Your Family Entertainment

- Aktiengesellschaft -

Annual Business and Financial Report 2022

yourfamilyentertainment

AKTIENGESELLSCHAFT (STOCK CORPORATION)

Your Family Entertainment AG is not obliged to publish financial reports in English.

As a service to our investors and the interested public, we regularly provide English versions. These versions are not subject to review and/or audited. In case of doubt, only the German version is valid.

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KEY DATA IN €K (HGB)

Income Statement (P&L)	01.01. - 31.12. 2022	01.01. - 31.12. 2021
Sales revenue	4,198	3,114
EBITDA*[1]	167	54
EBIT*[2]	1,250	334
Annual net profit (PY annual net loss)	835	-79

*[1] EBITDA = Net loss/profit for the year + Taxes on income and earnings + Interest and similar expenses - other interest and similar income + depreciation - write-ups

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

Balance sheet	12/31/2022	12/31/2021
Total balance sheet amount	24,012	17,640
Film assets	19,190	16,941
Shareholders' equity	20,319	8,140
Equity ratio	85%	46%

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1. CEO’S OPENING COMMENTS

Dear Shareholders,

Our aim is to create a secure and positive environment where children and young people can thrive and nurture their creativity. Unfortunately, not all children in this world are given such a secure and positive environment and this is something that continues to challenge us on a humanitarian level. The continuing war of aggression in Ukraine is a daily reminder that peace and security must be our greatest aims, in particular for children. The impact of the war is particularly devastating for them, and many suffer from the psychological traumas caused by their experience of violence and loss. We stand by our humanitarian responsibility and thus also help through our cooperation with the SOS Children’s Villages. We assist and ask you, our shareholders, to heed the international appeal for help wherever possible for you.

Let’s take a closer look at last year’s highlights together:

“The Tribe” series, which was exclusively distributed by us, started in March in South Africa in cooperation with the state-owned South Africa Broadcasting Corporation. The series looks at the typical problems experienced in adolescence, such as the search to find your own place in the world. A high-quality series that is as topical as ever, particularly with the current challenges.

Another very positive collaboration started at the beginning of April with the Austrian public service broadcaster ORF and includes the exclusive free TV rights of the first broadcasting of the German version of the new children’s series “SuperHero Kindergarten". The series was developed by Stan Lee, creator of “Marvel Comics”, together with Arnold Schwarzenegger. The YFE is the exclusive distributor of “SuperHero Kindergarten”, which was produced by YFE’s new major shareholder, the US entertainment company Genius Brands International.

Shortly afterwards, we were able to announce the start of Kartoon Genius!, the new two-hour program block with high-quality content, on the Fix&Foxi channels. The quality and reach of the family-friendly content on the Fix&Foxi channels was extended further into the Middle East and Africa regions as well as into the USA and Latin America.

Kartoon Genius! is the new brand block comprising high-quality, exclusive, cartoon content broadcast on the Fix&Foxi channel. The content is characterized by its high entertainment quality whilst also being safe and enriching. The new global program of Kartoon Genius! includes exclusive content such as 'Stan Lee's Superhero Kindergarten' with Arnold Schwarzenegger (health, exercise, and nutrition), 'Rainbow Rangers' (environmental protection), 'Llama Llama' (social and family values), 'Thomas Edison's Secret Lab' (science for children) and 'Warren Buffett's Secret Millionaires Club' (financial knowledge for children).

In April, we also announced a new partnership with MagentaTV, the TV service from Deutsche Telekom. The popular family channel RiC TV has since been available to all MagentaTV customers in Germany. Cooperating with MagentaTV has enabled Your Family Entertainment AG to offer its advertising partners the channel's expanded reach of 4 million customers. RiC TV's entertaining and educational content is the perfect complement to MagentaTV's existing portfolio for children and family.

Another milestone was making RiC TV available in HD quality.

Furthermore, at the end of April, we announced our new cooperation with Moreplex TV, the Direct-To-Home TV platform from Moreplex Television Limited. This cooperation has given all the Pay TV platform's Moreplex TV customers in Sub-Saharan Africa access to our English-language Pay TV channel Fix&Foxi Channel and has thus boosted the international expansion of Fix&Foxi Channel in Africa.

Just a few days later, we announced the subscription rate for the cash capital increase adopted in March with a gratifying 60%. The gross issue proceeds from the subscription offer totaled around €3.6 million and are to be used to expand the international channel business, re-release well-known characters from the YFE universe and further develop the growth market "streaming/video-on-demand".

Traditionally, we celebrated International Children's Day across the world with SOS Children's Villages on June 1 to collectively remember the needs of children worldwide. Among other things, viewers accompanied the twins Adama and Awa from Gambia as they trainedwith the women's national football team. SOS child Alya presented a day in her life at the Kyrgyzstan children's village at Issyk-Kul lake, Marcela Córtez and her children showed their pottery in a mountain village in Mexico and Jamila and Marah, SOS children from Qudsaya, revealed what their everyday lives in Syria are like and took viewers along to a skate park. The unique stories of these people demonstrate the positive team spirit and the wonderful time people are able to spend together in the SOS Children's Villages all over the world.

At the start of June, we also announced the start of our cooperation with 3D Sparrow, an international animation studio based in the UK and the producer of the popular pre-school comedy show "Booba". This step once again reaffirms our commitment to broadcasting high-quality, educational and entertaining content on Fix&Foxi TV.

Another highlight of the last year was the announcement on US Independence Day of our partnership with the world-famous chef, entrepreneur and philanthropist Wolfgang Puck. Together with our main shareholder, we are creating a new animation series for the worldwide market: "Wolfgang Puck's Secret Chef Academy". This series aims to teach children important values, such as health, nutrition, and teamwork, and show how sharing a meal together can connect people from different backgrounds. During the international TV trade show NATPE in Budapest, we introduced the concept to selected international TV decision-makers at Wolfgang Puck's local Spago restaurant.

Shortly afterwards, we extended our content partnership with KAZstudio with the new 5th season of the popular "Treflik Family" show on Fix&Foxi TV. This broadcast was at the same time the German Pay TV premiere, which we were particularly pleased about, and highlights our ambition to be a leading provider of high-quality children's and youth entertainment. The much-praised series by Kazstudio S.A. portrays the musical adventure of the curious Treflik and his older, sensible sister Treflinka. They are supported by their "Little Uncle", who uses his magical powers to teach children to understand the world around them and help them solve the problems they come across in their exciting daily lives.

On September 20, World Children's Day, we again showed short features on RiC TV, in which children from SOS Children's Villages worldwide were made aware of their rights and needs. Children from a wide range of countries were given an insight into their different cultures and exciting traditions, and their diverse daily lives. The short features turn into a trip around the world, in which many different stories are told.

A few days later, we expanded our content partnership with the New Zealand production company Cloud 9 Screen Entertainment Group to include Pay TV rights on all five seasons of the globally popular live-action series "The Tribe - Eine Welt ohne Erwachsene". The multi-award-winning science-fiction drama series is set in a world scarred by a pandemic, where teenagers were the only people left behind on planet earth. With almost 300 episodes produced so far, the series promises entertaining and gripping adventures for all viewers.

For Christmas this year, we created a special program together with SOS Children's Villages worldwide: since Christmas is celebrated in different ways throughout the whole world, on December 26, 2022 Fix&Foxi TV broadcast inspiring reports and a longer Christmas special featuring the many different ways that families from the SOS Children's Villages celebrate Advent.

While children from Keila in Estonia allowed us to join in on their adventures in the snow, kids from the SOS Children's Village in Seekirchen took viewers along as they began their traditional Christmas preparations, such as baking cookies. At the SOS Children's Village in Nairobi, Kinia introduced us to their colorful Christmas customs, including bright hair extensions and balloons. Afterwards, we got to know little Dima from the SOS Children's Village in Bethlehem, who told us about her Christmas as a festival for peace, which Muslims and Christians celebrate together. A feature from Vietnam also showed a joint celebration by Buddhists, Christians, Hindus, and Muslims. We can look back with pride on a fantastic and longstanding partnership with SOS

Children's Villages worldwide because, right from the outset, its ultimate goal has been to set an example for all children in this world.

Dear Shareholders, you can see that we have worked hard this past year to further expand and develop our company. The deepened cooperation with Genius Brands showed mutual success after only a short time and we are looking forward to further exciting projects.

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

However, we would also like to express our special thanks to our team, which, as in previous years, has contributed to our continuous development through its extraordinary commitment and has made the evolution and expansion of the company possible.

We look forward to developing Your Family Entertainment AG even further and, with motivated and ambitious colleagues, we plan to make it even more successful and leverage the existing potential of the company.

Munich, April 2023

Your Family Entertainment AG

The Management Board

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

2. About Your Family Entertainment AG

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

Behind YFE is a dynamic team of highly motivated employees with one mission in common: to create responsible and high-quality children's TV programs with enthusiasm and passion and in doing so enthuse children, young people, families, and customers all over the world.

In the international licensing trade, YFE has one of the most extensive independent European libraries for children's and family entertainment. YFE can draw on a stock of around 3,500 half-hour programs. These include a large number of series, all of which have been lovingly created and with great effort. The library is continuously maintained and supplemented by additional programs/formats. YFE is therefore able to offer an international, attractive, and varied service.

In December 2021, YFE acquired a major shareholding in the US company Genius Brands International from the USA (NASDAQ: GNUS). In 2022, the US company and YFE agreed a wide-ranging and strategic collaboration to make "Content with a Purpose" accessible to a wider audience. The close cooperation with Genius Brands International has opened the gates for YFE to enter Hollywood.

YFE successfully operates the award-winning Pay TV channel "Fix&Foxi", which has been awarded the renowned HOT BIRD™ TV Award and the Eutelsat TV Award. By integrating the "Fix&Foxi" brand, which for over 60 years has had a large fan base worldwide, not just within Germany, the popularity of the two foxes has been combined with high-quality television content for families. With their 24-hour program, the two friendly foxes present an ideal mix of high-quality entertainment and educational content as well as monthly highlights. The channel has adopted a distinct and independent position in the German-language kids' pay TV market. In addition to this, an optional channel has been available on Amazon Prime Video in the children's entertainment section under the name of "Fix&Foxi" since 2017. In January 2020, YFE announced the inclusion of "Fix&Foxi" TV in Vodafone Germany's pay TV portfolio and the expansion of an existing cooperation in the video-on-demand sector. Thanks to its successful concept, the channel is already represented worldwide in over 40 countries and in five different languages.

Since 2012, YFE has also been available on free TV through the family station "RiC". "RiC" has successfully established itself as a private children's and family station in German-speaking countries through its high-quality and popular European programs. Thanks to its extensive expertise and carefully selected content, “RiC” is positioning itself as the third private children’s and family program in the German-speaking world. RiC’s child-friendly presentation of the channel and the decelerated content counterbalances the predominantly American and Asian programs on offer. “RiC” is broadcast via satellite, across many cable networks and via the Internet in the German-speaking world. Since April 2022, “RiC” has been shown across Germany via Deutsche Telekom’s platform Magenta.tv. Besides this, RiC has also been broadcast in HD since 2022, which means the channel can now be received by around 36 million households in the DACH region.

3. Report of the Supervisory Board

Dear Shareholders,

As you probably know, since the end of 2021, Your Family Entertainment has had a new major shareholder, namely Genius Brands International, Inc. based in Beverly Hills, California, USA.

The first year of the cooperation has developed positively in every respect. There have been many and varied contacts, joint strategy meetings, cross licensing, sales cooperations, and project ideas.

In particular, however, Your Family Entertainment's financial resources has significantly improved since Genius Brands' involvement. Following its initial stake, the company redeemed the 2020/2022 convertible loan through conversion and in addition to this, in fulfilling its company obligations entered into during the takeover bid, Genius Brands extended a loan of €1.3 million. Finally, Your Family Entertainment successfully managed to place two capital increases, which further improved the capital base. The Supervisory Board therefore considers Your Family Entertainment to be well positioned to tackle the challenges ahead.

The Management Board provided the Supervisory Board with comprehensive and timely information, in particular at the regular meetings of the Supervisory Board The Supervisory Board and Management Board were also in constant contact between meetings. Video teleconferences were held and there was regular contact by email. The Supervisory Board also receives daily liquidity reports as soon as the value of the company falls below certain thresholds. The Supervisory Board was therefore kept informed at all times about the intended business policy and the company's planning, including financial, investment and human resources, and the development of business and the company's current situation.

The Supervisory Board held a total of nine face-to-face and virtual meetings in the 2022 fiscal year. As Mr. Jaffa, a member of the Supervisory Board based in the US, is now actively involved in the meetings, they now regularly take place both face-to-face and via video link.

All members of the Supervisory Board attended at least half of its meetings during their term of office in 2022. In the course of these meetings, all major matters of business policy, especially those relating to the company's commercial and financial development, its strategy and planning, important business events, legal developments and matters requiring approval were subjected to detailed and empirical analysis, deliberated upon and discussed with the Management Board on the basis of comprehensive reports prepared by the Management Board. In addition, the Supervisory Board held discussions by means of telephone conferences. In the

2022 fiscal year, the Supervisory Board again exercised its right to inspect the books and records and the assets of the company. The Management Board was available at all times to answer questions and to give explanations.

Significant events

The notable development of the 2022 fiscal year, from the perspective of the Supervisory Board, is the significant improvement in the company's financial resources, as already mentioned, due to the involvement of Genius Brands. This opens up the company to entrepreneurial independence so it can push forward with new developments and make investments that previously had to be postponed for liquidity reasons. Given the foreseeable further digitalization of the whole entertainment industry, this is good news in view of the catchphrase: safeguarding the future.

In particular,

as already stated in last year's report by the Supervisory Board, the company has exercised its conversion rights in terms of the 2020/2022 convertible bond issued by the company and thus reduced its debt by approximately €4.4 million.

Furthermore, the Company has carried out two capital increases of €3 per new share in the 2022 fiscal year, resulting in a total injection of around €6.7 million into the company.

Finally, Genius Brands has extended a company loan of €1.3 million to Your Family Entertainment, which has also improved the liquidity situation. The term of the loan runs up until June 30, 2026 and the interest rate is 5% p.a.

The company has also taken a number of steps at an operational level in the 2022 fiscal year.

A comprehensive cooperation agreement with Genius Brands includes both the cross-licensing of rights and the granting of exclusive distribution mandates as well as joint distribution. To that end, the inter-company sales team was formed. The company's sale structure was also therefore changed and linked to that of Genius Brands. The Supervisory Board expects joint sales activities to increase the visibility of the company and thus have a positive impact on revenue. Furthermore, the plan is for joint content from Your Family Entertainment and Genius Brands to be presented under the brand Kartoon Channel! Finally, relevant synergies should be created through the collective use of resources in IT and marketing. The Supervisory Board considers all these approaches to be broadly very positive. However, much remains to be done in order to effectively leverage the potential in the cooperation.

The company is also planning for the Fix&Foxi characters to be more at the forefront of their strategy. The Fix&Foxi brand continues to resonate strongly, especially in the German-speaking world. Through its ownership of the rights, the company has the unique opportunity to breathe new life into these iconic figures. For example, the Fix&Foxi channel, which is screened on Amazon, has been given new graphics and is driving forward the internationalization of the Fix&Foxi channels and Fix&Foxi brand. Further projects are planned.

An important operational aspect is the improvement and enhancement of the company’s digital capacities. The market is attaching ever greater importance to speed in execution. This cannot be implemented without another level of digitalization. From an operational perspective, reaching this next level of digitalization at a reasonable cost will place a lot of strain on employees.

