuation unit	Amount involved (EUR thousand)	Hedged risk (EUR thousand)
Loan payables / interest swaps	Interest rate risk / microhedge	800	-16

The hedged item was a variable-rate line of credit that is highly likely to be drawn down permanently during the hedging period (1 June 2012 to 3 June 2019), at least in the amount of the hedged volume. It is anticipated that the cash flows of underlying and hedging transactions in the opposite direction will be almost completely balanced in the hedging period because the payments from interest swaps are opposed by an underlying transaction of the same amount. The effectiveness of the hedging relations is determined by the "hypothetical derivative method". As of the balance sheet date, there was no need for provisions.

The hedging period ended on 3 June 2019, meaning that no valuation units were formed as of 31 December 2019.

IV. Notes on the income statement

1. Sales revenue

Sales revenue totalling EUR 2,910k was generated entirely in the "Licence Sales" area in 2019 (PY: EUR 3,208k), of which EUR 922k (PY: EUR 1,370k) was generated in Germany and EUR 1,988k (PY: EUR 1,838k) abroad.

2. Other operating income

This includes, in particular, income from write-ups on film assets in the amount of EUR 319k (PY: EUR 903k) and from the reversal of provisions in the amount of EUR 10k (PY: EUR 52k). In addition, income from currency conversion in the amount of EUR 5k (PY: EUR 8k) is reported.

3. Material costs

The statement includes sales-related expenses for licences, commissions, materials and purchased services. These are mainly the costs of purchased services of EUR 951k (PY: EUR 962k), for licences (authors' shares) of EUR 138k (PY: EUR 105k) and commissions of EUR 54k (PY: EUR 61k).

4. Personnel expenses

On average throughout the year, 15 employees were employed (PY: 17), including apprentices and interns but excluding the Management Board; 2 of these were only employed on a marginal basis (PY: 1).

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 796k (PY: EUR 3,032k) were made. In addition, there were realisation-related write-downs on film assets amounting to EUR 1,219k (PY: EUR 1,391k) and linear depreciation on film assets amounting to EUR 14k (PY: EUR 13k).

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 82k (PY: EUR 606k) and from currency conversion in the amount of EUR 6k (PY: EUR 12k) were reported.

7. Interest and similar expenses

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

8. Taxes on income

This item in the amount of EUR 13k essentially relates to foreign withholding tax.

V. Significant transactions with related persons or companies

There were no significant related party transactions during the period 1 January to 31 December 2019.

VI. Information about the executive bodies of the company

1. Board of Directors

Members of the Board of Directors are:

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

  Lawyer
  (Chair)

- Dr. Andreas Aufschnaiter, Munich, Germany

Business consultant, Management Board of 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 2019. 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 2019 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 Board of Directors of Fenix Outdoor International AG, Zug, Switzerland
- Dr. Andreas Aufschnaiter:

  regular member of the Board of Directors of
    - Beno Holding AG, Starnberg, Germany
    - Wolftank-Adisa Holding AG, Innsbruck, Austria
    - From 07.05.2019, member of the Management Board of Frener & Reifer GmbH, Brixen, Italy

2. Management Board

The sole Management Board member of Your Family Entertainment AG is:

- Dr. Stefan Piëch, Vienna, Austria, Management Board Your Family Entertainment AG

Other mandates held by the member of the Management Board on boards of directors and other controlling bodies within the meaning of Section 125(1) Sentence 3 AktG are as a regular member of the board of directors or board of trustees of:

- 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

The total remuneration of the Management Board for the 2019 financial year amounted to EUR 218k and includes fixed salaries (EUR 213k) and insurance premiums (EUR 5k). Due to the fact that the agreed target was not achieved, no variable remuneration was paid.

As of the balance sheet date, the Management Board held 122,051 no-par value shares.

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 314k as of 31 December 2019.

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 earnings

The net loss will be carried forward to new account.

VII. Supplementary report

Convertible bond 2018 /2020

In 2018 convertible bonds (2018/2020) were issued in the total nominal amount of EUR 4,375,460.00. These convertible bonds were redeemed at maturity on 9 February 2020.

Convertible bond 2020 /2022

Your Family Entertainment AG has successfully placed a convertible bond with a total volume of EUR 4,375,460, a term running from February 2020 to March 2022 and an interest rate of 3.5% p.a. on the capital market.

The convertible bond (2020 / 2022) is divided into 2,573,800 partial bearer debentures with equal rights and a nominal value of EUR 1.70 each.

Approximately EUR 1,032k was subscribed by existing shareholders as part of the subscription and oversubscription offer, and the remaining amount of approximately EUR 3,343k was placed with institutional investors as part of a private placement, whereby the high demand led to oversubscription, as was the case with the 2018 / 2020 convertible bond.

Framework loan agreements

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.

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 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, a maximum of EUR 750k plus the contractually agreed interest.

Impact of coronavirus

At the time of preparing these financial statements, coronavirus has also arrived in Europe and the consequences are not yet foreseeable. The initial effects have been felt in the media industry with the cancellation of one of the most important trade fairs in Cannes, France. In addition, personal customer appointments and meetings, trips and workshops etc. have been suspended until further notice with the corresponding consequences for 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 (mid-March 2020). 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 2020.

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

Your Family Entertainment AG, Munich, has submitted the declaration for 2019 required under § 161 AktG and made it permanently available to the shareholders in December 2018 on the website of the company (www.yfe.tv) under the heading "Investor Relations".