Key subjects discussed by the Supervisory Board

The implementation of the agreement with Genius Brands and the measures described to strengthen the company’s financial resources have occupied a considerable part of the attention of the Supervisory Board, particularly in the first six months of the year. Furthermore, there were also changes made to the Supervisory Board itself with the expansion to four members. Due to statutory requirements, it was therefore necessary to form an audit committee responsible for audit and accounting matters in the Supervisory Board. The Supervisory Boards meetings will now be conducted in English.

Sales for the 2022 fiscal year amounted to €4,198k, €1,084k higher than in the 2021 fiscal year. This significant jump in revenue has been a positive development.

The company closed the 2022 fiscal year with an annual net profit of €835k, which was again a significant improvement in earnings compared to the previous year. The operating result (EBITDA) of €167k was positive, another pleasing development.

Committees of the Supervisory Board

As mentioned at the start, the Supervisory Board has formed an audit committee due to statutory requirements. Members include the Chairman Dr. Andreas Aufschnaiter (expert in financial reporting) and, as further members Mr. Johannes Thun-Hohenstein (expert in accounting), and myself, Dr. Graf v. Wallwitz.

Report on the results of the audit of the annual financial statements

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

On behalf of the Supervisory Board, Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the accounting records, the annual financial statements and the management report for the 2022 fiscal year. Based on the audit, the auditor issued an unqualified audit opinion in each case. The annual financial statements and management report for the company and the auditor's reports were submitted to and examined by the Supervisory Board. The aforementioned documents were discussed in detail by the Supervisory Board at its meeting of April 25, 2023, in the presence of the auditor. All the Supervisory Boards questions were answered in detail. The Supervisory Board took note of and approved the findings of the audit. Following the final outcome of the Supervisory Boards' own examination, no objections are to be raised to the annual financial statements or the management report of the company for the 2022 fiscal year. The Supervisory Board approved the annual financial statements of Your Family Entertainment AG presented by the Management Board. The annual financial statements of Your Family Entertainment AG have therefore been adopted. The Management Board has prepared its report on the company's relations with affiliated companies and submitted it to the Supervisory Board together with the auditor's report on this subject. The auditor issued an unrestricted opinion.

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

In accordance with Section 317(4) HGB, the auditors also examined the monitoring system set up by the Management Board and found that the statutory requirements for the early identification of risks to the company's existence have been met, and that the Management Board has taken appropriate measures to identify developments at an early stage and avert risks.

The auditor submitted the declaration of independence required by the Corporate Governance Code to the Supervisory Board and reported the audit and consultancy fees incurred in the relevant fiscal year to the Supervisory Board.

Declaration of compliance with the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (AktG)

The subject of corporate governance is of high priority for the Supervisory Board. The Supervisory Board has focused on further development of the corporate governance principles in the company. The declaration issued by the Management Board and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG) is printed in the "Declaration on corporate governance pursuant to Section 289f HGB" of this annual report and is also available on the company's website (www.yfe.tv) under Investor Relations.

The Supervisory Board would like to thank the Management Board and all the employees for their dedicated performance in the 2022 fiscal year and wishes them and their families good health and continued success.

Munich, April 2023

Dr. Hans-Sebastian Graf von Wallwitz

Chair of the Supervisory Board

4. Shares

4.1 Overview

WKN	A161N1
ISIN	DE000A161N14
Abbreviation	RTV
Stock exchanges	Regulated market in Frankfurt (General Standard); OTC trading in Berlin, Düsseldorf, and Stuttgart
Number of shares	15,313,196 units (as of 12/31/2022)
Paying agent	Bankhaus Gebr. Martin AG, Schlossplatz 7, 73033 Göppingen, Germany

4.2 Share price movement (XETRA) in 2022 in €

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

4.3 Shareholder structure as of 12/31/2022 (directly held shares)

44.78% | Genius Brands International, Inc., USA

26.10% | F&M Film- und Medien Beteiligungs GmbH, Austria

17.25 % | Christoph Kahl, Germany

4.90 % | Holler Stiftung, Germany

6.97 % | Free float

5. Annual financial statements and management report

5.1 Balance sheet

ASSETS	12/31/2022 EUR	EUR	12/31/2021 EURk
A. FIXED ASSETS			
I. Intangible assets			
1. Concessions, industrial property rights and similar rights and assets acquired against payment and licenses to such rights and assets	27,971.65		5
2. Film assets and other rights acquired for a consideration	19,189,872.49		16,941
3. Advance payments made	0.00		11
		19,217,844.14	16,957
II. Tangible assets			
Other equipment, operating and office equipment	7,789.00		14
		7,789.00	14
		19,225,633.14	16,971
B. CURRENT ASSETS			
I. Accounts receivable and other assets			
1. Accounts receivable, trade	560,623.30		558
2. Accounts receivable in respect of companies with which a holding relationship exists	1,000,000.00		0
3. Other assets	23,975.87		66
		1,584,599.17	624
II. Cash on hand and bank balances		3,171,249.86	5
C. ACCRUALS AND DEFERRALS		30,032.03	40
		24,011,514.20	17,640

LIABILITIES	12/31/2022 EUR	EUR	12/31/2021 EURk
A. SHAREHOLDERS' EQUITY			
I. Subscribed capital		15,313,196.00	10,458
less nominal value of treasury shares		-4,425.00	-67
Issued capital		15,308,771.00	10,391
II. Capital reserve		9,271,248.68	2,839
III. Profit reserves		-6,431.88	0
IV. Accumulated deficit		-4,254,357.22	-5,090
		20,319,230.58	8,140
B. PROVISIONS			
1. Pension provisions and similar obligations	339,118.00		350
2. Other provisions	527,593.70		549
		866,711.70	899
C. LIABILITIES			
1. Bonds of which convertible: €10,575.00 (PY: €4,376k)	10,575.00		4,376
2. Loans from credit institutions	0.00		3,763
3. Accounts payable, trade	348,424.46		407
4. Accounts payable in respect of companies with which a holding relationship exists	2,413,527.11		0
5. Other liabilities, of which from taxes: €20,960.82 (PY: €18k)	47,182.96		42
		2,819,709.53	8,588
D. ACCRUALS AND DEFERRALS		5,862.39	13
		24,011,514.20	17,640

5.2 Income statement (P&L)

Your Family Entertainment AG, Munich

Profit and Loss Statement
for the period from January 1 to December 31, 2022

			2022 EUR		2021 EURk
1.	Sales revenue			4,198,366.91	3,114
2.	Other operating income			3,043,883.83	1,776
				7,242,250.74	4,890
3.	Cost of materials				
	a) Cost of licenses, commissions and materials		-177,992.20		-183
	b) Cost of purchased services		-929,805.33		-903
				-1,107,797.53	-1,086
4.	Personnel expenses				
	a) Wages and salaries		-1,187,758.96		-954
	b) Social security expenses, pension scheme expenses and expenses for pension support: EUR 5,590.24 (PY EUR 5k)		-122,435.43		-128
				-1,310,194.39	-1,082
5.	Depreciation on intangible assets and property, plant and equipment			-1,895,651.53	-1,423
6.	Other operating expenses			-1,677,930.63	-958
7.	Interest and similar expenses			-406,728.83	-402
8.	Taxes on income and earnings			-8,520.76	-12
9.	Earnings after taxes			835,427.07	-73
10.	Other taxes			-266.00	-6
11.	Annual net profit (PY: Annual net loss)			835,161.07	-79
12.	Carry-forward			-5,089,518.29	-5,010
13.	Accumulated deficit			-4,254,357.22	-5,089

5.3 Cash flow statement for the 2022 fiscal year

Your Family Entertainment AG, Munich

Cash flow statement for the period from January 1, 2022 to December 31, 2022

			2022 EURk	2021 EURk
A.		**Ongoing business activities**		
1.		Annual result	835	-79
2.	+	Write-downs on value of film assets and other rights	1,884	1,400
3.	+	Write-downs on remaining items of fixed assets	11	23
4.	-	Write-ups on value of film assets and other rights	-2,979	-1,703
5.	+	Losses incurred by the disposal of items from the fixed assets	0	1
6.	+/-	Increase / decrease in non-current provisions	-11	0
7.	+/-	Other non-cash expenses / income	-986	-14
8.	+	Interest and similar expenses	406	402
9.	+/-	Tax expenses/income	8	11
10.	-/+	Increase / decrease in accounts receivable, trade	-4	-193
11.	-/+	Increase / decrease in other assets	52	-58
12.	+/-	Increase / decrease in accounts payable, trade	-59	70
13.	+/-	Increase / decrease in other liabilities	69	64
14.	-/+	Taxes paid	-8	-11
	+/-	**Cash inflow / cash outflow from operating activities**	**-782**	**-87**
B.		**Investment activities**		
1.	-	Investments in property, plant and equipment	-1	-26
2.	+	Proceeds from disposal of fixed assets	0	3
3.	-	Investments in other intangible fixed assets	-16	0
4.	-	Investments in film assets and in other rights	-154	0
	+/-	**Cash inflow / cash outflow from investment activities**	**-171**	**-23**
C.		**Financing activities**		
1.	-	Payments for the purchase of treasury shares	-10	-5
2.	+	Payment for the sale of treasury shares	134	0
3.	+	Proceeds from capital increase	6,845	0
4.	+	Payments from the granting of shareholder loans	1,300	0
5.	+/-	Cash inflows and outflows from the repayments of financial loans and	-3,439	0
6.	-	Paid interest and similar expenses	-398	-382
	+/-	**Cash inflow / cash outflow from financial activities**	**4,432**	**-387**
D.		**Net changes in cash and cash equivalents**	**3,479**	**-497**
E.		**Cash and cash equivalents at the beginning of the period**	**-308**	189
F.		**Cash and cash equivalents at the end of the period**	**3,171**	**-308**

Composition of cash and cash equivalents	**12/31/2022** EURk	**12/31/2021** EURk
Cash on hand, bank balances	3,171	5
Liabilities to banks with a remaining term of up to three months	0	-313
Cash and cash equivalents	**3,171**	**-308**

5.4 STATEMENT OF CHANGES IN EQUITY (EQUITY LEVEL)

Your Family Entertainment AG, Munich

Statement of changes in equity for the 2022 fiscal year

	Subscribed capital	Nominal value of treasury shares	Issued capital	Capital reserve	Profit reserves	Accumulated profit	Shareholders' equity
	€	€	€	€	€	€	€
As at 1/1/2020	10,295,459.00	-29,618.00	10,265,841.00	2,782,200.37	0,00	-5,057,311.95	7,990,729.42
Acquisition of treasury shares	0,00	-33,382.00	-33,382.00	-6,881.25	0,00	0,00	-40,263.25
Capital increase	162,271.00	0,00	162,271.00	64,908.40	0,00	0,00	227,179.40
Annual net profit (+)/Annual net loss (-)	0,00	0,00	0,00	0,00	0,00	47,053.75	47,053.75
As at 12/31/2020	10,457,730.00	-63,000.00	10,394,730.00	2,840,227.52	0,00	-5,010,258.20	8,224,699.32
As at 1/1/2021	10,457,730.00	-63,000.00	10,394,730.00	2,840,227.52	0,00	-5,010,258.20	8,224,699.32
Acquisition of treasury shares	0,00	-4,130.00	-4,130.00	-1,100.84	0,00	0,00	-5,230.84
Annual net profit (+)/Annual net loss (-)	0,00	0,00	0,00	0,00	0,00	-79,260.09	-79,260.09
As at 12/31/2021	10,457,730.00	-67,130.00	10,390,600.00	2,839,126.68	0,00	-5,089,518.29	8,140,208.39
As at 1/1/2022	10,457,730.00	■67,130.00	10,390,600.00	2,839,126.68	0,00	-5,089,518.29	8,140,208.39
Acquisition of treasury shares	0,00	-4,425.00	-4,425.00	0,00	-6,431.88	0,00	-10,856.88
Tendering of treasury shares as part of a mandatory offer (GBI)	0,00	67,130.00	67,130.00	67,130.00	0,00	0,00	134,260.00
Capital increase	4,855,466.00	0,00	4,855,466.00	6,364,992.00	0,00	0,00	11,220,458.00
Annual net profit (+)/Annual net loss (-)	0,00	0,00	0,00	0,00	0,00	835,161.07	835,161.07
As at 12/31/2022	15,313,196.00	-4,425.00	15,308,771.00	9,271,248.68	-6,431.88	-4,254,357.22	20,319,230.58

5.5 Notes for the 2022 fiscal year

I. *General information*

The annual financial statements of Your Family Entertainment AG (YFE), (Munich District Court, HRB 164922) for the 2022 fiscal year were prepared in accordance with Sections 242 et seq., Section 264 et seq. of the German Commercial Code (HGB) and the relevant provisions of the German Stock Corporation Act (AktG). The regulations 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, Türkenstraße 87, Germany.

Purpose of the company:

Creation, editing and production of films, image/sound carriers and merchandising products, purchase and sale of rights, investment in radio and television broadcasting companies, trading 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 at home and abroad. The company also operates a music publishing house 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.

Its business activities are divided into the segments "Productions" and "License Sales". In previous years, the company has focused on "License Sales". In its medium-term strategic planning, however, the Management Board envisages renewed activity in the "Productions" business area, e.g. through the relaunch of existing brands/characters.

II. Accounting policies

Accounting and valuation are carried out according to the following principles:

1. Balance

Film assets and other rights acquired for a consideration are shown at their amortized costs. Scheduled (utilization-related) write-downs are carried out in relation to the overall scheduled utilization of individual film rights. In the course of reviewing the procedure for determining the fair value of the individual film rights and due to the stronger focus on the TV channel business, it was decided to change the procedure for determining the fair value of the individual film rights as of the 2016 fiscal year. Since then, the company's business areas and plans have evolved. In addition, a variety of other parameters, including peer group data, are incorporated into the valuation, which can also affect the valuation amount. As a result, fluctuations due to write-ups and write-downs cannot be ruled out in the future in the carrying amount of film asset values and accordingly in the income statement.

In accordance with the procedure applied in the 2022 fiscal year, the individual film rights are valued on the basis of the immediate cash flow forecast method. The starting point in this case is the financial surpluses that are to be isolated for each film right. Specific cash flows are calculated for each individual film right on the basis of the various areas of licensing revenues, TV revenues (broken down into pay TV and free TV), utilization revenues, merchandising revenues and other revenues. When determining the planning period for these cash flows, the useful economic life or the remaining useful life is taken into account separately for each individual film right.

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

The fair current market values, which are compared against the respective carrying amounts of each film right in the impairment test, are identified on the basis of the procedure for assessing the value of each film right.

If a lower value is determined for fair value compared to the carrying amount of the individual film right on the valuation date, an unscheduled write-down is carried out. In the 2022 fiscal year, impairment losses totaling €811k (PY: €709k) had to be recognized on the basis of the valuation method applied and this comparison.

Similarly, with respect to a fair value that, on the valuation date, is higher than the carrying amount but below the amortized costs of the respective film right, the impairment is reversed if an impairment no longer exists or has been reduced. This means that an increase or decrease in the value of an asset is recognized only to the extent that it does not exceed the carrying amount that would have resulted, taking into account depreciation effects, if no impairment loss had been recognized in previous years (amortized costs). Film rights that have been fully amortized due to utilization are not taken into account in the value of the film assets. Write-ups on film assets relate only to those film rights that were previously written down by unscheduled depreciation.