Munich, 31 March 2020

Your Family Entertainment AG

The Management Board

Dr. Stefan Piëch

IX. Development of fixed assets 2019

Development of fixed assets in the 2019 financial year

	Acquisition and production costs				Accumulated depreciation					Carrying amounts	
	1.1.2019 EUR	Acquisitions EUR	Disposals EUR	31.12.2019 EUR	1.1.2019 EUR	Acquisitions EUR	Write-ups EUR	Disposals EUR	31.12.2019 EUR	31.12.2019 EUR	31.12.2018 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	276,913.48	1,800.00	0.00	278,713.48	234,384.27	9,472.00	0.00	0.00	243,856.27	34,857.21	42,529.21
2. Film assets and other rights acquired for a consideration	122.402-293,88	29,997.29	4,360,484.08	118,071,807.09	104,401,962.62	2,028,976.46	318,812.99	4,360,484.08	101-751.642,01	16,320,165.06	18,000,331.26
II. Tangible assets	122,679,207.36	31,797.29	4,360,484.08	118,350,520.57	104,636,346.89	2,038,446.46	318,812.99	4,360,484.06	101,995,498.28	16,355,022.29	18,042,860.47
Other plant, operating and business equipment	482,607.99	17,033.62	9247.02	490,394.59	448,707.99	15,524.62	0.00	8,209.02	456,023.59	34,371.00	33,900.00
	123,161,815.35	48,830.91	4,369,731.10	118,840,915.16	105,085,054.88	2,053,973.06	318,812.99	4,368,693.10	102,451,521.87	16,389,393.29	18,076,760.47

6.6 Management's discussion and analysis for the 2019 financial year

A. General

Your Family Entertainment AG (YFE), Munich, is one of Germany's longest-established companies engaged in the production of entertainment programmes for children, teens and the whole family and trade in licences for these products.

YFE, which previously traded as RTV Family Entertainment AG (RTV) and has its origins in Ravensburger AG, focuses its activities on educational, non-violent programmes for the whole family.

The company's high-quality library of programmes currently comprises more than 3,500 half-hour programmes and, by its own assessment, is therefore one of the largest of its kind in Europe. The construction of the library was started by Ravensburger Group over 35 years ago and is being continued by YFE with the same traditional values.

The divisions of the company are split into the areas of "Licence Sales" and "Productions".

The company's film library and content, which is subject to manifold distribution rights, is widely exploited commercially on a regional level. This is done by licensing of individual series or characters on free and pay TV channels, with home entertainment companies, video-on-demand platforms (VoD) and suppliers in the field of "new media" such as mobile TV channels and the entire value creation chain of ancillary rights marketing. This includes production and distribution by the company directly or via third parties of DVD and audio products for home entertainment. Direct sales take place under the DVD label "yourfamilyentertainment".

In addition, since the end of 2007, YFE has also been successful in the market with its own pay TV channel "yourfamily", which also offers its own series as part of the programme. The channel broadcasts 24 hours of programming over satellite, cable and DSL (IPTV). In 2010 and 2016 "yourfamily"/ "Fix&Foxi" was awarded the Best Broadcaster award in the children's category with the Hot BirdTM TV Award and was nominated again in 2011, 2013 and 2014 for the final of the best three children's channels worldwide. The pay TV service was expanded in May 2014 by broadcasting and marketing the "yourfamily" station in the sub-Saharan region of Africa. In December 2014 "yourfamily" was replaced by the "Fix&Foxi" channel. The range of "Fix&Foxi" has been continuously expanded since then. Currently "Fix&Foxi" can be received via eight satellites and via IP on the following continents: South and North America, Asia, Europe and Africa.

Since 2012 YFE has also been working on free TV with the family channel "RiC". "RiC" can be received via satellite (Astra) throughout Europe, via cable networks and as a live stream in German-speaking countries. RiC contributes commercially to the station by marketing advertising slots on the channel or by selling airtime. In 2019 "RiC" was also launched internationally – still primarily in Eastern Europe – and offered on the market.

As a co-producer, the company also develops and creates TV series in cooperation with international partners.

B. Economic review

1. Economic conditions

1.1 Economic developments

"In Germany, the country's long-lasting economic upswing has come to an end for the time being. On the one hand, this development reflects the global economic slowdown; on the other hand, it could reflect various structural factors that hamper growth. In addition, there are considerable risks to further development. An escalation of trade conflicts, in particular, would hit the export-oriented German economy hard. Against the backdrop of a subdued economic outlook and structural change – especially due to technological progress in the course of digitalisation and the necessary transition to a new era of climate-conscious policy-making – economic policy is challenged to strengthen the growth potential of the German economy.

The German economy is on a downturn. At the moment, however, a broader, deeper recession is not expected. In the current year, real gross domestic product (GDP) is expected to grow at a rate of 0.5%, noticeably less than in previous years. Weak economic momentum is expected to continue at least into next year and growth will remain weak at 0.9% (calendar-adjusted 0.5%) in 2020. One important reason for this is international weakness in industry. It is likely to be partly due to a cyclical downturn associated with a decline in business investment. The extent to which the labour market (which has been solid so far) and domestic demand will be affected by this set of circumstances will be decisive for any further development.

While industrial weakness is particularly pronounced in Germany, the global economy is also deteriorating. This reduces the impetus from foreign trade in this country, which is burdened by the ongoing level of uncertainty, particularly due to trade conflicts with the USA and Brexit. In the euro zone, GDP is expected to grow by just 1.2% and 1.1% in 2019 and 2020, respectively.

The fiscal policy measures adopted by the federal government are providing strong demand-side stimuli. Accordingly, structural net lending/borrowing is falling, even though the government continues to run surpluses. In addition, the European Central Bank (ECB) has further eased its monetary policy this year. In previous growth years, it had not normalised monetary policy, although this would have been appropriate as a symmetrical response to the improvement in economic development. Monetary policy is thus also extremely expansionary. It would have been better at least to refrain from new government bond purchases, as this policy can entail considerable risks and side effects.

For example, there is a risk of abrupt price corrections due to dynamically rising asset prices. Particularly in the real estate market, which is already showing significantly higher risks, countermeasures should be taken in good time in the form of suitable macro-prudential measures. In Germany, for example, an increase in sectoral risk weightings for real estate loans, a further increase in the counter-cyclical capital buffer or a limitation of the loan-to-value ratios could be considered. In addition, the prolonged phase of low interest rates poses additional challenges for banks in the euro zone, whose profitability is already burdened by both structural and bank-specific causes. In the event of a recession, there is a risk of pro-cyclical amplification by the financial system. The counter-cyclical capital buffer has only been activated with hesitation in many member states, meaning that there is little scope to curb pro-cyclical effects by relaxing it.

In view of the moderate decline in growth and the challenges of active economic management, it is not advisable at present to go beyond what is already expansive fiscal and monetary policy and take countermeasures, for example with the help of an economic stimulus programme. Rather, the first step should be to let the existing automatic stabilisers do their work. Putting the brakes on borrowing does not exclude new borrowing for this purpose due to the cyclical adjustment. In addition, measures to increase growth potential and address structural challenges – such as tax cuts – could be implemented and provide additional growth impulses that may well have a short-term effect.

In addition to the cyclical reasons for the decline in growth rates, there are potentially certain structural causes to which economic policy has not responded sufficiently during its long upswing phase. For example, a persistently weak productivity trend has been evident for some time. The decline in productivity growth is an international phenomenon. However, since the prosperity of an economy depends on its ability to innovate, national policy is called upon to strengthen entrepreneurial action and to set the framework conditions in such a way that more stakeholders are willing to take entrepreneurial risks.

Against the backdrop of weak productivity development, current economic policy challenges – such as demographic and technological change or climate protection – are shifting even more into the spotlight. Yet an economic policy that addresses these challenges can hold many opportunities for Germany's future economic development. German economic and industrial policy does not have to be completely reinvented to this end, but rather developed further.

At the same time, this does not require any changes to the brake on borrowing and thus no increase in the state's structural debt options. In particular, an expansion of public debt cannot be justified merely with the argument that the current negative interest rate-growth differentials must be exploited and that expansionary monetary policy must be supported. On the other hand, a credible reduction of the debt-to-GDP ratio with the help of slowing of borrowing sends an important signal to both financial markets and the other EU member states.

The efficient allocation of resources in an economy plays an important role in increasing productivity. In Germany, however, a broad-based decline in business dynamism has been observed in all sectors of the economy since the turn of the millennium. This can be seen, among other things, in the significant decrease in the number of start-ups and the closure rates for companies and businesses.

An industrial policy that sets the appropriate framework conditions for all market players and promotes the knowledge transfer and sharing can prepare the ground for greater dynamism and competitiveness. The protection and subsidisation of individual economic sectors and enterprises, on the other hand, can slow down structural change, as they are typically used to maintain the status quo. However, in cases of sector-specific market failures, vertical interventions in the economic structure, which are tailored to individual sectors or technologies, could be justified. To ensure that this support is not hijacked by certain interest groups, the state should apply strict criteria.

Moreover, European competition policy should be adapted to the new technologies in play, but not relaxed. It would be disproportionate to forego the benefits of competition or the free movement of capital today, for fear of increased competitive pressure from foreign companies. State-protected national or European champions and investment audits of foreign direct investment will not be able to secure the competitiveness of the domestic economy.

In the German banking sector, on the other hand, high levels of competition could trigger certain consequences, due to the fact that this can have a negative impact on financial stability. The low profitability of banks makes it difficult to make the necessary investments in the future viability of their business models, while new market participants such as FinTechs and BigTechs are increasingly likely to enter the banking market.

The state cushions a considerable proportion of the negative effects stemming from structural change, especially by way of social and regional policy. Germany also has a high degree of redistribution compared to other countries, which means that the inequality of net incomes is significantly smaller than that of market incomes. Despite immigration – especially in the lowest income brackets – inequality, measured by the Gini coefficient of net income, has not increased significantly since 2005.

Average wealth in Germany is at a low level compared to other countries. In addition, net wealth is characterised by a high degree of inequality, although this has declined significantly since 2007 and is back at the level of 2002. However, the interpretation of these findings is partly relativised by the low-level importance of owner-occupied housing, by retained corporate profits that increase business assets and by elevated entitlements to state pension benefits. Monetary policy decisions had a differentiated effect on individual groups along the wealth distribution chain. Interest rate cuts tend to support lower income groups, while central bank securities purchases can benefit wealthier households.

Promoting research and innovation

The faltering economic momentum in Germany can be explained, among other things, by the decline in start-ups and closures. While the supply of debt capital to established companies should work well, young growth companies need equity capital. So far, venture capital investments have played only a minor role in Germany. When laying the foundations for public funding, particular attention must be paid to ensuring that private investors are not crowded out.

In addition, tax incentives – such as the limitation of loss deduction for corporations or tax discrimination against equity financing – play a role in the decision to act in an entrepreneurial capacity. Moreover, the possibilities of exploiting successful start-ups are important, in the form of a sale for example, which requires a liquid market for share issues. The expansion of the European Capital Markets Union can make a decisive contribution to this.

A uniform European market is important not only for the scaling of digital business models, especially in comparison with the USA or China. For the prospect of market integration in Europe, the strategy of creating a digital single market is promising. Moreover, completing the internal market for services would open up new opportunities.

Digital, platform-based business models are gaining in importance. Policymakers are called upon to regulate the risks arising from the business activities of new market participants adequately, without unnecessarily slowing down innovation. This applies, for example, in the area of European competition and data protection law. With the increased role of knowledge-based sectors in the economy, access to technology and data is becoming increasingly important. A balance must be struck between the demand for open data access in order to facilitate innovation and the protection of intellectual property. For the financial sector, the regulation of FinTechs and BigTechs plays a crucial role.

The innovative capacity of the German economy requires an effective research and innovation policy. Expenditure on research and development in Germany amounts to more than 3% of GDP. This is supported not least by a tried and tested system of state research funding – from theoretical to applied research. Where it makes sense, an expansion should be organised at European level.

Particularly in the context of climate protection and transformation towards production and lifestyles that are associated with lower CO_2 emissions, innovations are the central key. It is true that a CO_2 price already provides incentives for such investments and innovations. But as a complement, richer economies should expand their technology-neutral support for (theoretical) research and investment in technologies to remove CO_2 from the atmosphere.

Due to heterogeneous regional economic structures and human capital resources, structural change and innovation pose different challenges for different regions. Regional policy should take into account the increasing importance of knowledge in the production process and focus more on promoting research and innovation. Innovation clusters are an appropriate coordination tool between stakeholders and are particularly important for the processes of knowledge transfer and sharing.