In the 2022 fiscal year, write-ups of €2,979k (PY: €1,703k) were recognized on the basis of the valuation method applied and the corresponding calculation; these are reported in the income statement under the item “Other operating income”.

The IT software and property, plant and equipment acquired for a consideration are valued at acquisition cost minus scheduled depreciation. The write-downs on IT software are carried out in accordance with the straight-line depreciation method pro rata temporis. Movable assets are also written down on the basis of a straight-line method pro rata temporis. The period of depreciation corresponds to the useful lives of the assets customary in the industry. This is three years for IT software and two to ten years for other operating and office equipment.

Accounts receivable and other assets are reported at nominal value. All risk-bearing items are accounted for by recognizing appropriate specific valuation allowances. There is also a general allowance for general credit risk in the amount of 1%.

Accruals and deferrals include payments or receipts to the extent that they represent expenses or income for a specific period after December 31, 2022.

Provisions for pensions are valued in accordance with generally accepted actuarial principles using the projected unit credit method (PUC method). The provision requirement under the PUC method is defined as the present actuarial value of the pension obligations earned by employees up to the reporting date in accordance with the plan benefit formula and vesting rules, based on their years of service up to that date. The amount of the provision is determined on the basis of trend assumptions regarding the future development of entitlements and pensions and any fluctuation probabilities. The "Richttafeln 2018 G" mortality tables of Dr. Klaus Heubeck are used as the biometric basis for calculation. In addition, an interest rate of 1.78% p.a. (10-year average for pension obligations) and 1.44% (7-year average for the disclosure of the difference pursuant to Section 253(6) HGB) and a pension trend of 0.00% form the basis of the assumptions.

The provision for the widow's/widower's benefit entitlement was calculated using the so-called collective method, based on the marriage probabilities of the calculation bases used. Furthermore, widowers' benefit entitlements that were not committed but exist on the basis of case law were also included using the collective method. The age at the agreed end of the partial retirement employment relationship was used as the end financing age for partial retirement employees, and the earliest possible retirement age under the Pension Insurance Age Limit Adjustment Act 2007 was used for the remaining groups.

The difference according to Section 253(6) HGB, which results from a comparison of the 10-year average with the 7-year average, is recognized at €10k and is legally subject to a distribution ban.

The other provisions cover all identifiable risks and contingent liabilities. These are valued according to the required settlement amount (i.e. including future cost and price increases). Other provisions and accrued liabilities with a maturity of more than one year are discounted at an interest rate adequate for the remaining time to maturity pursuant to the Regulation on the Discounting of Provisions

Liabilities and the convertible bond are recognized at the settlement value.

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

Deferred tax assets on the balance sheet cut-off date mainly result from tax loss carryforwards, pension provisions, other provisions and foreign currency gains.

The option to activate deferred taxes is not exercised.

2. Income statement

The income statement is structured according to the total cost method.

Revenue is recognized depending on the respective license agreement, in particular according to the following points:

- a license contract signed by both parties is available;
- the contractual obligations regarding the delivery/provision of the material were fulfilled;
- the licensing period has begun;
- the contractual remuneration can be determined, e.g. by periodic reports from the video-on-demand (VoD) platforms.

If the licensee does not choose to use the rights until a later point in time, this is not relevant for the time of recognition of the revenue.

In the case of revenues dependent on subscribers or sales, the guaranteed revenues are realized when the contract is concluded,

or the respective license period begins. In the case of revenue that is exclusively sales-based, that revenue is recognized when the licensee records the sales, once YFE has been successfully notified.

Sales in the "Productions" business unit are recognized on completion and acceptance.

III. Explanatory notes on the balance sheet

1. Fixed assets

The development of the individual items of the fixed assets is illustrated in the asset analysis, with details of the depreciation for the fiscal year.

2. Accounts receivable and other assets

As at December 31, 2021, there are no trade receivables or other assets with a term of more than one year as at December 31, 2022.

3. Shareholders' equity

Share capital

As of the balance sheet cut-off date, the share capital of Your Family Entertainment AG is divided into 15,313,196 no-par-value shares with a proportionate amount of the share capital of €1.00 each.

As of December 31, 2022, the share capital thus amounts to €15,313,196.00. The shares are registered and are fully paid up.

As of December 31, 2022, F&M Film und Medien Beteiligungs GmbH, based in Vienna, Austria, held 26.10% of the share capital and 44.78% of the voting rights of Genius Brands International, Inc., USA were indirectly attributable to it.

Genius Brands International Inc., USA directly held 44.78% of the share capital and 26.10% of the voting rights of F&M Film und Medien Beteiligungs GmbH, Vienna, Austria were also indirectly attributable to it.

As of December 31, 2022, Christoph Kahl, Germany held 17.25% of YFE's share capital and the Holler Foundation, Germany held 4.90%.

Capital reserve

Due to the offer of shares to Genius Brands International, Inc. as part of the mandatory offer in accordance with the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz), €67k was allocated to the capital reserve in the 2022 fiscal year. This procedure was changed after offering all treasury shares held by the company to Genius Brands International, Inc. Since this date, the discount on acquiring treasury shares has therefore been recognized in the balance sheet as profit reserves.

Profit reserves

To offset the purchase price for 4,425 treasury shares, which was higher than the nominal amount, €6,431.88 was withdrawn from the profit reserves in 2022.

Cancellation of the "Authorized Capital 2021" and creation of a new "Authorized Capital 2022".

By resolution at the Annual General Meeting on June 29, 2021, the Management Board was authorized, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions on or before June 28, 2026 by a total of up to €5,228,865.00 against cash and/or non-cash contributions by issuing up to 5,228,865 new no-par-value registered shares (Authorized Capital 2021).

The Management Board made partial use of this with the approval of the Supervisory Board. In future, to ensure the greatest flexibility possible in terms of the company's authorized capital, the Annual General Meeting of June 28, 2022 adopted the following resolution, canceling the Authorized Capital 2021 and creating a new authorized capital amounting to 50% of the share capital.

1. The Authorized Capital 2021 adopted by the Annual General Meeting of June 29, 2021 in Section 4 (3) of the Articles of Association is canceled with effect from the date the new Authorized Capital 2022 was entered, provided that no use was made of the Authorized Capital 2021 on the date it was canceled.

2. The Management Board is authorized, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions on or before June 27, 2027 by a total of up to €7,117,321.00 against cash and/or non-cash contributions by issuing up to 7,117,321 new no-par-value registered shares (Authorized Capital 2022). As a matter of principle, shareholders are to be granted subscription rights. The new shares may also be underwritten by one or more banks with the obligation to offer them to shareholders for subscription. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights:

    a) in order to exclude fractional amounts from shareholders' subscription rights;

    b) if a capital increase against cash contributions does not exceed 10% of the capital stock and the issue price of the new shares is not significantly lower than the stock market price (Section 186(3) Sentence 4 AktG); when exercising this authorization with exclusion of subscription rights pursuant to Section 186(3) Sentence 4 AktG, the exclusion of subscription rights on the basis of other authorizations pursuant to Section 186(3) Sentence 4 AktG shall be taken into account;

c) if, in the case of a capital increase against contributions in kind, the shares are granted for the purpose of acquiring companies, parts of companies or holdings in companies (including increasing existing holdings) or for the purpose of acquiring accounts receivable from the company;

d) to the extent necessary to grant the holders of the option and/or convertible bonds issued by the company subscription rights to new shares to the extent to which they would be entitled after exercising their option or conversion rights.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation. The Supervisory Board is authorized to amend the wording of the Articles of Association accordingly after each exercise of the authorized capital or expiry of the period for the utilization of the authorized capital.

3. The previous Section 4(3) of the Articles of Association is repealed and reworded as follows:

"(3) The Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the company on one or more occasions on or before June 27, 2027 by a total of up to €7,117,321.00 against cash and/or non-cash contributions by issuing up to 7,117,321 new no-par-value registered shares (Authorized Capital 2022). As a matter of principle, shareholders are to be granted subscription rights. The new shares may also be underwritten by one or more banks with the obligation to offer them to shareholders for subscription. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights:

a) in order to exclude fractional amounts from shareholders' subscription rights;

b) if a capital increase against cash contributions does not exceed 10% of the capital stock and the issue price of the new shares is not significantly lower than the stock market price (Section 186(3) Sentence 4 AktG); when exercising this authorization with exclusion of subscription rights pursuant to Section 186(3) Sentence 4 AktG, the exclusion of subscription rights on the basis of other authorizations pursuant to Section 186(3) Sentence 4 AktG shall be taken into account;

c) if, in the case of a capital increase against contributions in kind, the shares are granted for the purpose of acquiring companies, parts of companies or holdings in companies (including increasing existing holdings) or for the purpose of acquiring accounts receivable from the company;

d) to the extent necessary to grant the holders of the option and/or convertible bonds issued by the company subscription rights to new shares to the extent to which they would be entitled after exercising their option or conversion rights.

With the approval of the Supervisory Board, the Management Board is authorized to determine further details of the capital increase and its implementation. The Supervisory Board is authorized to amend the wording of the Articles of Association accordingly after each exercise of the authorized capital or expiry of the period for the utilization of the authorized capital."

Resolution on the authorization to issue convertible bonds, on the creation of "Conditional Capital 2022" and the corresponding amendment to the Articles of Association

The Annual General Meeting of June 28, 2022 adopted the following resolution:

1. The Management Board is authorized, with the approval of the Supervisory Board, to issue bearer convertible bonds (hereinafter also referred to as "bonds") with a total nominal value of up to €25,000,000.00 and a maximum term of 20 years on one or more occasions up to June 27, 2027 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 €4,462,256.00 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 various tranches.

In principle, the shareholders have 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 banks with the obligation to offer them to the shareholders for subscription.

However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude in whole or in part the subscription rights of the company's shareholders to the bonds with conversion rights to shares in the company,

a) insofar as the bonds are issued against cash payment and are structured in such a way that their issue price is not significantly lower than their theoretical market value calculated in accordance with recognized 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 exceed a total of 10% of the capital stock, either at the time at which this authorization becomes effective or at the time at which it is exercised. When using this authorization to exclude subscription rights in accordance with Section 186(3) Sentence 4 AktG, the exclusion of subscription rights on the basis of other authorizations in accordance with Section 186(3) Sentence 4 AktG must be taken into account;

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

c) in order to exclude fractional amounts from shareholders' subscription rights.

In the event that bonds are issued, the holders of the securities shall be granted 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 capital stock represented by the shares to be issued on conversion may not exceed the nominal amount of the bonds. The exchange ratio is calculated by dividing the nominal amount of the bond by the nominal amount for one share of Your Family Entertainment Aktiengesellschaft. Provision may be made for the conversion ratio to be variable and the conversion price to be set within a range to be determined depending on the development of the share price during the term or during a certain period within the term. The exchange ratio may in any case be rounded up or down to a whole number; furthermore, a payment to be made in cash may be specified. Provision may also be made to allow for fractional amounts to be combined and/or settled in cash.

The respective terms and conditions of the bonds may also provide for 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. Furthermore, the terms and conditions of the respective convertible bonds may stipulate that the company's own shares may also be granted in the event of the conversion being exercised.

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 ratio/conversion price, be either (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 remain unaffected.

If the economic value of the existing conversion rights is diluted during the term of a bond and no subscription rights are granted as compensation for this, the conversion rights shall be adjusted in such a way that the value is preserved – notwithstanding the lowest issue amount pursuant to Section 9(1) AktG – to the extent that the adjustment is not already mandatory by law. In any case, the pro rata amount of the capital stock represented by the no-par value bearer shares to be subscribed for each bond may not exceed the nominal amount per bond.

Instead of adjusting the conversion price, the terms and conditions of the convertible bonds may also provide for the payment of a corresponding amount in cash by the company on exercise of the conversion right or on fulfillment of the conversion obligation. 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 authorized, with the consent of the Supervisory Board, to determine the further details of the issue and features of the convertible bonds, in particular the interest rate, issue price, term and denomination, conversion price and conversion period.

2. The share capital will be conditionally increased by up to €4,462,256.00 with the issue of up to 4,462,256 new no-par-value registered share certificates (Conditional Capital 2022). The conditional capital increase will be used to grant shares to the holders of convertible bonds that are issued in accordance with the above authorization. The conditional capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization of the Annual General Meeting of June 28, 2022 exercise their conversion rights or the conversion obligations under such bonds are fulfilled by June 27, 2027 and to the extent that no other forms of fulfillment are used. The new shares shall participate in profits from the beginning of the fiscal year in which they are created through the exercise of conversion rights or the fulfillment of conversion obligations. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to adjust the version of the Articles of Association in accordance with the utilization of the conditional capital.

3. The following new paragraph (6) has been added in Section 4 of the Articles of Association:

> "(6) The share capital has been conditionally increased by up to €4,462,256.00 with the issue of up to 4,462,256 new no-par-value registered share certificates (Conditional Capital 2022). The conditional capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization of the Annual General Meeting of June 28, 2022 exercise their conversion rights or the conversion obligations under such bonds are fulfilled by June 27, 2027 and to the extent that no other forms

of fulfillment are used. The new shares shall participate in profits from the beginning of the fiscal year in which they are created through the exercise of conversion rights or the fulfillment of conversion obligations. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the respective utilization of the conditional capital."

Resolution on the acquisition and sale of treasury shares

The Annual General Meeting of June 29, 2021 has resolved on the new authorization to acquire and sell treasury shares according to Section 71(1) No.8 AktG with the possible exclusion of subscription rights and the possibility to include treasury shares with a reduction in the share capital as follows:

1. The company is authorized to acquire treasury shares in the company. This authorisation is, however, restricted to the acquisition of an arithmetic portion of up to 10% of the company's share capital. The shares acquired hereafter, together with treasury shares already owned by the company or are attributable to it in accordance with Sections 71 a ff. AktG, may at no time account for more than 10% of the share capital. The authorisation may be exercised in whole or in part, on one or more occasions, by the Company or by third parties for its account. The authorization is valid until June 28, 2026.

2. The acquisition shall take place either via the stock exchange or by means of a public offer to buy, addressed to all shareholders of the company.

   a) Should the acquisition take place via the stock exchange, the equivalent value per share paid by the company (excluding the ancillary costs of acquiring the shares) may not be higher than 20% and not more than 20% below the average closing price (XETRA trading or similar successor system) of shares of a similar nature on the Frankfurt Stock Exchange during the last 20 stock exchange trading days prior to the acquisition of the shares.

   b) Should the acquisition take place by way of a public offer to buy addressed to all shareholders, the purchase price per share offered (excluding the ancillary costs of acquiring the shares) may not be higher than 20% and not 20% below the average closing price (XETRA trading or similar successor system) for shares of a similar nature on the Frankfurt Stock Exchange during the last three trading days prior to the date the offer was published. The offer to buy may stipulate other conditions. The offer volume may be limited. If the total number of the shares offered for sale by the shareholders exceeds this volume, the number accepted shall be in proportion to the shares offered for sale. Provision may be made for the privileged acceptance of a limited number of shares per shareholder of up to 100 units of the shares offered for sale, rounded in accordance with commercial principles to avoid fractions of shares.

Any further rights of the shareholders to offer shares is excluded in this respect.