Raising the potential in human capital

In addition to increasing productivity, leveraging untapped potential in the labour market can counteract a demographically-induced decline in medium-term growth prospects. This includes, above all, increasing the participation of women and older people by expanding all-day childcare, for example, making working hours more flexible or providing flexible retirement options. Moreover, targeted integration of the long-term unemployed can mobilise additional labour.

Especially for people with low market incomes, the tax and transfer system in some places acts as a source of disincentive to take up work or to work additional hours. These disincentives could be mitigated, for example, with a reform in the direction of a universal transfer benefit. A reduction in transfer withdrawal rates beyond marginal employment could also increase labour supply. However, this would result in an expansion of the transfer area. In many areas of basic income security, an improved coordination of the relevant instruments would be advisable in order to strengthen the efficiency of the system with less invasive interventions.

Due to technological change and shortages of skilled workers in certain sectors of the economy, training and immigration of skilled workers from EU Member States and third countries is increasingly important. An expansion and strengthening of higher education establishments and universities of applied sciences could make an important contribution to education, which at the same time would have a positive knock-on effect at regional policymaking level. A stronger focus on application could support the commercialisation of innovations.

Management is crucial for the success of companies. Heightened competition and relatively frequent job changes go hand in hand with higher management skills in companies and overall economic knowledge transfer. Business management and organisational skills are also conducive to successful IT adoption.

In order to maintain a high capacity for innovation – despite an ageing society – lifelong learning plays an important role. This should increase income mobility over the life cycle. Income inequality is lower among people of the same age than it is in the cross-section. Although cohort-specific inequality increases over time, the comparison of cohorts does not suggest reduced intra-generational mobility. The beginning of the employment phase is characterised by relatively high mobility, which decreases sharply with increasing age. Early childhood education and support for children in educationally disadvantaged households play an important role in increasing income mobility within a birth cohort and, thus, equal opportunities.

Increasing private and public investment

The long-term welfare of an economy is decisively influenced by the investments of private stakeholders. In addition, there is a need for a functioning infrastructure and, if necessary, complementary public spending, for example in the field of education. The extent to which the state must become active in this regard must be examined individually in each area. An alternative to direct provision of the appropriate infrastructure is to set the framework conditions via regulatory measures in such a way that private-sector activities are strengthened.

At the same time, an economic policy framework is an important factor for private investment activity. Uncertainty about the future of global free trade or climate and energy policy should be mitigated as much as possible in order to remove barriers to investment and improve the ability of companies to plan.

While it is difficult to determine aggregate public investment needs precisely, there are indications of investment backlogs, especially in infrastructure. The reasons for these backlogs seem to be manifold. Financial resources were sufficiently available overall in previous years and the room for manoeuvre within the confines of slowed borrowing should be sufficient in the future. High capacity utilisation in the construction industry and public administration, increased regulation, long approval procedures and changing demand are more likely to be responsible for a lack of investment. Regional differences also call for targeted solutions in which the federal states are responsible for adequate financial resources for their municipalities and for municipal financial supervision.

Coordination at international level

Many of the challenges described call for an internationally coordinated response. For one thing, Germany is a very open economy. While it derives considerable benefits from this, it makes it heavily dependent on international developments at the same time. On the other hand, as a member state of the European Economic and Monetary Union, Germany has little influence over many of the international challenges on its own; for these, the answers must be sought at European level.

Climate protection must also be coordinated internationally. The German government has decided on a new direction for climate policy and envisages a national pricing of CO_2 in the transport and building sectors. This is a step in the right direction. In contrast to current plans, however, the CO_2 price should not be a marginal aspect, but rather the focal point of climate policy measures. With consistent implementation, which includes targeted flanking with accompanying measures and systematic redistribution of additional state revenues, many of the planned regulatory and promotional measures would no longer be necessary.

The next important step in climate policy is coordination at European and international level. Thus, a purely national CO_2 price should be replaced by an expansion of the EU ETS as soon as possible and by 2030 at the latest. In addition, negotiations at an international level are necessary to implement a globally uniform price for greenhouse gas emissions.

One area where progress has been made by way of international coordination over many decades is the international division of labour through global trade, which has brought productivity and welfare gains. Recently, however, this progress has been partially reversed by protectionist measures. However, reacting with protectionism outside the rules of the WTO itself – for example, through foreclosure via competition law or through strategic interventions against foreign competitors – would be the wrong way to go. Instead, the apparatus of multilateral trade should be strengthened and Germany should be made more attractive as a location for domestic and foreign investors.

Withdrawal of the United Kingdom from the EU (Brexit) will, in all likelihood, also lead to more protectionism. Brexit, although not yet consummated, has doubtless already led to increased uncertainty and negative effects for Germany, but especially for the UK. A disorderly exit, despite having become less likely due to the developments of recent weeks, could have even more serious consequences. It would therefore still be preferable if the negotiating partners were to find a way to prevent Brexit or, if this is not possible, to conclude as comprehensive a follow-up agreement as possible."

(Source: Annual Report of the German Council of Economic Experts, Annual Report 2019/2020, Summary;
https://www.sachverstaendigenrat-wirtschaft.de/jahresgutachten-2019.html)

1.2 Impact of coronavirus

The Federal Ministry of Economics sees the impact of coronavirus on the global economy as a new risk factor.

"Risks stemming from the external environment due to the spread of coronavirus have increased," the monthly report for February 2020 stated. "The accompanying economic impact on China and its trading partners cannot be assessed at this time," it continues.

Deutsche Bank considers a recession in Germany possible because of the rapid spread of the virus. For the first quarter, economists expect negative effects on gross domestic product. However, bankers point to the "extremely high level of uncertainty in the forecast".

1.3 Entertainment and media industry

Key facts about the television market

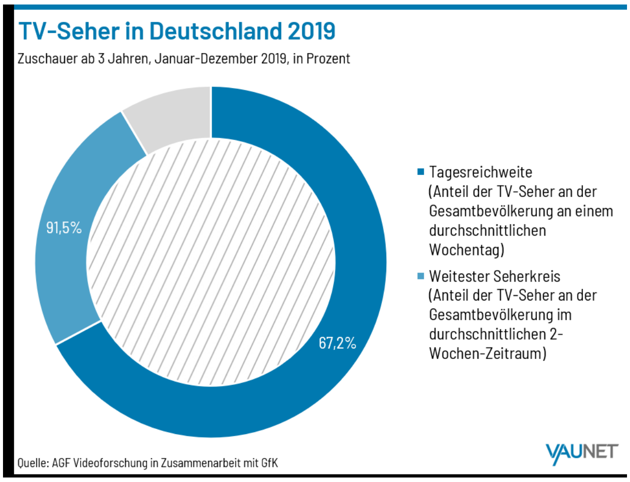
The German television market is one of the largest in the world in terms of supply, use and turnover, and even one of the leading markets globally in terms of variety and quality.

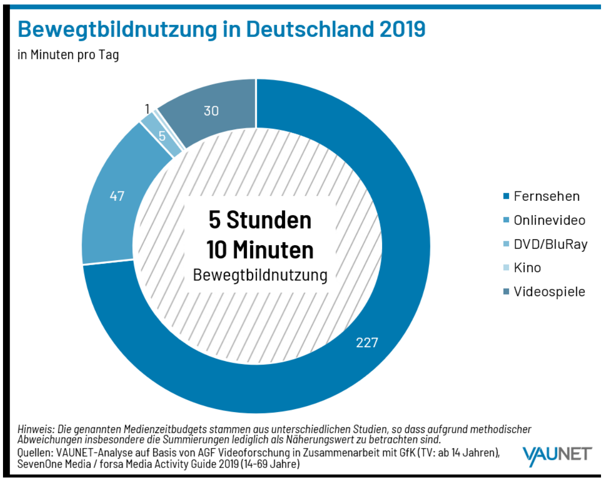
In 2019, the number of television channels in Germany covered by the state media authorities totalled 442 channels, of which 421 were private channels and 21 were public channels.

According to the media database of the Commission on Concentration in the Media (KEK), the 421 private TV programmes consist of 256 nationwide private and teleshopping programmes and 165 nationwide, regional and local TV programmes.

At the end of 2019, the number of German-language, nationwide, private TV channels in Germany consisted of 12 full-service channels, 80 free-to-air channels, 108 pay TV channels and 21 teleshopping channels.

Television remains the most widely used medium in Germany: according to AGF Videoforschung, TV programmes reach 51 million viewers (aged 3 and over) every day and thus 67.2 per cent of the total population. Within a two-week period, television reaches as much as 91.5 per cent of the population (widest circle of viewers) and thus almost every person in Germany.



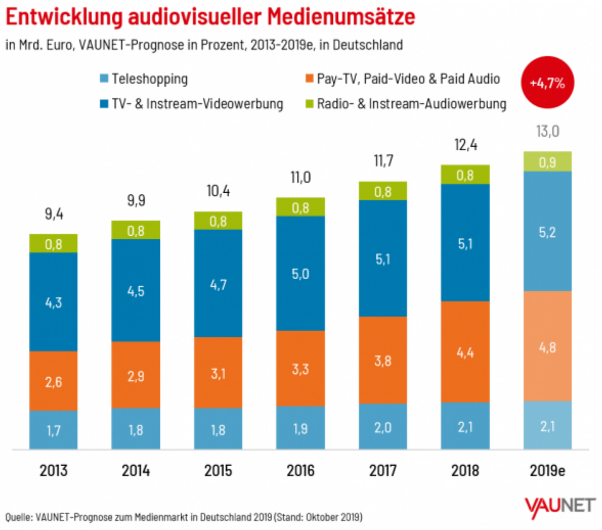


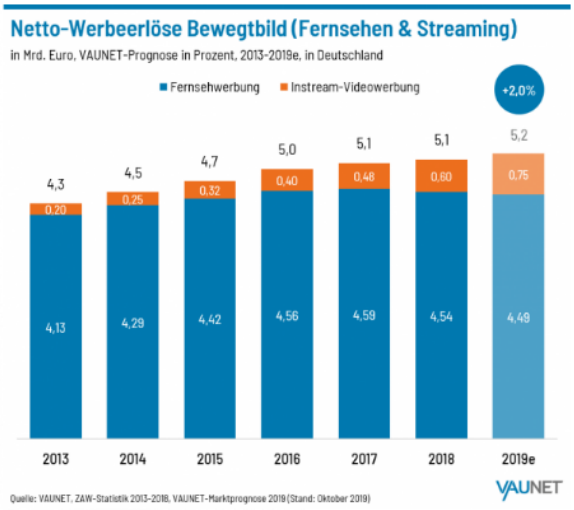
In total, Germans (aged 14 and over) spend an extrapolated 5 hours and 10 minutes per day watching moving images. The majority of this is accounted for by daily television use at 227 minutes per day in 2019, with further moving image use amounting to another 86 minutes, according to the Media Activity Guide 2019, of which 47 minutes is accounted for by online video use.

(Source: https://www.vau.net/marktentwicklung/content/key-facts-fernsehmarkt)

Development of audio-visual sales in 2019

In 2019 audio-visual media in Germany will generate sales in excess of EUR 13 billion for the first time, according to the "Media Market Forecast 2019" by VAUNET, the industry association for private media. VAUNET forecasts full-year 2019 revenue growth of 4.7% (PY: +7.0%), or EUR 579 million (PY: EUR 815 million) to a total of EUR 13.02 billion (PY: EUR 12.44 billion) and relates this forecast to the economic performance of all linear and on-demand moving image and audio services. Frank Giersberg, member of the VAUNET Management Board and responsible for the Market and Business Development division, comments as follows: "The drivers of growth in the audio-visual media industry in Germany are, in particular, streaming and interactive services. Their revenues are growing extremely dynamically in both the advertising and pay markets. This development shows the innovative strength and future viability of these industries."





Moving image advertising 2019

For moving image advertising (linear and non-linear), VAUNET anticipates net growth of approximately 2.0 percent overall to EUR 5.24 billion in 2019 (PY: + 1.3 percent). A slight decline of -1.0 percent to EUR 4.49 billion is expected for television advertising (PY: - 1.2 percent). For the instream video advertising segment, an increase of 25 percent to around EUR 750 million is forecast (PY: + 25 percent).