3. The Management Board is authorized, with the consent of the company's Supervisory Board, to dispose of the shares in the company acquired on the basis of this authorization or on the basis of a previous authorization in other ways than through sale by way of an offer to all shareholders or sale on the stock exchange, namely

a) by offering shares to third parties as part of a company merger, the acquisition of companies, investments in companies or parts of companies and as payment for the acquisition of receivables due from the company;

b) by selling shares to third parties. The price at which the shares of the Company are sold to third parties may not be significantly lower than the stock exchange price of the shares at the time of the sale. The exclusion of a subscription right due to other authorisations in accordance with Section 186(3) sentence 4 AktG is to be taken into account when exercising the authorisation.

c) by using options and/or convertible bonds issued by the company or its group of companies to fulfil option and/or conversion rights or obligations;

d) by redeeming the shares without their redemption or execution requiring the approval of an additional resolution by the shareholders' meeting. The redemption leads to reduction of capital. The shares may also be redeemed in a simple procedure without reducing the capital, by adjusting the arithmetical pro rata amount of the other no-par-value shares in the share capital. The redemption may also be limited to a part of the shares acquired.

The above authorisations relating to the use of the treasury shares acquired may be exercised once or on several occasions, completely or in parts, individually or jointly. The shareholders' subscription right regarding purchased treasury shares is excluded insofar as these shares are used pursuant to the above-mentioned authorizations under a), b) and c). The Board of Management will inform the Annual General Meeting of the reasons and purpose of the purchase of treasury shares, the number of shares acquired and the amount of the share capital attributable to them, and the equivalent value paid for the shares.

4. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the respective use of the redemption authorization.

As part of the public takeover offer of Genius Brands International, Inc., USA, 67,130 shares as of February 14, 2022 were offered/sold, which led to a cash inflow of €134,260.00 into Your Family Entertainment AG.

On the basis of the above authorization, 4,425 treasury shares (0.029% of the capital stock) with a total nominal value of €4,425.00 were acquired on the stock market in the past fiscal year at a total price of €10,856.88 plus €502.22 incidental costs.

4. Provisions and accrued liabilities

Other provisions and accrued liabilities of €528k (PY: €549k) mainly relate to personnel costs of €152k (PY: €126k), provisions for outstanding invoices of €155k (PY: €110k), provisions for financial statement and audit costs of €123k (PY: €75k) and the provision for the remuneration of the Supervisory Board (including reimbursable expenses) of €51k (PY: €46k).

5. Convertible bonds

Convertible bond 2020/2022

On November 18, 2019, the Management Board and Supervisory Board resolved to issue a convertible bond (2020 / 2022) with a total nominal value of up to €4,375,460, divided into up to 2,573,800 partial bearer bonds with equal rights and a nominal value of €1.70 each.

The term of the convertible bond began on February 1, 2020 and ends at the close of March 31, 2022.

On February 2, 2022, YFE announced that it plans to exercise its early conversion right pursuant to Section 4(6) of the terms and conditions of the 2020/2022 convertible bond (ISIN DE000A2YPF18) in respect of all outstanding 2,573,800 partial bonds with a nominal value of €1.70 each and to take all necessary measures to this end in the short term.

The new shares were created and delivered with a date of March 9, 2022. The company’s liabilities decreased by €4,375k, while shareholders’ equity increased accordingly.

Convertible bond 2022/2027

On the basis of the authorization resolution of the Annual General Meeting of June 29, 2021, the Management Board resolved to issue a convertible bond (2022/2027) for a total nominal amount of up to €7,239,730.00, divided into up to 1,447,946 partial bearer bonds with equal rights and a nominal value of €5.00 each on April 5, 2022. This was confirmed by the Board of Directors on the same day.

Each partial bearer bond bears an interest of 3.5% p.a. and indeed over the course of the whole term, unless it has been previously paid back or converted into shares of the bond debtor in accordance with Section 4(6) of the terms and conditions of the convertible bond.

There is no interest rate for the period between the date the issue price is paid and the date the term of the convertible bond starts, on May 2, 2022. Interest is paid in arrears on May 2 with the first payment made on May 2, 2023.

The term of the convertible bond starts on May 2, 2022 and ends at close of business on May 1, 2027.

Partial bearer bonds are issued at the issue price of 100% of the nominal value, i.e. €5.00 per partial bearer bond.

To date, partial bearer bonds amounting to €10,575.00 have been issued as part of this convertible bond (2022/2027).

6. Liabilities

2022 (in €k)	Up to 1 year	More than 1 year	More than 5 years	Total
Convertible bonds	0	11	0	11
Loans from credit institutions	0	0	0	0
Advance payments received on account of orders	0	0	0	0
Accounts payable, trade	348	0	0	348
Accounts payable in respect of companies with which a holding relationship exists	1,114	1,300	0	2,414
Other liabilities • of which taxes • of which social security	47 (21) (0)	0 (0) (0)	0 (0) (0)	47 (21) (0)
Total liabilities as of 12/31/2022	**1,509**	**1,311**	0	**2,820**

2021 (in €k)	Up to 1 year	More than 1 year	More than 5 years	Total
Convertible bonds	4,375	0	0	4,375
Loans from credit institutions	3,764	0	0	3,764
Advance payments received on account of orders	0	0	0	0
Accounts payable, trade	407	0	0	407
Accounts payable in respect of companies with which a holding relationship exists	0	0	0	0
Other liabilities • of which taxes • of which social security	42 (18) (0)	0 (0) (0)	0 (0) (0)	42 (18) (0)
Total liabilities as of 12/31/2021	**8,588**	0	0	**8,588**

YFE made collateral available in the form of rights and liabilities arising from film license agreements to cover the line provided and resulting liabilities to UniCredit Bank Austria AG, Vienna, Austria in the amount of €3,600k. In addition, potential liabilities are backed by bill of exchange designations, blank bills of exchange and the provision of collateral by F&M Film- und Medien Beteiligungs GmbH through the line provided by Bank Austria.

7. Other financial obligations

Other financial obligations were included in this review in each case according to the amount up until the end of the contract or up until the next possible termination date. Contracts under €1k p.a. are not accounted for here, as they are not important for assessing the company's financial situation.

As of the balance sheet cut-off date, other financial obligations totaled €1,052k. They are mainly divided into rental and leasing obligations (€88k) and consulting and service obligations (€963k). Within a period of 2 to 5 years, a total of €56k will become due, primarily for rental and leasing obligations (€30k) and consulting and service obligations (€26k). There are no other financial obligations for the period greater than 5 years.

IV. Explanatory notes on the income statement

1. Sales revenue

Sales revenue of €4,198k in 2022 was generated entirely in the "License Sales" segment (PY: €3,114), of which €1,437k (PY: €1,426k) was realized in Germany and €2,761k (PY: €1,688k) abroad.

2. Other operating income

Other operating income includes in particular income from write-ups on film asset values amounting to €2,979k (PY: €1,703k) and from the reversal of provisions & accrued liabilities amounting to €22k (PY: €6k). In addition, income from currency conversion amounting to €26k (PY: €4k) is reported.

3. Cost of materials

This position concerns sales-related costs for licenses, commission, materials and purchased services. These are mainly the cost of purchased services amounting to €930k (PY: €903k) and cost of licenses, commissions and material €178k (PY: €183k).

4. Personnel expenses / information on personnel

The average number of employees during the year, including one trainee (up to July 2022) and interns but excluding the Management Board, was 11 (PY: 13), of which 0.75 (PY: 2) were part-time employees.

5. Write-downs

Depreciation on intangible assets and property, plant and equipment amounted to €1,896k (PY: €1,423k).

As a result of the impairment test, impairment losses of €811k (PY: €709k) were recognized on film asset values. In addition, distribution-dependent amortizations of €1,017k (PY: €683k) were made on the film assets and straight-line amortizations of €56k (PY: €7k) on the value of film assets.

6. Other operating expenses

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

Worth noting in particular are the external expenses amounting to around €377k, which have arisen in connection with the capital measures carried out. Although these expenses must be recognized in the income statement, they are not linked to the company's operating business.

In addition, expenses for losses from the increase in specific bad debt allowances on trade receivables amounting to €54k (PY: €14k) and from currency conversion amounting to €22k (PY: €2k) were recognized.

7. Interest and similar expenses

Expenses from the discounting of provisions and accrued liabilities amount to €6k (PY €8k).

8. Taxes on income and earnings

This item amounting to €9k (PY: €11k) mainly relates to foreign withholding tax.

V. Significant transactions with related persons and companies

No information was available on any transactions not conducted under normal business terms and conditions.

VI. Information on the company's governing bodies

1. Supervisory Board

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

- Dr. Hans-Sebastian Graf von Wallwitz, Munich, Germany, Attorney at Law (Chair)

- Dr. Andreas Aufschnaiter, Munich, Germany, Management Consultant,
  Member of the Executive Board of MS Industrie AG

  (Deputy Chair)

- Mag. Johannes Thun-Hohenstein, Vienna, Austria, Media Consultant,
  Coach and Civil Law Mediator

- Michael Jaffa (since 1 August 2022), Los Angeles, California, USA, Attorney at Law,
  COO and General Counsel of Genius Brands International, Inc.,
  Management Board of Stan Lee Universe, LLC, California, USA

Total remuneration (excluding expenses) of the Supervisory Board totaled €49k in the 2022 fiscal year. Mr. Michael Jaffa’s remuneration was calculated pro rata from the date he joined the Supervisory Board with entry in the commercial register on August 1, 2022. In accordance with Section 16 of the Articles of Association, the Chair received €20k, the Deputy Chair €15k and the other members €10k As of December 31, 2022, the members of the Supervisory Board held 100 no-par-value shares.

Other mandates held by members of the Supervisory Board on supervisory boards and other supervisory bodies within the meaning of Section 125(1) Sentence 3 AktG are:

- Dr. Hans-Sebastian Graf von Wallwitz:

  Member of the Board of Directors at

  - Fenix Outdoor International AG, Zug, Switzerland

- Dr. Andreas Aufschnaiter:

  Chair of the Supervisory Board of

  - MS Technologie Group AG, Munich, Germany

  Full member of the Supervisory Board of

  - Beno Holding AG, Munich, Germany
  - Wolftank-Adisa Holding AG, Innsbruck, Austria

  Full member of the Supervisory Board of

  - Frener & Reifer GmbH, Brixen, Italy (up until March 31, 2022)

2. Management Board

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

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

Other mandates of CEO Dr. Stefan Piëch on Supervisory Board and other supervisory bodies within the meaning of Section 125(1) sentence 3 AktG comprise full membership of the Supervisory Board or Board of Trustees of

- SOS Children's Villages Worldwide Hermann Gmeiner Fonds Deutschland e.V., Munich, Germany
- SEAT, S.A., Martorell, Spain
- Porsche Automobil Holding SE, Stuttgart, Germany
- Volkswagen Belegschaftsstiftung, Wolfsburg, Germany
- Siemens Österreich AG, Vienna, Austria
- Board of Directors, Genius Brands International, Inc., Los Angeles, USA

Remuneration paid and owed to current members of the Management Board in the 2022 fiscal year:

		Dr. Stefan Piech (CEO) (since 10/2006)				**Bernd Wendeln (COO)** (since 06/2020)			
		2022		2021		2022		2021	
		in EURk	in %	in EURk	in %	in EURk	in %	in EURk	in %
Fixed remuneration	Annual base salary	197	97	48[11]	91	170	65	170	81
	Fringe benefits	5	3	5	9	23	9	21	10
Total		202	100	53	100	193	74	191	91
Variable remuneration	Bonus	0	0	0	0	33	13	4	2
	Discretionary bonus	2[3)]	0	0	0	37[3)]	13	15[2)]	7
Total		2	0	0	100	70	26	19	9
Total remuneration		204	100	53	100	263	100	210	100

1) Due to the difficult economic situation in the 2021 fiscal year, the basic annual salary of Management Board member Dr. Stefan Piëch has been temporarily reduced for the period 1/2021 to 11/2021.
2) Special bonus paid in 2022 fiscal year for outstanding performance in 2021 fiscal year.
3) Of which €1,500.00 paid out as tax-free inflation premium in November 2022.

Fringe benefits include insurance policies and subsidies for insurance policies in the amount of €19k and benefits in kind in the amount of €7k. As of the balance sheet date December 31, 2022, 38,629 no-par-value shares were held by Management Board member Dr. Stefan Piëch.

In the 2020 fiscal year, the shareholder F&M Film & Medien Beteiligungs GmbH ("F&M") granted Bernd Wendeln an option to acquire 350,000 shares in Your Family Entertainment AG from F&M at a purchase price of EUR 1.00 per share by agreement dated May 8, 2020. The option may be exercised by Bernd Wendeln in the period from June 1, 2021 to April 30, 2024. The purchase option then expires without replacement. The fair value of the option on the date granted was €86,029.25. The option was not exercised, not even partially, in the 2022 fiscal year.

Total remuneration for former members of the Management Board amounted to €25k. Pension provisions for former members of the Management Board and their surviving dependents have been recognized in full and amount to €300k as of December 31, 2022.

3. Audit and consulting fees

The total auditor’s fee calculated for the fiscal year amounts to (insurance premiums) €75k.

4. Appropriation of earnings

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

VII. Supplementary report

Impact of the crisis in Ukraine

Moreover, the general economic situation is aggravated by the war in Ukraine. YFE currently has no active business relations with Ukraine, nor with Russia, nor have sales been included in planning calculations in this connection, but here too the consequences for the economy are still unknown and unforeseeable.

In view of that, this situation represents a risk for the company, with possible effects on its net assets, financial position, and operating results. This cannot be quantified at the time of preparing the management report.

VIII. Declaration pursuant to Section 161 AktG on the Corporate Governance Code

Your Family Entertainment AG, Munich, issued the declaration required by Section 161 AktG and made it permanently available to shareholders in November 2021 on the company’s website (www.yfe.tv) under Investor Relations. It was last updated in April 2023.

Munich, April 18, 2023

Your Family Entertainment AG

The Management Board

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

IX. Development of fixed assets 2022

Your Family Entertainment AG, Munich

Development of fixed assets in fiscal 2022

	Acquisition and manufacturing costs				**Accumulated depreciation**				**Carrying amounts**	
	1/1/2022 EUR	Additions EUR	Transfers	12/31/2022 EUR	1/1/2022 EUR	Additions EUR	Write-ups EUR	12/31/2022 EUR	12/31/2022 EUR	12/31/2021 EUR
A, FIXED ASSETS										
I. Intangible assets										
1. Concessions, industrial property rights and similar rights and assets acquired against payment and licenses to such rights and assets	230,271.82	10,675.00	16,830.00	257,776.82	225,596.17	4,209.00	0.00	229,805.17	27,971.65	4,675.65
2. Film assets and other rights acquired for a consideration	113,003,982.14	1,143,341.25	10,000.00	114,157,323.39	96,062,836.97	1,683,777.48 [1)]	2,979,163.55	94,967,450.90	19,189,872.49	16,941,145.17
3. Advance payments made	11,450.00	15,380.00	-26,830.00	0.00	0.00	0.00	0.00	0.00	0.00	11,450.00
	113,245,703.96	1,169,396.25	0.00	114,415,100.21	96,288,433.14	1,887,986.48	2,979,163.55	95,197,256.07	19,217,844.14	16,957,270.82
II. Tangible assets Other equipment, operating and office equipment	184,532.55	1,414.05	0.00	185,946.60	170,492.55	7,665.05	0.00	178,157.60	7,789.00	14,040.00
	113,430,236.51	1,170,810.30	0.00	114,601,046.81	96,458,925.69	1,895,651.53	2,979,163.55	95,375,413.67	19,225,633.14	16,971,310.82

[1)] of which impairment losses of €811k (PY: €709k)

5.6 Management report for the 2022 fiscal year

A. General

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

Behind YFE is a dynamic team of highly motivated employees with one mission in common: to create responsible and high-quality children's TV programs with enthusiasm and passion and in doing so enthuse children, young people, families, and customers all over the world.