Revenues from pay services

Paid AV content revenues stemming from audio-visual media are expected to increase by 9.4 percent to around EUR 4.81 billion by the end of 2019 (PY: +17.2 percent). The pay TV segment is the strongest in terms of revenue here, with revenue growth of approx. 4.0 percent to
EUR 2.39 billion (PY: + 4.0 percent). Paid video-on-demand is expected to grow by 20 percent to around EUR 1.44 billion (2018: +50 percent), while on-demand revenues from audio are expected to grow by 9.0 percent to around EUR 978 million (2018: +21 percent). Teleshopping also continues to grow: here, VAUNET anticipates a growth in turnover of 1.5 percent to around EUR 2.10 billion (PY: + 4.1 percent).

(Source: https://www.vau.net/pressemitteilungen/content/vaunet-prognose-medienmarkt-deutschland-2019-0)

2. Significant events in the 2019 financial year

Resolution on the issue of a new convertible bond

On 18 November 2019 and on the basis of the authorising resolution of the Annual General Meeting of 19 July 2019, the Management Board and the Board of Directors of Your Family Entertainment Aktiengesellschaft
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 begins 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, i.e. EUR 1.70. Each partial debenture bears interest of 3.5% p.a. on its nominal amount.

Within the framework of the subscription right, the shareholders are entitled to subscribe to one new partial debenture for every four shares in accordance with the subscription ratio of 4:1. The possibility of an additional subscription of partial debentures is provided for. The subscription period runs from 25 November 2019 to 9 December 2019 (both dates inclusive) and there is no rights trading. The corresponding subscription offer is expected to be published in the Federal Gazette on 20 November 2019.

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

The intention is to use the proceeds from the issue of the convertible bond, on the one hand, for the repayment of the 3% convertible bond 2018/2020 (ISIN DE000A2GSN82/ WKN A2GSN8), the term of which ends on 9 February 2020, and, on the other hand, for the continued expansion of both the international and national broadcasting activities of "Fix&Foxi" and "RiC".

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. In the assessment of the financial position, the liquidity status and the planning derived from this are also indispensable for making investment decisions.

The course of business in 2019 was characterised by the development of new markets in Eastern Europe, both in traditional licence sales and through the launch of RiC in an international environment. Unfortunately, no significant revenues were generated from this in the past business year. Furthermore, the loss of a key account could not be fully offset by new business, which led to declining sales revenues with corresponding effects on the company's net asset, financial and earnings situation in the past financial year. For the aforementioned reasons, the course of business in the 2019 financial year was unfavourable, which meant that the forecast made in the 2018 annual report regarding a significant increase in turnover did not materialise.

3.1 Sales trend

Revenues in the licence business including the TV channels in the 2019 financial year were around 9.3% below the previous year's level at EUR 2,910k. The decline relates entirely to the area of licence sales.

In principle, fluctuations in sales development can occur through 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	2019		2018	
	in EUR thousand	in %	in EUR thousand	in %
Domestic	922	32	1,370	43
Overseas	1,988	68	1,838	57
Total	2,910	100	3,208	100

3.3 EBITDA

Sales below the previous year's level led to a negative EBITDA of EUR 354k (PY: EUR -343k), which is determined as follows:

EUR - 2,372k	(PY: EUR -4,220k)	Annual net loss
+ EUR 13k	(PY: EUR 2k)	Taxes on income and earnings
+ EUR 270k	(PY: EUR 292k)	Interest and similar expenses
+ EUR 2,054k	(PY: EUR 4,486k)	Depreciation on fixed assets
./. EUR 319k	(PY: EUR -903k)	Write-ups on fixed assets
= EUR - 354k	**(PY: EUR - 343k)**	**EBITDA**

3.4 Liquidity

Cash and cash equivalents as of the balance sheet date, consisting mainly of bank balances, amounted to EUR 280k (PY: EUR 673k).

3.5 Summary

Unfortunately, it was not possible to fully compensate for the expiry of a customer contract and the resulting economic loss. Thus, revenues were approximately 9.3% below the previous year, with EBITDA at approximately the same level as the previous year. The net loss for the year was significantly better than in the previous year, as 2018 was characterised to an even greater extent by depreciation on film assets than 2019.

4. Earnings position

Revenues in the licence business including the TV channels in the 2019 financial year were around 9.3% below the previous year's level at EUR 2,910k. The decline relates entirely to the area of licence sales. This is primarily due to the loss of a key account, which could not be offset by new business.

The net loss for 2019 amounts to EUR 2,372k compared to a net loss for the previous financial year in the amount of EUR 4,220k. EBITDA amounts to EUR -354k (PY: EUR -343k).

Other operating income in the reporting year totalled EUR 414k (PY: EUR 1,088k). This essentially includes the write-ups on film assets amounting to EUR 319k (PY: EUR 903k).

Depreciation fell year-on-year from EUR 4,486k to EUR 2,054k. In addition to the straight-line depreciation on film assets of EUR 14k (PY: EUR 13k) and the write-downs of EUR 1,219k (PY: EUR 1,391k), this includes extraordinary write-downs on film rights of EUR 796k (PY: EUR 3,032k), which were carried out on the basis of the impairment test carried out as of the balance sheet date (lowest value test).

As part of the review of the process for determining the fair value of the individual film rights and the greater focus on the broadcasting 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 first 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 2019 financial year, the individual film rights are valued on the basis of the direct 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. The calculation of the weighted average cost of capital (WACC) is based in particular on the corresponding parameter values taken from capital market data of a listed peer group, which are used to calculate the cost of equity, borrowing costs and capital structure. 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 and compared with the respective carrying amounts 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. Assets and financial position

The balance sheet total decreased by EUR 1,982k to EUR 17,938k (PY: EUR 19,920k).

Film assets decreased by EUR 1,680k to EUR 16,320k (PY: EUR 18,000k). This decrease is mainly the result of the above-mentioned depreciations. The decrease was not offset by write-ups of EUR 319k and investments in film assets of EUR 30 thousand.

Trade receivables and other assets decreased by EUR 246k to EUR 450k (PY: EUR 696k).

Equity decreased by EUR 2,383k from EUR 10,374k to EUR 7,991k. As a result, the equity ratio as of 31 December 2019 is around 45% (PY: 52%).

As of 31 December 2019, the company has subscribed capital of EUR 10,296k, issued capital of EUR 10,266k, a capital reserve of EUR 2,782k and an accumulated loss of EUR 5,057k.

Other provisions decreased to EUR 466k (PY: EUR 478k).

The cash outflow from operating activities amounted to EUR 419k (PY: cash inflow EUR 129k), the cash outflow from investment activities was EUR 49k (PY: EUR 48k), the cash inflow from financing activities was EUR 75k (PY: EUR 3,506k cash inflow).

Cash and cash equivalents as of the balance sheet date, consisting mainly of bank balances, amounted to EUR 280k (PY: EUR 673k).

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 3,548k was drawn down as of 31 December 2019; the bank balance at UniCredit Bank Austria AG amounted to EUR 57k. 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 with Deutsche Bank AG, Munich, Germany, in the amount of EUR 750k, which is granted for an indefinite period until further notice and can be terminated with three months' notice. Of this, as of 31 December 2019 EUR 691k had been drawn down, the bank balance at Deutsche Bank AG, Munich, amounted to EUR 881k.

As of the balance sheet date, the company had liabilities vis-a-vis banks amounting to EUR 4,239k (PY: EUR 3,673k) with liquid funds (free credit lines + bank balances) of EUR 1,180k. The company had sufficient liquidity at all times.

With the help of rolling financial planning, the liquidity needs of the company are monitored. In addition to the credit facility, the main instruments are short-term investments. 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 49k were made during the reporting period (PY: EUR 48k). Of this, EUR 30k (PY: EUR 46k) went into film assets.

7. Key figures

Key figures in EUR thousand	2019	2018
Turnover	2,910	3,208
EBITDA[1]	- 354	-343
EBIT[2]	- 2,089	-3,926
Annual net loss	- 2,372	-4,220
Balance sheet total	17,938	19,920
Film assets	16,320	18,000
Shareholders' equity	7,991	10,374

[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 2019 financial year were slightly above the previous year's level of EUR 1,154k at EUR 1,219k. 15 employees (PY: 17) were employed on average during the year, including apprentices and interns, but excluding the Management Board; 2 (PY: 1) of these were part-time.

As of the balance sheet date, the company employed a total of 15 people (PY: 19), including one member of the Management Board, one apprentice and one part-time employee.

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 strategies, adapted to the size of the company, which have time horizons of less than one year up 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. The liquidity management is based on three reports, namely the annual liquidity plan as part of preparation of the budget, the rolling liquidity forecast and the daily liquidity status.

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 on the basis of the sales planning. These figures are also 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 structures 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

Fluctuations of 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 has also arrived in Europe and the consequences are not yet foreseeable. The initial effects have been felt in the media industry with the cancellation of one of the most important trade fairs in Cannes, France. In addition, personal customer appointments and meetings, trips and workshops etc. have been suspended until further notice with the corresponding consequences for 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 (mid-March 2020). 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 2020.

2. External risks / market risk

Competition-related risks

Although initial signs of rising demand are evident, the film and television market relevant to YFE continues to be impacted by a consolidation and concentration process, among both producers and customers. 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. This, together with the increasing number of repeats of individual programmes in the industry, leads to a more efficient use of companies' own programme resources and accordingly to reduced investment in new projects. This is particularly the case for children's programmes. 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. Performance risk / process 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 has secured the completion of co-productions through the careful selection of well-established and reliable co-production partners and service providers, but also, if necessary, through hedging instruments such as insurance policies 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. The costs of production and, where applicable, profit are covered by the licence fee if the production is delivered in accordance with the contract. 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 170 titles, consists of licences from third parties, while only one third of the titles are self-produced or co-produced. 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

4.1 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.

4.2 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.

4.3 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 over 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 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 digitisation and the changing possibilities and/or habits of media consumption are developing into positive operating conditions.

The extent to which the current coronavirus pandemic might represent an opportunity for the company's development remains to be seen. In the past, it was assumed that media consumption would increase if broader circumstances were considered bad. Initial sales enquiries support this, but so far they are only enquiries and cannot be quantified.

These 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 report

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".

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 channels, in addition to the stabilising element of the continuity of sales, should provide further impetus for a strong growth trend.

For the current 2020 financial year, the Management Board expects revenue to be slightly above the previous year with EBITDA at the previous year's level. 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 § 289f HGB

The Declaration on Corporate Governance (Section 289 f 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.

The full text of the Declaration of Conformity is published on the company's website (www.yfe.tv) under Investor Relations.

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 at the end of the Annual General Meeting, which decides whether they are to be discharged for the 2023 financial year. It would thus not be possible to implement a quota of women until the aforementioned 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 as well as on 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 AG currently consists of one male member. With regard to the determination of target figures for the proportion of women on the Management Board, it should be taken into consideration in the view of the Board of Directors that the Management Board is adequately staffed with one member at the current time, especially in view of the size of the company. As far as the term of office of the current sole Management Board member is concerned, no personnel change is planned for the Management Board. Implementation of a quota for women on the Management Board would not be possible at this time without expanding the Management Board.

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.

Information is also published through press releases and ad-hoc announcements. 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 preparation by the Management Board, the annual financial statements are reviewed by the auditor and the Board of Directors and then 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 about 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. This should make it possible to recognise risks at an earlier stage, to limit them and at the same time to exploit 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 principle instrument of the risk management of Your Family Entertainment AG is regular meetings between the Management Board and the second management tier for the purpose of promptly recognising and assessing risks and, where appropriate, taking counter-measures and monitoring 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 concept

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 considered this matter and resolved the following on 29 April 2019:

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.

The Board of Directors of Your Family Entertainment Aktiengesellschaft is currently also fully staffed with three members, all of whom are male.

When determining the target 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.

The current members of the Board of Directors are elected at the end of the Annual General Meeting, which decides whether they are to be 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 decides on discharging the Management Board for the 2018 financial year, the Board of Directors and the Management Board discussed intensively and exchanged ideas on the proposal to nominate new candidates for the Board of Directors as of the date of the Annual General Meeting. When determining the target 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 up to 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 one male member.