In the international licensing trade, YFE has one of the most extensive independent European libraries for children's and family entertainment. YFE can draw on a stock of around 3,500 half-hour programs. These include a large number of series, all of which have been lovingly created and with great effort. The library is continuously maintained and supplemented by additional programs/formats. YFE is therefore able to offer an international, attractive, and varied service.

In December 2021, YFE acquired a major shareholding in the US company Genius Brands International from the USA (NASDAQ: GNUS). In 2022, the US company and YFE agreed a wide-ranging and strategic collaboration to make "Content with a Purpose" accessible to a wider audience. The close cooperation with Genius Brands International has opened the gates for YFE to enter Hollywood.

YFE successfully operates the award-winning Pay TV channel "Fix&Foxi", which has been awarded the renowned HOT BIRD™ TV Award and the Eutelsat TV Award. By integrating the "Fix&Foxi" brand, which for 60 years has had a large fan base worldwide, not just in Germany, the popularity of the two foxes has been combined with high-quality television content for families. With their 24-hour program, the two friendly foxes present an ideal mix of high-quality entertainment and educational content, as well as monthly highlights. The channel has adopted a distinct and independent position in the German-language kids' pay TV market. In addition to this, an optional channel has been available on Amazon Prime Video in the children's entertainment section under the name of "Fix&Foxi" since 2017. In January 2020, YFE announced the inclusion of "Fix&Foxi" TV in Vodafone Germany's pay TV portfolio and the expansion of an existing cooperation in the video-on-demand sector. Thanks to its successful concept, the channel is already represented worldwide in over 40 countries and in five different languages.

Since 2012, YFE has also been available on free TV through the family station “RiC”. “RiC” has successfully established itself as a private children’s and family station in German-speaking countries through its high-quality and popular European programs. Thanks to its extensive expertise and carefully selected content, “RiC” is positioning itself as the third private children’s and family program in the German-speaking world. RiC’s child-friendly presentation of the channel and the decelerated content counterbalances the predominantly American and Asian programs on offer. “RiC” is broadcast via satellite, across many cable networks and via the Internet in the German-speaking world. Since April 2022, “RiC” has been shown across Germany via Deutsche Telekom’s platform Magenta.tv. Besides this, RiC has also been broadcast in HD since 2022, which means the channel can now be received by around 36 million households in the GAS region.

B. Economic Review

1. Economic framework conditions

1.1 Overall economic performance

The German Council of Economic Experts (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung) published its Annual Report 2022/2023 entitled "Tackling the energy crisis in solidarity, shaping a new reality" ("Energiekrise solidarisch bewältigen, neue Realität gestalten") and issued its key messages in its press release dated November 9, 2022:

"

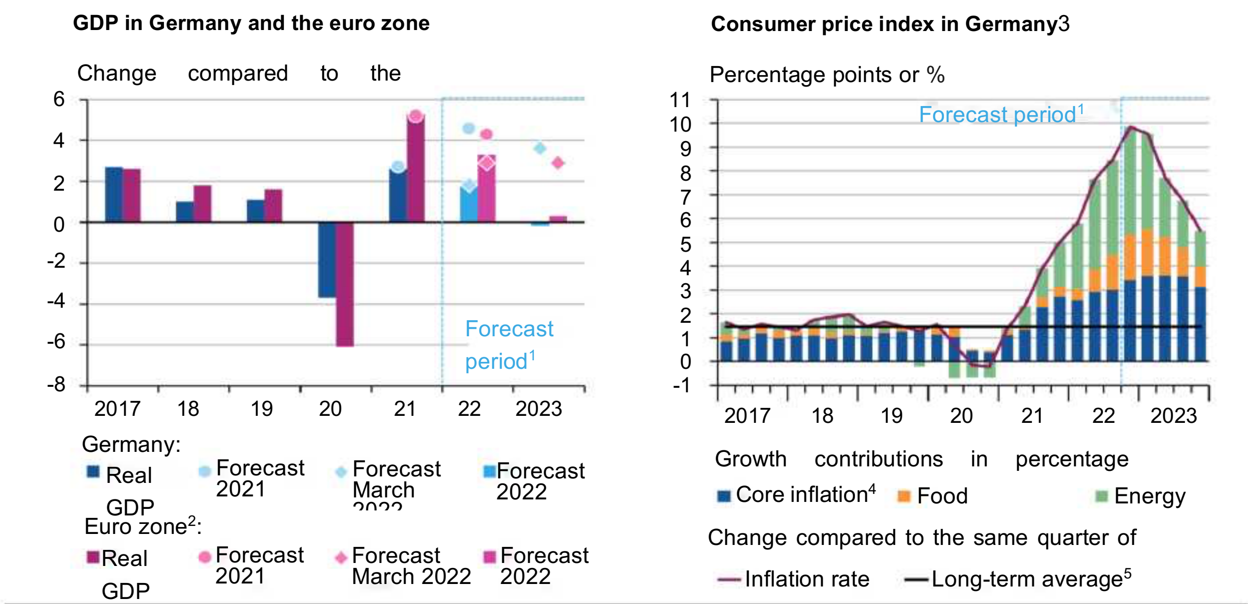
- High energy prices are having an impact on the German economy. Thus, the German Council of Economic Experts only expects to see a 1.7% growth in gross domestic product in 2022 and a 0.2% fall in gross domestic product in 2023.
- In the short term, the energy shortage must be tackled by increasing supply and making savings. Households and companies also need to receive targeted support to help them with the high energy prices.
- In the medium term, the economic policy must secure the supply of skilled personnel and, in light of the geopolitical changes, reduce dependencies.

The energy crisis and high inflation is having a massive impact on households and companies in Germany. We therefore need measures to counter the energy shortage and relief measures that are as targeted as possible. Funding for this must be secured without putting a strain on public finances. Geopolitical changes require Germany to reduce its dependencies along the supply chains. The structural and demographic changes make targeted professional training and managed labor migration essential. The subject of how to "Tackle the energy crisis in solidarity" and "Shape a new reality" was discussed by the German Council of Economic Experts in their 2022/23 Annual Report, which was presented to the federal government today.

Economic performance in the first half of 2022 was based primarily on the consumption of services, which was still going up. From the middle of the year, massively rising energy and food prices led to an ever greater reduction in purchasing power and dampened private consumption. At the same time, the energy crisis was putting a strain on production, in particular in the energy-intensive industrial sectors. The global slowdown is weakening export demand. Due to a severely worsened outlook, the German Council of Economic Experts lowered its forecast for 2022 and expects real gross domestic product (GDP) growth in Germany of just 1.7% – it expects GDP to fall by 0.2% in 2023. In 2023, company exports and investments are expected to steadily increase. Supply bottlenecks should also slowly ease off and the industry's large order backlog be worked off.

In October 2022, consumer price inflation in Germany reached 10.4%, its highest level since the early 1950s. Since the start of the year, energy prices have continued to rise. The now higher production costs are increasingly being passed onto consumers, which is also driving up core inflation. The German Council of Economic Experts therefore expects the inflation rate to be 8.0% in 2022 and 7.4% in 2023. High inflation rates curb economic growth and can have a negative effect on the labor market. They can also have a negative impact on corporate financing and investment decisions. "The ECB must therefore continue to act decisively," explains Ulrike Malmendier, a GCEE member. "The trick is to raise interest rates in a measured way so that you tackle inflation without causing an excessive slump in the economy."

Economic outlook has become distinctly gloomy - inflation is expected to remain high



1 - Forecast of the German Council of Economic Experts. 2 - Forecasts based on season-adjusted and calendar-adjusted quarterly figures.
3 - Based on season-adjusted and calendar-adjusted data. 4 - Overall index without food and energy.
5 - Average across the period from 1999 to 2021.

Sources: Deutsche Bundesbank, Eurostat, Federal Statistical Office, company's own calculations

©German Council of Economic Experts | 22-388-03

Inflation is placing different levels of strain on private households. Poorer households are having to cut back particularly severely on their consumption because they spend a larger proportion of their net income on energy and food, which have become a lot more expensive. Given the enormous price increases, extensive relief measures are justified in principle. However, many of the adopted or planned measures are not specific because, like the fuel discount, they weaken energy-saving incentives or they also largely end up in high-income households, who would be able to shoulder the burden themselves. "In terms of the tax system, compensating for cold progression is indeed a fundamental requirement," says Achim Truger, member of the German Council of Economic Experts. "However, at the moment, we need the relief to be targeted at lower and middle income groups, and public budgets should not be overstretched. Reducing cold progression is something that should be postponed to a later date. High-income households may also be involved in financing the relief measures for a strictly limited period of time via an energy solidarity surcharge or an increase in the top rate of tax. That would contribute to the enhanced targeting of the overall package consisting of relief and burdens, and manage the energy crisis in a way that shows solidarity.

To curb the rise in energy prices, the energy shortage should be tackled by increasing supply and savings. The high energy prices affect the very energy-intensive economic sectors in particular, such as the metal industry and the manufacture of glass and ceramics, as well as particularly energy-intensive products from the chemical raw materials industry. "Permanently high energy prices will continue to accelerate structural change in the industry, which was already in the pipeline, and cause the high energy intensity in the industry to reduce even more rapidly," explains Monika Schnitzer, Chair of the German Council for Economic Experts. "However, there's no need to fear the broad deindustrialization of Germany." There has been a marked decrease in the energy intensity of the German economy since the oil price crisis in the 1970s. This has been driven by two developments: Less energy-intensive economic sectors have gained slightly in importance. Above all, however, individual economic sectors have become more energy efficient.

The coronavirus crisis and the Russian war of aggression have shown how dependent Germany is on other countries in terms of energy and many critical raw materials and products. Geopolitical changes have increased the associated risks significantly. In Germany and Europe, it has brought strategic autonomy sharply back into focus. "It is absolutely critical that we reduce our dependencies and strengthen the resilience of our value chains. On top of that, we should firstly develop European production capacities and infrastructures and secondly diversify supply chains and supply sources for critical raw materials and energy sources," explains Veronika Grimm, member of the German Council of Economic Experts.

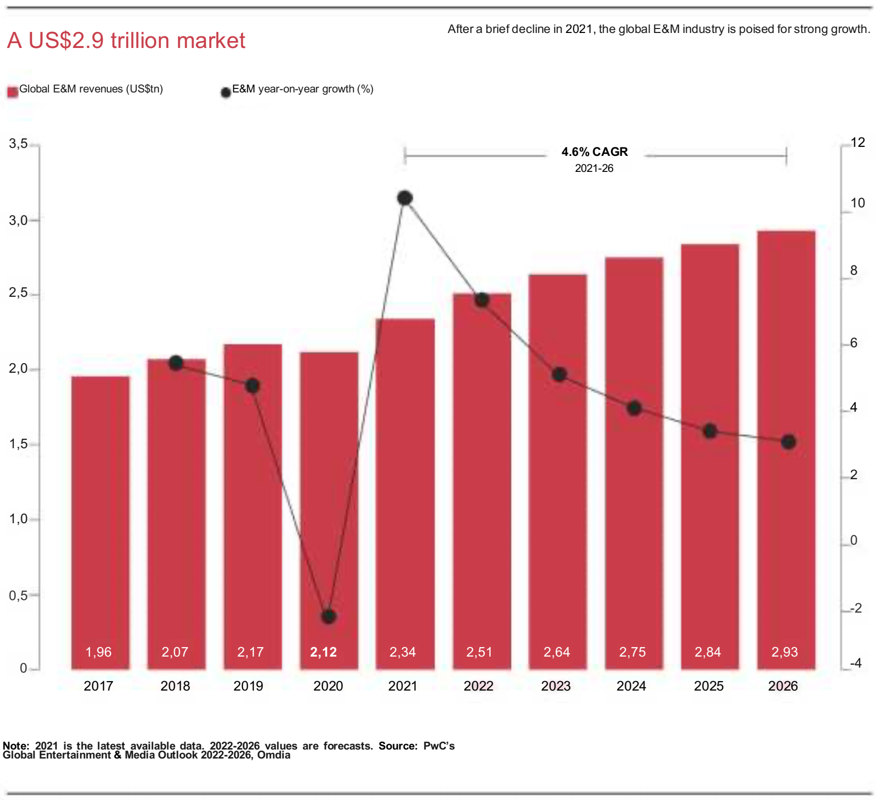
The relief measures in the energy crisis, our energy security expenditure and defense capability as well as the coronavirus help was all possible because the exception clause of the debt brake was applied. The suspension of the debt brake was once again justified in 2023 due to the consequences of the energy crisis. The shift of financing tasks to the Special Economic Stabilization Fund, which is instead what is envisaged, could limit the debt-financed expenditure more overall to energy price relief measures. However, it reduces the transparency of the federal budget and so, from this point of view, must be critically assessed. The debt ratio has risen sharply since the start of the coronavirus crisis. Up until now, this has not put the medium-term sustainability of the German public budget in jeopardy. However, Germany's state finances must be consolidated in future. In Europe, it is necessary to ensure the sustainability of public finances in light of high debt ratios and rising interest rates in many of the member countries. A reform of the Economic and Monetary Union should secure debt sustainability and guarantee state tasks can be carried out.

"Although Germany is admittedly in a downturn, the labor market is still robust. There is a marked shortage of skilled workers and even unskilled labor at the moment," notes Martin Werding, a member of the German Council of Economic Experts. "Without additional labor migration and professional development, skills shortages will remain permanent and will increase." Employees affected by structural change can avoid unemployment getting themselves qualified for other jobs through retraining and gaining additional qualifications. Vocational training opportunities in Germany should also be improved through national minimum quality standards and funding should be supported, for example, by extending the period of education. In addition to this, labor migration should be eased by significantly simplifying or abolishing the equivalence assessment of qualifications for non-regulated professions and expanding the "Westbalkanregelung" (West Balkans regulation) to include selected countries."

(Source: German Council of Economic Experts,
Press release dated 9 November 2022,
https://www.sachverstaendigenrat-wirtschaft.de/presse/details/jahresgutachten-2022-pressemitteilung.html)

1.2 The entertainment and media industry worldwide

In entertainment and media (E&M), after experiencing a decline of 2.3% in 2020, the business sectors reported strong growth in 2021 of 10.4%. This continues the trend of exceeding global growth. For 2022, global growth of 7.3% is expected, while up until 2026, the forecast is for an average annual growth rate of 4.6%.

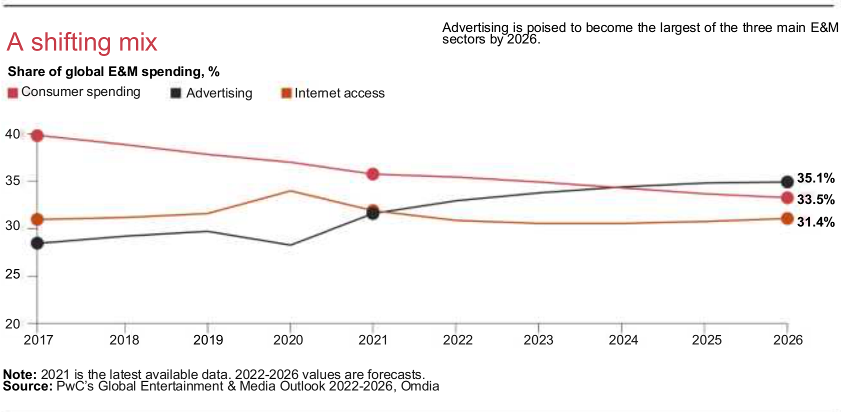


- In 2020, Over-the-Top (OTT) video recorded a sharp rise, and in 2021, further growth of 22.8% was expected, equivalent to a revenue of 79.1 billion US dollars. However, OTT income growth is expected to level off. By 2026, the average annual growth rate is expected to be 7.6%, whereby revenue will increase to US$114.1 billion.