In determining the target for the proportion of women on the Management Board, the Board of Directors believes that the Management Board of the company is currently adequately staffed with one staff member, especially taking into account the size of the company. With regard to the term of office of the current sole Management Board member, 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 Board would therefore not be feasible until the aforementioned date, without extending 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 appointing the Management Board, with the aim of creating a Board that has the knowledge, skills and professional experience to perform its duties properly. These 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. However, in the case of a Board consisting of only one member, the definition of a target of more than 0% from the point of view of the Board of Directors would lead to a disproportionate restriction on the selection of candidates. In addition, in the opinion of the Board of Directors the determination of the target for the proportion of women on the Management Board must take into account the availability of suitable, qualified female candidates with the requisite experience in management positions, in addition to company-specific and industry-specific considerations.

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

The target to be achieved for the proportion of women on the Management Board is set at 0%. Since no women are currently members of the company's Management Board, it is not necessary to set deadlines for achieving the aforementioned target.

G. Principles of the remuneration system in accordance with Section 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 a fixed remuneration, which also includes benefits in kind, in particular insurance premiums. 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 10,295,459 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 2019, the share capital thus amounts to EUR 10.295.459. The shares are registered in the name of the shareholder. They are fully paid-up.

2. Direct or indirect interests in capital

As of 31 December 2019, F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, holds 67.96% of the share capital.

The Holler Foundation, Munich, is in possession of 13.27% of the share capital as of 31 December 2019.

Moreover, Dr. Stefan Piëch, Vienna, has a direct stake of 1.18% in the capital of Your Family Entertainment AG and an indirect stake of 67.96% through F&M Film und Medien Beteiligungs GmbH referred to above, such that in total 69.14% of the share capital is attributable to Dr. Piëch directly and indirectly.

3. Holders of shares with special rights

As of 31 December 2019 there are no shares with special rights.

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

As of 31 December 2019 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 §§ 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 occasions, 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, by 21 June 2021 to increase the company share capital once or several times 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."

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 occasions up until 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 the 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 and 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, in November 2017 issued a "3% Convertible Bond 2018/2020". From this "3% convertible bond 2018/2020", a total of partial debentures with a total nominal amount of EUR 4,375,460 are 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 Board of Directors meeting 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. Material agreements of the Company that take effect in the event 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 2019 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 2020

Your Family Entertainment AG

The Management Board

Dr. Stefan Piëch

7. Auditors' Report 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 2019 and the income statement for the financial year from 1 January 2019 to 31 December 2019, the cash flow statement and the statement of changes in equity for the financial year from 1 January 2019 to 31 December 2019, and the notes on he 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 2019 to 31 December 2019. 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 the 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 2019 and its results of operations for the financial year 1 January 2019 to 31 December 2019 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 discussionand analysis is consistent with the annual financial statements, it complies with German legal requirements 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 conducted our audit of the annual financial statements and the management's discussion and analysis in accordance with Section 317 HGB and the EU Regulation on Auditors (No. 537/2014; hereinafter "EU-APrVO"), taking into account the generally accepted standards for the auditing of financial statements in Germany, as promulgated by the German Institute of Auditors (Institut der Wirtschaftsprüfer [IDW]). Our responsibilities under these rules and policies are further described in the section of our opinion entitled "Auditors' Responsibilities for Auditing the Financial Statements and Management's Discussion and Analysis". We are independent of the company in accordance with 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 judgement, were most significant in our audit of the financial statements for the financial year 1 January 2019 to 31 December 2019. 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 matter was most significant in our audit:

- Impairment of the film assets

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 statement of Your Family Entertainment AG, the balance sheet item "Intangible assets" includes film assets acquired for a consideration and other rights amounting to EUR 16.3 million, which thus represent around 91% 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 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 underlying 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 of 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.

   - In addition, 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 carrying amount by the utility value. We have determined that the respective film rights and the total carrying amounts 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 Note "II. Accounting and Valuation methods, 1st Balance Sheet" in the notes.

Other information

The legal representatives are responsible for the other information:

- "Declaration 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,
- "The share" in the Annual Report and
- "Corporate Governance Report" in the Annual Report.

The Board of Directors is responsible for the following 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

- shows material inconsistencies with the annual financial statements, management's discussion and analysis or our knowledge acquired during the audit; or
- otherwise appears significantly misrepresented.

Responsibility of the legal representatives and the Board of Directors for the annual financial statements and the management report

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 as to whether the financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the management report collectively presents a true picture of the company's situation and in all material respects with the financial statements is in line with the findings of the audit, that it complies with German legal requirements and accurately reflects the opportunities and risks of future development, and that it issues an audit report that includes our audit opinions on the annual financial statements and the management report.

Sufficient security is a high level of security, but no guarantee that a test 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 (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 opinion. 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

Other information according to Article 10 EU-APrVO

We were appointed as auditors by the Annual General Meeting of 19 July 2019. We were commissioned by the Board of Directors on 19 August 2019. 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 auditor responsible for the audit is Joachim Weilandt.

Munich, 1 April 2020

Baker Tilly GmbH & Co. KG
Auditors
(Dusseldorf)

Stahl	Weilandt
Financial Auditor	Financial Auditor

8. Statement of Responsibility

"I certify that, to the best of my 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 of the company's expected development are described."

Munich, March 2020

Dr. Stefan Piëch
Management Board

9. Financial calendar

• 30.04.2020	Publication of the Annual Financial Report 2019
• 29.06.2020	Annual General Meeting (remote)
• 29.09.2020	Release of the half-yearly interim financial report 2020

10. Legal Notice / Contact

Your Family Entertainment AG
Nordendstrasse 64
80801 Munich
Germany

Telephone: +49 89 997271-0
Fax: +49 89 997271-91
E-Mail: info@yfe.tv
Internet: www.yfe.tv
www.rictv.de
www.fixundfoxi.tv
www.ric.today
www.facebook.com/fixundfoxitv
www.facebook.com/RiCtvde

Contact:

Investor Relations
Michael Huber
Email: ir@yfe.tv