- The competition through OTT streaming will put the traditional television set under pressure, resulting in a global fall in revenue and an average annual growth rate (CAGR) of -0.8%. Revenue is expected to shrink by US$231 billion in 2021 to US$222.1 billion in 2026.

- Cinemas are slowly recovering from the COVID closures and are expected to reach a total revenue of US$45.2 billion in 2023.

- Revenue for video games has increased by 32% between 2019 and 2021 and is expected to achieve an average annual growth rate (CAGR) of 8.4% by 2026, creating a US$321 billion industry.

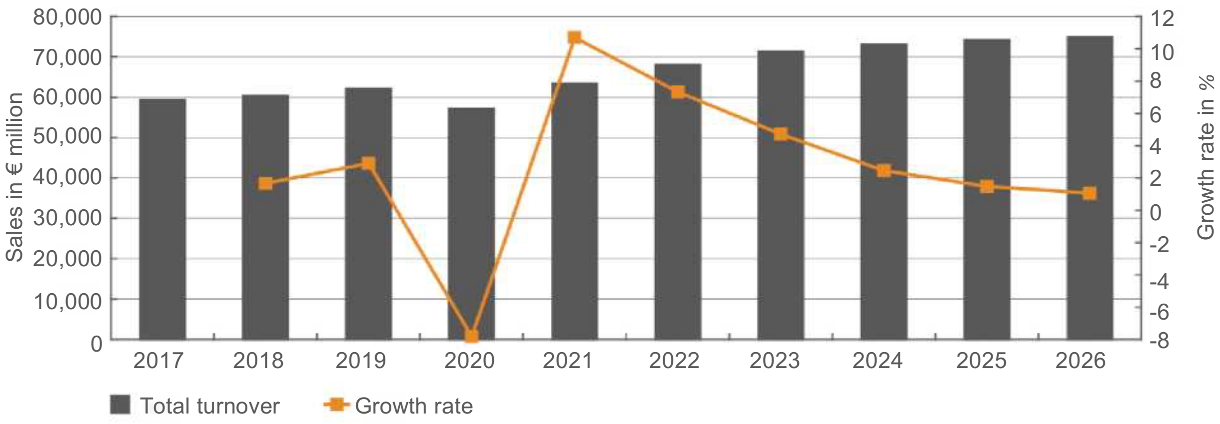


(Source: PwC - "Perspectives from the Global Entertainment & Media Outlook 2022-2026")

Forecast for total revenues in the entertainment & media sector in Germany

For 2022, in its "German Entertainment & Media Outlook 2022-2026", PwC is expecting entertainment and media industry revenues to increase by 7.3% to €68.2 billion. According to the forecast, total revenue will increase between 2021 and 2026 on average by 3.4% per year, which results in a total revenue of €75.0 billion in 2026.

Fig. 1 Total sales in the E&M sector in Germany



Sources: PwC,

In 2021, revenue for the **German TV market** was €6.6 billion, the equivalent to a rise of 8.9% compared to the previous year. The number of TV households rose slightly by 1.0% to a total of 39 million. At the same time, the number of televisions in sets of TV households rose compared to the previous year. That means that increasing numbers of households own more than one TV set.

According to the Digitalization report Video 2021, the TV remains the most important device for moving image use in Germany. 56.9% of those questioned aged 14 or over stated that they use the TV as their preferred device. However, there was a slight fall of 1.1% compared to 2020. It is worth noting that moving image use also takes place on other devices, such as laptops, tablets, and smartphones, and so this may be a reason for the fall in numbers.

In 2021, satellite reception was the most popular reception mode for television in Germany. Its market share grew compared to the previous year by 1.6% to 47.8%, which corresponds to about 19 million TV households who use this mode of reception. Other reception modes, such as IPTV and Terrestrik, also performed positively, but at a lower level. Cable connection was the only reception mode that lost TV households in 2021. The number of cable households fell by 0.2% to 15 million households, thus continuing the downward trend seen in recent years.

The falling use intensity of the classic television and the growing supply of video content on free platforms as well as on platforms operated by various streaming providers continues to add to the competitive pressure on TV stations. In particular, younger households are increasingly giving up traditional TV connections, preferring instead to use OTT offers.

To counter this competitive pressure, public and private TV stations and Pay TV providers have developed two strategies: Firstly, they are concentrating more on content, for example through collaborations and partnerships with streaming services, telecommunications providers, and film studios. This helps them expand their offer and maintain a presence on the new platforms. Secondly, they are developing their own media libraries and/or streaming platforms so they can offer users a wider range of products and services whilst also alleviating the competitive pressure.

Forecasts for the German television market are pointing towards the trends seen in 2021 continuing over the coming years. The market is therefore expected to grow up until 2026 by an average of 0.1% per year generating revenues of €6.6 billion, which corresponds to an increase in revenue of €23 million. The number of TV households is expected to continue to steadily rise, on average by 0.3% per year up until 2026, equating to a total increase of 499,000 TV households. In terms of the reception mode, cable connection is continuing to lose popularity and is experiencing an average decline of 0.5% per year. Satellite reception, on the other hand, is expected to retain its position as the most wide-spread mode of reception in Germany.

Total revenue in the **Internet video market** in Germany grew by 26.1% in 2021 to €2.4 billion. Most of the revenue (79.8%) was generated by subscription services (S-VoD), which still picked up more sales compared to transactional video on demand (T-VoD) (+3.6% compared to the previous year). When comparing their development, S-VoD also contrasts sharply with T-VoD: In 2021, the subsegment recorded growth of 32.1% compared to 2020 (€1.9 billion). Thus, the growth rate is returning to the pre-crisis levels of 2018. Income from T-VoD has increased by 6.9% to €482 million. In 2021, for 60.8% of the users surveyed YouTube remained the most popular video portal (+3.6% compared to the previous year). However, streaming services provided by private channels and media libraries provided by public broadcasters have also gained usage volume. At 9.1%, Amazon Prime Video has been the most successful at building up its user base.

The impressive growth figures in the OTT market demonstrate how strong the demand is for local, non-time-sensitive, and individualized video consumption online. Providers have reacted to this and are driving forward the dynamic development of this segment. In 2021, new competitors entered the global market. These included Paramount Global with Paramount+, Warner Bros. Discovery with Discovery+ and NBC Universal with Peacock. Due to the growing competitive pressure and the necessity to secure exclusive user rights, providers are increasingly focusing on their own productions and are looking for alternative financing options, for example through ad-supported content. Other key trends include the consumption of VoD services on different end devices as well as sustainability issues.

Although growth numbers are leveling off, the German OTT market retains its position in the forecast period as the second-largest market behind the UK for streaming services in Europe. Between 2021 and 2026, total revenue will grow by 6.7% per year, reaching €3.3 billion by 2026. In particular, income from S-VoD will rise at an above-average rate across the same period, achieving an increase of 8.2% per year to €2.8 billion. In comparison, the T-VoD segment has declined slightly over the whole period (CAGR: -0.4%), as income from premium VoD services (P-VOD) fell in 2022. Revenues from T-VoD are expected to amount to €472 million in 2026.

In 2021, the **TV advertising market** in Germany benefited from the catch-up effects of the pandemic and recorded growth of 12.5% to a total of €4.7 billion. However, the market still remains below the pre-pandemic levels of 2019. Broadcast TV and online TV achieved positive advertising revenue within the market. Online TV advertising income increased by 9.6% to €252 million while the largest share of revenue of €4.4 billion was generated from advertising revenue gained from the linear television and pay-TV segment. The fall in advertising expenditure in 2020 hit private television broadcasting companies in particular, such as RTL and ProSiebenSat.1, hard. The TV sector continues to face challenges, but new opportunities are also opening up. These include the accelerated digitalization of the sector, increased diversity of entertainment services and products offered and changing consumer behavior. Television broadcasting companies are reacting to these developments with innovative advertising concepts and the expansion of digital TV advertising formats, such as addressable TV (ATV), which enables automated and context-related advertising on internet-linked TV sets. The TV advertising market in Germany will remain changeable over the coming years and, after further catch-up effects in 2022, will achieve total revenues of €4.7 billion, which is €29 million higher than the pre-crisis levels of 2019. However, revenues will stagnate up until 2026 and advertising income from TV broadcast will fall between 2021 and 2026 by an average of 0.2%, while online TV advertising income will grow between 2021 and 2026 by 2.3% per year, generating revenues of €283 million in 2026.

(Source: PwC "German Entertainment and Media Outlook 2022 - 2026")

2. Significant events in the fiscal year 2022

Mandatory offer of Genius Brands International, Inc.

On December 2, 2021, Genius Brands International, Inc., Beverly Hills, California, USA ("Genius Brands") informed Your Family Entertainment Aktiengesellschaft that it had entered into an agreement with the shareholder F&M Film- und Medien Beteiligungs GmbH, Vienna, Austria ("F&M") for the acquisition by Genius Brands of a stake of approx. 29% in Your Family Entertainment Aktiengesellschaft at a purchase price of EUR 2.00 per registered share. At the same time, an agreement was concluded with F&M on the further joint exercise of voting rights for the shares held by both parties in Your Family Entertainment Aktiengesellschaft.

On obtaining control of Your Family Entertainment Aktiengesellschaft pursuant to Sections 35(1), 29(2) WpÜG, Genius Brands is obliged to make a mandatory offer pursuant to Section 35(2) WpÜG for the acquisition of all registered shares of Your Family Entertainment Aktiengesellschaft. Genius Brands has also informed the company today that it intends to make such a mandatory offer to the shareholders of Your Family Entertainment Aktiengesellschaft in return for a cash consideration in the amount of EUR 2.00 per registered share of Your Family Entertainment Aktiengesellschaft. This would correspond to a premium of around 65% on the current share price (XETRA closing price on December 1, 2021) and a premium of around 62% on the volume-weighted average price of the last three months before the announcement of the offer. The offer document for the mandatory offer will be published on the internet after approval by the German Federal Financial Supervisory Authority ("BaFin").

In addition, Genius Brands announced that it will invest up to EUR 7 million in Your Family Entertainment Aktiengesellschaft to support the expansion of Your Family Entertainment Aktiengesellschaft's global digital and analog channel presence and proprietary formats. Genius Brands also proposes to change the company's name to Genius Family Entertainment Aktiengesellschaft.

Genius Brands International, Inc. (Nasdaq: GNUS) is a leading global media company that develops, produces, markets and licenses children's entertainment and consumer products for media and retail distribution. The Management Board and Supervisory Board of Your Family Entertainment Aktiengesellschaft plan to enter into a strategic partnership with Genius Brands. According to Your Family Entertainment Aktiengesellschaft, this is to extend in particular to consolidation of common distribution activities, film libraries, station activities and streaming platforms for children. Further synergies from a strategic partnership of this sort could also result in the area of global rights management of family program licenses.

Both the Supervisory Board and the Management Board welcome the involvement of Genius Brands as a new strategic shareholder in the company and look forward to further development with this financially strong partner.

As part of the mandatory public offer by Genius Brands International, Inc., YFE offered 67,130 treasury shares and received in return €134,260 in liquid funds. This achieved a profit of €44,656.01. The transaction is shown in the balance sheet in the items "Nominal value of treasury shares" (in issued capital) and Capital reserve. This transaction was shown in full in the balance sheet and had no impact on the income statement.

Conversion of convertible bond 2020/2022

On November 18, 2019, the Management Board and Supervisory Board resolved to issue a convertible bond (2020 / 2022) with a total nominal value of up to €4,375,460, divided into up to 2,573,800 partial bearer bonds with equal rights and a nominal value of €1.70 each.

The term of the convertible bond began on February 1, 2020 and ends at the close of March 31, 2022.

On February 2, 2022, YFE announced that it plans to exercise its early conversion right pursuant to Section 4(6) of the terms and conditions of the 2020/2022 convertible bond (ISIN DE000A2YPF18) in respect of all outstanding 2,573,800 partial bonds with a nominal value of €1.70 each and to take all necessary measures to this end in the short term.

The new shares were created and delivered with a date of March 9, 2022. The company's liabilities decreased by €4,375k, while shareholders' equity increased accordingly.

This capital measure was entered in the commercial register on May 12, 2022.

Convertible bond (2022/2027)

On the basis of the authorization resolution of the Annual General Meeting of June 29, 2021, the Management Board resolved to issue a convertible bond (2022/2027) for a total nominal amount of up to €7,239,730.00, divided into up to 1,447,946 partial bearer bonds with equal rights and a nominal value of €5.00 each on April 5, 2022. This was confirmed by the Supervisory Boardon the same day.

Each partial bearer bond bears an interest of 3.5% p.a. and indeed over the course of the whole term, unless it has been previously paid back or converted into shares of the bond debtor in accordance with Section 4(6) of the terms and conditions of the Convertible Bond. There is no interest rate for the period between the date the issue price is paid and the date the term of the convertible bond starts, on May 2, 2022. Interest is paid in arrears on May 2 with the first payment made on May 2, 2023.

The term of the convertible bond starts on May 2, 2022 and ends at close of business on May 1, 2027.

Partial bearer bonds are issued at the issue price of 100% of the nominal value, i.e. €5.00 per partial bearer bond.

To date, partial bearer bonds amounting to €10,575.00 have been issued as part of this convertible bond (2022/2027).

Capital increase May 2022

YFE's Management Board adopted the following resolution on March 23, 2022 based on the resolution adopted by the Annual General Meeting of June 29, 2021:

1. The company's share capital amounting to €13,031,530.00 will be increased with the partial utilization of the Authorized Capital 2021 by up to €2,004,850.00 to up to €15,036,380.00 with the issue of up to 2,004,850 new registered no-par-value shares with an equivalent amount in share capital of €1.00 against cash contributions ("new shares").

2. The new shares will be issued at the lowest issue amount of €1.00 per new share and carry dividend rights from January 1, 2022. The subscription right of the shareholders for fractional amounts is excluded.

3. Only Small & Mid Cap Investmentbank AG, Munich shall be permitted to subscribe for the new shares. The statutory subscription right has been granted to shareholders as an indirect subscription right in such a way that the new shares are subscribed by the Small & Mid Cap Investmentbank AG and taken over with the obligation to offer them for subscription to shareholders at a subscription price of €3.00 per new share in a ratio 13: 2 and to deliver the

exercised subscription rights accordingly after entering the capital increase in the commercial register. To make for a smooth subscription ratio mathematically, the Management Board has ensured that a subscription right comprising five shares cannot be exercised. Any shares left unsubscribed at the end of the subscription period due to the subscription right may be offered for sale to institutional investors as part of a private placement through Small & Mid Cap Investmentbank AG at least at the subscription price. Small & Mid Cap Investmentbank AG shall be obligated to transfer the respective additional proceeds to the company after deduction of an appropriate commission and costs. The period for the acceptance of the subscription offer ends, at the earliest, 2 weeks after the announcement of the subscription offer.

4. Subscriptions are non-binding if the implementation of the entire capital increase has not been entered in the company's commercial register by May 31, 2022.

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

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

The capital increase of €1,203,112.00 was carried out with the issue of 1,203,112 new no-par-value registered shares with an equivalent amount in the share capital of €1.00 per share.

The company's share capital will therefore be increased by €1,203,112.00 from €13,031,530.00 to €14,234,642.00 against cash contributions with the issue of 1,203,112 new shares.

This capital measure was entered in the commercial register on May 12, 2022.

Granting of a shareholder loan by Genius Brands International, Inc.

On July 19, 2022, a shareholder loan agreement was concluded between Genius and YFE. Genius has provided YFE with a shareholder loan amounting to €1.3 million up until June 30, 2026. The interest rate is 5% p.a.; no agreement was concluded for the provision of collateral.

Conclusion of a cooperation agreement with Genius Brands International, Inc.

In June 2022, it was possible to sign a long-term cooperation agreement with Genius Brands International, Inc., which includes, on the one hand, a mutual distribution mandate for marketing programs to third parties and, on the other, mutual licensing of rights for broadcasting on their own channels. This represents an important milestone in the further development of YFE and increases the appeal of the programs on both sides.

Increase in real capital October 2022

Due to the resolution adopted by the company's Annual General Meeting of June 28, 2022, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the company on one or more occasions on or before June 27, 2027, by a total of up to EUR 7,117,321.00 against cash and/or non-cash contributions by issuing up to 7,117,321 new no-par-value registered shares (Authorized Capital 2022). The Management Board is authorized, among other things, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right among other things if, in the case of a capital increase against contributions in kind, the shares are granted for the purpose of acquiring companies, parts of companies, or holdings in companies (including increasing existing holdings), or for the purpose of acquiring accounts receivable from the company; With the further approval of the Supervisory Board, the Management Board is authorized to determine further details of the capital increase and its implementation. The Supervisory Boardis authorized to amend the wording of the Articles of Association accordingly after each exercise of the authorized capital or expiry of the period for the utilization of the authorized capital.

The above authorization was entered in the company's commercial register on August 1, 2022 by way of amendment to the Articles of Association as Section 4 (3) of the company's Articles of Association.

In view of this, the Management Board passed the following resolution on August 12, 2022 subject to the approval of the Supervisory Board:

1. The company's share capital will be increased by €41,858.00 from €14,234,642.00 to €14,276,500.00 with the issue of 41,858 new no-par-value registered shares with an equivalent amount in the share capital of €1.00 and full dividend rights from January 1, 2022 against contributions in kind ("new shares").

2. The issue amount per new share is €3.00.

3. The statutory subscription right of the shareholders is excluded.

4. 30,000 new shares are offered for subscription and acquisition to Mr. Christoph A. Kahl, Pferdmengesstraße 3, 50986 Cologne, Germany. For this, Mr. Christoph A. Kahl shall contribute his interest claim amounting to €90,000.00 against the company in accordance with the option agreement of March 26, 2021 for the granting of an option to subscribe to a new convertible bond in the company, once the company has not issued a new convertible bond by March 31, 2022. 11,858 new shares are offered for subscription and acquisition to the Holler Foundation, Promenadeplatz 9, 80333 Munich, Germany. For this, the Holler Foundation shall contribute their interest claim amounting to €35,574.00 against the company in accordance with the option agreement of March 25, 2021 for the granting of an option to subscribe to a new convertible bond in the company, once the company has not issued a new convertible bond by March 31, 2022.

5. The subscription is non-binding if the capital increase has not been entered in the company's commercial register by October 31, 2022.

6. The total cost of the capital increase is borne by the company.

This capital measure was entered in the commercial register on October 4, 2022.

Capital increase December 2022

Due to the resolution adopted by the Annual General Meeting of Your Family Entertainment Aktiengesellschaft ("company" or "YFE") of June 28, 2022, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the company on one or more occasions on or before June 27, 2027, by a total of up to € 7,117,321.00 against cash and/or non-cash contributions by issuing up to 7,117,321 new no-par-value registered shares (Authorized Capital 2022). As a matter of principle, shareholders are to be granted subscription rights. The new shares may also be underwritten by one or more banks with the obligation to offer them to shareholders for subscription. However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right to the extent deemed necessary to compensate for fractional amounts, among other things. Finally, the Management Board is authorised, with the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation. The Supervisory Board is further authorized to amend the wording of the Articles of Association accordingly after each exercise of the authorized capital or expiry of the period for the utilization of the authorized capital.

The change in Section 4 (3) of the Articles of Association regarding the Authorized Capital 2022 has been entered in the commercial register on August 1, 2022. The Authorized Capital 2022 exists after partial use in the amount of up to €7,075,463.00.

Based on the above authorization, the Supervisory Board made the following resolutions on November 4:

1. The company’s share capital amounting to €14,276,500.00 will be increased making partial use of the Authorized Capital 2022 by up to €7,075,463.00 to up to €21,351,963.00 with the issue of up to 7,075,463 new registered no-par-value shares with an equivalent amount in share capital of €1.00 against cash contributions (“new shares”).

2. The new shares will be issued at the lowest issue amount of €1.00 per new share and carry dividend rights from January 1, 2022. The subscription right of the shareholders for fractional amounts is excluded.

3. Only Small & Mid Cap Investmentbank AG, Munich shall be permitted to subscribe for the new shares. The statutory subscription right has been granted to shareholders as an indirect subscription right in such a way that the new shares are subscribed for and taken over by the Small & Mid Cap Investmentbank AG with the obligation to offer them for subscription to shareholders at a subscription price of €3.00 per new share in a ratio 2: 1 for subscription, and to deliver them subsequent to the registration of the implementation of the capital increase in the Commercial Register in accordance with the exercised subscription rights. To make for a smooth subscription ratio mathematically, the Management Board has ensured that a subscription right comprising 125,574 shares cannot be exercised. Any shares left unsubscribed at the end of the subscription period due to the subscription right may be offered for sale to institutional investors by Small & Mid Cap Investmentbank AG as part of a private placement at least at the subscription price of every new share. Small & Mid Cap Investmentbank AG shall be obligated to transfer the respective additional proceeds to the company after deduction of an appropriate commission and costs. The period for the acceptance of the subscription offer ends, at the earliest, 2 weeks after the announcement of the subscription offer.

4. Subscriptions are non-binding if the implementation of the entire capital increase has not been entered in the company’s commercial register by January 31, 2023.

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

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

The capital increase of €1,036,696.00 was carried out with the issue of 1,036,696 new no-par-value registered shares with an equivalent amount in the share capital of €1.00 per share. The company’s share capital has thus increased by €1,036,696.00 from €14,276,500.00 to €15,313,196.00 against cash contributions with the issue of 1,036,696 new shares.

This capital measure was entered in the commercial register on December 13, 2022.

3. Business performance

The Management Board manages the company based on monthly reporting, among other methods. The key data used to manage the company relates in particular to turnover, EBITDA (earnings before interest, taxes, depreciation and amortization) and liquidity status.

Write-ups and depreciation can have a significant impact on the company’s earnings and thus do not allow any conclusions to be drawn about the company’s operational business. In order to neutralize this effect, the Management Board has decided to focus on EBITDA as one of the key indicators in its management of the company. For assessment of the asset situation, the liquidity status and the planning derived from it are also essential in making investment decisions.

The SARS-CoV-2 virus and associated measures, and the global impact of the war in Ukraine continued to have an impact last year, albeit a very mild one.

Despite this, extensive new business deals were signed. “The Tribe” series, which was exclusively distributed by YFE, was launched in March in South Africa in cooperation with the state South Africa Broadcasting Corporation. Another very positive collaboration launched at the beginning of April 2022 with the Austrian public service broadcaster ORF and includes the exclusive free TV rights of the initial broadcasting of the German version of the new children’s series “SuperHero Kindergarten".
Shortly afterwards, YFE announced the start of Kartoon Genius!, the new two-hour program block with high-quality content, on the Fix&Foxi channels. The quality and reach of the Fix&Foxi channels was expanded into the Middle East and Africa regions as well as into the USA and Latin America.

In April, YFE also announced a new partnership with MagentaTV, the TV service from Deutsche Telekom. Cooperating with MagentaTV has enabled Your Family Entertainment AG to offer its advertising partners the channel’s expanded reach of 4 million customers.

Another milestone was making RiC TV available in HD quality.

Furthermore, at the end of April, YFE announced our new cooperation with Moreplex TV, the Direct-To-Home TV platform from Moreplex Television Limited. This cooperation has ensured every customer of the Pay-TV platform Moreplex TV in Sub-Saharan Africa has access to the English-language Pay-TV channel Fix&Foxi Channel, and has thus boosted the international expansion of Fix&Foxi Channel in Africa.

In June 2022, it was possible to sign a long-term cooperation agreement with Genius Brands International, Inc., which includes, on the one hand, a mutual distribution mandate for marketing programs to third parties and, on the other, mutual licensing of rights for broadcasting on their own channels. This represents an important milestone in the further development of YFE and increases the appeal of the programs on both sides.

Another highlight was the announcement of the partnership with the world-famous chef, entrepreneur, and philanthropist Wolfgang Puck on US Independence Day. Together with our main shareholder, we are creating a new animation series for the worldwide market: "Wolfgang Puck's Secret Chef Academy".

These annual financial statements are confirmation of the last forecast provided by the Board of Directors in the half-year financial report 2022 to significantly increase revenue in the 2022 fiscal year compared to 2021 - and with it EBITDA.

3.1 Sales performance

Sales revenue in the licensing business, including TV stations, amounted to €4,198k in the 2022 fiscal year, around 35% above the previous year's level of €3,114k.

Of this, 100% of sales revenue was generated in the "License Sales" segment. No sales revenue was generated from the "Productions" segment.

In principle, fluctuations in the development of sales can occur as a result of project business and/or so-called "package deals". Furthermore, sales revenue is deferred due to the rules of accounting, as sales are not recognized until the beginning of the license period. This effect can lead to shifts in sales to later periods.

3.2 Sales by regions

The company's revenue by region was:

Region	2022		2021	
	in €k	*in %*	*in €k*	*in %*
Domestic	1,437	34	1,426	46
Foreign	2,761	66	1,688	54
Total	**4,198**	100	**3,114**	100

3.3 EBITDA

Sales above the previous year's level resulted in positive EBITDA of €167k (PY: €54k), which is calculated as follows:

	2022 **€**	2021 **€k**
Annual net profit (PY: Annual net loss)	835,161.07	-79
+ Taxes on income and earnings	8,520.76	11
+ Interest and similar expenses	406,728.83	402
+ Write-downs of fixed assets	1,895,651.53	1,423
./. Write-ups of fixed assets	2,979,163.55	1,703
EBITDA	**166,898.64**	54

3.4 Liquidity

Cash and cash equivalents at the balance sheet date amounted to €3,171k (PY -€308k).

3.5 Summary

Sales revenue was around 35% higher than in the previous year, with positive EBITDA. In the 2022 fiscal year, annual net profit was generated in the amount of €835k (PY: annual net loss €79k).

Aside from the events during the course of business, what was essential for the company was what it could realize on the liabilities side of the balance sheet. In the 2022 fiscal year, several capital measures were carried out, which, as of December 31, 2022, resulted in no more liabilities to banks and an increase in cash and cash equivalents from -€308k to €3,171k. Shareholders' equity increased from 46% to 85%. EBITDA also increased from €54k to €167k. If you were to adjust this by the costs in the context of the 2022 capital measures - around €377k - then this would have resulted in an adjusted EBITDA of €544k.

It should also be noted that €126 had to be booked as an expense in the financial result. This was brought in as part of an increase in real capital, but it then had a negative impact on the annual result.

The Management Board is generally satisfied with the development of business in 2022.

4. Profit situation

Sales revenue from the licensing business, including TV stations, amounted to €4,198k in the 2022 fiscal year, around 35% above the previous year's level. The increase relates entirely to the "License Sales" division.

The annual net profit for 2022 amounted to €835k (PY: annual deficit of €79k)

EBITDA amounted to €167k (PY: €54k).

Other operating income totaled €3,044k in the reporting year (PY: €1,776k). This mainly consists of write-ups on film asset values of €2,979k (PY: €1,703k).

Depreciation increased year-on-year from €1,423k to €1,896k. In addition to straight-line write-downs of film assets values amounting to €56k (PY: €7k) and utilization-related write-downs amounting to €1,017k (PY: €683k), this includes unscheduled amortization of film rights amounting to €811k (PY: €709k), which was recognized as a result of the impairment test carried out as of the balance sheet date. Film rights that have been fully amortized once due to utilization are no longer included in film assets. Write-ups on film assets relate only to those film rights that were previously written down by unscheduled depreciation. Fluctuations due to write-ups and write-downs in the carrying amount of film assets and thus also in the income statement cannot be ruled out in the future.

Costs of material relate to licenses, commissions and material. They are directly connected with recognized sales revenues. These are mainly sales-dependent license fees that are to be paid to the licensors of the company. The increase is primarily in the TV channel sector.

Other operating expenses mainly relate to the costs of repairs and administration (especially investor relations, legal, court, audit and consultancy costs), rental and leasing costs, and press, advertising and trade fair costs.

Worth noting in particular are the external expenses amounting to around €377k, which have arisen in connection with the capital measures carried out. Although these expenses must be recognized in the income statement, they are not linked to the company's operating business.

In addition, expenses for losses from the increase in specific bad debt allowances on trade receivables amounting to €54k (PY: €14k) and from currency conversion amounting to €22k (PY: €2k) were recognized.

5. Financial position

The total balance sheet amount increased by €6,372k to €24,012k (PY: €17,640k).

Film asset values increased by €2,248k to €19,189k (PY: €16,941k). This increase is mainly the result of the write-ups on film assets mentioned above.

Trade receivables and other assets increased by €1,027k to €1,585k (PY: €558k).

Shareholders' equity changed by €12,179k from €8,140k to €20,319k resulting in an equity ratio of around 85% as of December 31, 2022 (PY: 46%).

As of December 31, 2022, the company has subscribed capital of €15,313k (PY: €10,458k), issued capital of €15,309k (PY: €10,391k), a capital reserve of €9,271k (PY: €2,839k) and an accumulated deficit of €4,254k (PY: -€5,089k).

Other provisions & accrued liabilities reduced to €528k (PY €549k).

The cash outflow from operating activities amounted to €782k (PY: €87k), the cash outflow from investment activities amounted to €171k (PY: €23k) and the cash outflow from financing activities was €4,432k (PY: cash outflow €387k).

Cash and cash equivalents at the balance sheet date amounted to €3,171k (PY -€308k).

UniCredit Bank Austria AG, Vienna, Austria, has a credit line of € 3,600 thousand, which is granted indefinitely. Of this amount, €0k had been drawn down as of December 31, 2022; the bank balance at UniCredit Bank Austria AG amounted to €2,043k. Under an agreement dated July 11, 2012, UniCredit Bank Austria AG, Vienna, provided the company with a separate guarantee facility of €140k.

In addition, there is a credit line of €750k with Deutsche Bank AG, Munich, Germany, which has been granted for an indefinite period until further notice and can be terminated with three months' notice. As of December 31, 2022, €0k was drawn down; bank balances at Deutsche Bank AG amounted to €1,127k.

As of the balance sheet cut-off date, the company records loans from credit institutions of €0k (PY: €3,763k) with cash and cash equivalents (including available credit lines) of €7,521k (PY:

€591k). In addition, as of the balance sheet date the company had a tradable portfolio of treasury shares amounting to €10k (4,425 shares valued on the Frankfurt Stock Exchange at a price of €2.22 per share as of December 31, 2022).

The company’s liquidity was sufficient at all times.

By using continuous financial planning, the company is able to monitor its short-term liquidity requirements.

In order to effectively manage and guarantee medium-term liquidity requirements, an annual liquidity forecast is prepared based on the budget as well as appropriate adjustments made throughout the year. Other objectives of financial management are to optimize interest expense and income and to secure the foreign currency required. The company also has US dollar accounts in order to meet its international financial requirements.

6. Investments

In the reporting period, investments were made of € 1,171k (PY: €27k), which were essentially based on new licenses and amounted to €1,000k non-cash.

7. Key data

in €k	2022	2021
Turnover	4,198	3,114
EBITDA[1]	167	54
EBIT[2]	1,250	334
Annual net profit / previous year annual deficit	835	-79
Total balance sheet amount	24,012	17,640
Film assets	19,190	16,941
Shareholders' equity	20,319	8,140

[1] EBITDA = Net loss/profit + Taxes on income and earnings + Interest and similar expenses ./. Other interest and similar income + Write-downs ./. Write-ups
[2] EBIT = EBITDA + Write-ups ./. Write-downs

8. Employees

Personnel expenses in the 2022 fiscal year amounted to €1,310 and were thus above the previous year's value of €1,082k.

On average throughout the reporting year, 11 employees (PY: 13), including apprentices and trainees but excluding the Management Board, were employed, of which 0.75 (PY: 2) was employed on a part-time basis. As of the balance sheet date, there was a total of 13 people (PY: 14) employed in the company, including two members of the Management Board.

C. Risk management

General and operational risks are continuously recorded, evaluated, and identified and relevant measures are introduced to minimize the risks. We consider risk management to be a core responsibility of the Management Board, Senior Management, and all employees.

Risk management at Your Family Entertainment AG is divided into four key steps:

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

For each of these steps, appropriate tools corresponding to the size of the company have been developed, which cover time horizons of less than one year to several years, depending on the content.

Regular discussions between the Management Board and the second management tier are a central tool in the company's risk management. They are used to identify, evaluate, and offset risks at an early stage and monitor measures taken. The second management tier also informs the Management Board about risks that may unexpectedly occur outside these regular discussions.

Specific issues are discussed promptly by the Management Board and the Supervisory Board.

We rely on three tools to continuously monitor risk: liquidity management, sales controlling and balance sheet controlling. By guaranteeing regular and systematic control of these areas, all major operational and structural risks of the company's business activities are monitored. The overall responsibility for monitoring these risks lies with the company's Management Board.

The aim of liquidity management is to continuously review and ensure the solvency of the company. For this purpose, liquidity management is based on three reporting formats: the annual liquidity plan as part of preparation of the budget, the rolling liquidity forecast and the daily liquidity status.

The purpose of sales controlling is to recognize, quantify, and develop the sales potential of the company by planning and coordinating its sales activities. This guarantees that realizable medium-term sales potential is recognized, expenses and investments are covered by realizable income, and realistic cash flow plans can be drawn up. The sales activities of the company are also planned on the basis of the sales planning and is checked based on a rights-based approach.

Balance sheet controlling aims to monitor the balance sheet items to recognize necessary corrections at an early stage, in particular in the event of a shortfall in shareholders' equity. Balance sheet controlling is based on three pillars: the audited annual financial statements, the half-year financial report, and the continuous balance sheet controlling.

In addition, a monthly report featuring a break-even analysis is prepared. The development of the particular market and company performance are also updated in an internal rolling forecast. This planning thus serves as a key early warning system as well as the basis for deviation analyses and planning control.

The basic aim of the risk management system is to avoid risks. However, as some of the risks lie outside the Management Board's control, even a well-functioning risk management system is unable to guarantee that all risks are eliminated. As such, developments may occur that deviate from the Management Board's plans.

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

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

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

We understand an internal control system to be the principles, procedures and measures introduced by the Board and management of the company that are aimed at organizational implementation of management's decisions to ensure the effectiveness and efficiency of business activities (this also includes protection of assets, including the prevention and detection of asset misappropriation), the correctness and reliability of internal and external financial accounting and compliance with the legal regulations relevant to the company.

The risk management system encompasses the totality of all organizational rules and measures for the purposes of identifying risk and dealing with the risks of entrepreneurial activity.

With regard to the financial accounting process, the following structures and processes are implemented at Your Family Entertainment AG:

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

As far as the financial accounting process is concerned, we consider those features of the internal control and risk management system to be significant that could materially affect the accounting and the overall presentation of the annual financial statements, including the management report. These comprise the following elements in particular:

- identification of material areas of risk and control of relevance for the financial accounting process;
- ongoing balance sheet controlling to monitor the financial accounting process and its results;
- preventive control measures in finance and accounting and in operational corporate processes that generate material information for the preparation of the annual financial statements including the management report, including separation of functions and approval processes in relevant areas;

- Measures to ensure proper IT-based processing of accounting-related facts and data;
- measures to monitor the accounting-related internal control and risk management system.

E. Risk, opportunity, and forecast report

1. Risk report

On the basis of a qualitative and quantitative assessment, the company has divided the risks specified below into several categories and within each category listed the two most important risks, taking into account of the probability of their occurrence and the expected extent of their negative impact on the company and the shares. However, it is important to bear in mind that such an assessment of the company is based on assumptions, which may prove in retrospect to be incorrect. The order in which the risk factors following the first two risk factors are listed in each category, however, is not intended to reflect either the relative probability or the potential impact of their occurrence. The order of the categories does not represent an assessment of the materiality of the risk factors within this category compared to risk factors in another category.

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

1.1 Risks concerning the net assets, financial position, and operating results

Risks from access to external financing

YFE takes out loans to finance its business activities. Thus, for example, YFE has recently concluded a loan agreement with UniCredit Bank Austria AG, Vienna, Austria, for a credit line of up to €3.6 million, which was not used as of the reporting date of December 31, 2022. As part of this loan agreement, YFE has transferred security rights and claims from film license contracts to UniCredit Bank Austria AG.

YFE has also concluded a loan agreement with Deutsche Bank AG, Munich, Germany, for a credit line of up to €0.75 million, which was not used as of the balance sheet date of December 31, 2022.

In addition to this, the main shareholder, Genius Brands International, Inc., has granted Your Family Entertainment a shareholder loan in the amount of €1.3 million.

The capacity of the company to obtain external finance under economically acceptable conditions as required in future depends in part on the prevailing capital market conditions, in particular the level of interest rates, on the conditions imposed on the company and its operating results and on the ability to dispose of (other) valuable security if needed. If the necessary finance cannot be obtained under acceptable conditions or it cannot be obtained at all, because, for example, the other security required by lenders cannot be provided, and the company does not have its own funds available to the extent necessary, this would impair the capacity of the company to make future investments and respond to the challenges of the market and of competitors. This may have a significant negative impact on the company's net assets, financial position and operating results.

Risks arising from the necessity to write down the value of film assets

YFE has a large number of utilization rights (film assets). Depending on the use of the film rights, these rights are regularly subjected to valuation, which can result in a need to write them down. In concrete terms, periodically proportionate, utilization-related write-downs are applied according to the proportionate sales attributed to the fiscal year in relation to the overall scheduled utilization of the individual film rights, including the revenue achieved in the fiscal year. Moreover, an impairment test is carried out on each balance sheet cut-off date. Such write-downs have a direct impact on operating results. There is therefore a risk that the write-downs that have to be applied could have a significant negative impact on the net assets and operating results of YFE.

Risks arising from exchange rate fluctuations

The company's current and future activities outside the area of the European Monetary Union are partly transacted in currencies other than the euro, either by YFE or its distribution partners. 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 a risk that losses from such exchange rate fluctuations cannot always be covered by appropriate currency hedging transactions. Unfavorable exchange rate fluctuations and costs incurred for currency hedging transactions could therefore have negative effects on the business operations, consequently, on the net assets, financial position, and operating results of the company.

Risks arising from bad debts

The company endeavors to counteract bad debts by means of contractual agreements on prepayment and/or by ensuring security via guarantees for the performance of contracts from major European banks. Accounts receivable are regularly audited as part of the process for determining the specific provisions for bad debt. There is the risk that bad debts cannot always be excluded or hedged by means of suitable measures and that they may therefore have a negative effect on business operations and consequently, on the net assets, financial position, and operating results of the company.

1.2 Risks in connection with business operations

Risks from the reliance on the term of licenses, failure to extend them, and the opportunity to acquire new licenses

Around two thirds of YFE’s catalog of film rights, which currently comprises around 150 titles, are made up of licenses from third parties, while only about one third of the titles were produced or co-produced by it. In contrast to most of its own or co-produced titles, the company does not hold third-party licenses indefinitely, but generally for between five and 20 years. If the company is interested in renewing these licenses for a subsequent period when they expire, it is dependent on the rights holder to relicense them, i.e. to extend them again, as YFE would not otherwise be able to continue using the titles. In addition, the company is dependent on having the necessary funds available if an extension is desired. If “relicensing” were no longer possible in a large number of cases or only under economic conditions unacceptable to YFE or if it does not have sufficient funds available, the company would lose a significant part of its film rights catalog and thus the foundation of its business.

In addition to the option to extend existing licenses, YFE also depends on continual acquisition of new licenses for new programs and their marketing in order to replace licenses that have expired or not been extended and expand the film rights catalog. If the company is not able to replace licenses that expire or acquire new licenses, it could have a negative impact on the size of the available film rights catalog and thus on the foundation of the business. The realization of one of these risks could have a negative impact on the net assets, financial position and operating results of YFE.

Reliance on the current management and other key personnel

A central component of the future success that YFE is striving for comprises the expertise, longstanding contacts and industry experience of the two Management Board members and of other important employees. If board members and/or other important employees in key positions are no longer available, in particular because, given the size of the company, some important functions are currently covered by one employee only, YFE must provide a qualified and experienced replacement. There is thus a risk that the business activity would be significantly impaired if members of the Management Board and/or key employees in key positions were to be no longer available and the company had not been able to find qualified personnel to carry on this activity in its present form within the required timeframe. Such negative impairment of business activity may have a negative impact on the net assets, financial position, and operating result of YFE.

Risks arising from reliance on large customers

As of the date of the prospectus, YFE generates about a third of its sales from its most important large customers. There is therefore a reliance on those large customers. A decline in the contractual relationships with one or more large customers (e.g. because of termination, failure to renew a contract or insolvency) would have a negative impact on YFE's business activities. If YFE is unable in such a case to compensate for the fall in sales by acquiring new customers of a comparable size at short notice, it could be disadvantageous to YFE's business activities and competitive position.

Risks in the production of programs

The production of programs – both produced by the company itself and co-productions – is generally very cost-intensive. It could result in delays and/or unplanned cost increases in producing such programs. In addition, a change in consumer behavior, particularly in the event of a delay in production, may make the sale of the product at a later date much more difficult.

There is therefore a risk that delays and/or unplanned cost increases in the production of programs will affect sales and revenue negatively and thus have a significant negative impact on the net assets, financial position, and operating results of YFE.

Risks arising from changes in consumer behavior

The film rights catalog of YFE mainly contains animation and live action programs for children and families. The company is in competition with its products and services with other leisure activities, such as sporting activities for children, when it comes to the time that children spend watching television. Changes in the leisure behavior of children in favor of leisure activities other than watching TV could lead to a decline in demand for YFE's programs and services. In addition, YFE must meet the quality requirements and the constantly changing expectations of its end customers. Programs will only succeed on the market if they reflect and satisfy the expectations of viewers. An important prerequisite for this is continuous observation of the market. Market trends and changing consumer preferences must be identified at an early stage, and the response to them must be successful. This might not succeed for YFE, for example, because it cannot carry out sufficient market research given the small number of staff. This could make YFE's programs less attractive to customers and therefore more difficult to sell on the market. A change in end consumer behavior may lead to a change in the purchasing policy of rights users, in particular because of adjustments made to programming by broadcasting companies in response to consumer preferences. The relevant film and television market for YFE is still characterized by the influence of a process of consolidation and concentration, among both producers and customers. These developments may have implications for the demand for programs. The target audience of TV channels and groups of channels, in particular, carry out a break-even analysis on the programs they broadcast to a much greater extent than in the past. In combination with the increase in multiple evaluations of individual productions in the industry and the introduction of proprietary platforms for the exploitation of in-house productions leads to a more efficient use of companies' own program resources and thus to a lower level of new investments. Moreover, external factors such as current consumer and leisure behavior and basic shifts in the advertising market are affecting the channels' program planning and purchasing policy. The realization of one or more of these risks could result in a drop in demand from rights users for the programs and services of YFE and thus have a significant negative impact on the net assets, financial position, and operating results of YFE.

Cyber attacks

YFE assumes that global cyber attacks will continue to increase in the future. On the basis of the procedures implemented, the Management Board currently considers that the occurrence of IT risks is unlikely. Expenses for the recovery of files and the delays in deliveries to customers could have a short-term impact on the situation of the company if such an attack were successful. Precautions have been taken to minimize this work.

2. Opportunities report

In addition to its high-quality and broad program library with around 3,500 half-hour programs, the many years of experience in the production of television programs and extensive cooperation network with purchasing broadcasters can be seen as the strengths of Your Family Entertainment AG.

Significant potential for the development of the company lies in the ongoing expansion of the pay TV channel "Fix&Foxi", through the acquisition of further platforms and thus ultimately of subscribers, and the free TV channel "RiC", through the possibilities of selling advertising time.

Furthermore, the company's opportunities lie in an even better exploitation 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.

The advance in digitalization and the resulting changes in opportunities for and/or habits of media consumption continue to develop into positive framework conditions.

The Management Board sees the involvement of Genius Brands International, Inc. as an opportunity to gain access to the latter's rich and expanding portfolio of content and to the US market, which is otherwise difficult to open up. Furthermore, joint developments will be pursued and, last but not least, the program range of Your Family Entertainment is to be expanded and its capital position strengthened.

The aforementioned opportunities provide a balanced basis on which to continue developing the company.

3. Overall view of the risk and opportunities situation

The overall picture of the risk and opportunity situation of the company is composed of the individual risks and opportunities presented in all risk and opportunity categories.

Apart from the risk categories described, there are unforeseen events that could disrupt business operations.

Opportunities have improved significantly compared to the previous year due to the involvement of Genius Brands International, Inc., while the risks are considered to have remain unchanged.

There is no evidence of any risks that, by themselves or in combination with other risks, could jeopardize the company's continued existence either on the balance sheet cut-off date or at the time of preparing the annual financial statements.

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

4. Forecast report

As a result of the involvement of Genius Brands International, Inc. the company's focus in 2023 will be on building new collaborations between the company and its strategic major shareholder Genius Brands International, Inc. Here, YFE aims to exploit the opportunities provided by the strategic partnership and together achieve more in the area of License Sales and in the channel business. YFE intends to achieve greater programming appeal, in particular for its domestic channels with the addition of content from Genius Brands International, Inc. and to access additional markets and customers through the joint marketing of licenses.

In an ever-changing media and content market, the Management Board envisages further, fundamentally high demand in the international streaming segment, from which YFE would like to profit via license sales and, in the long term, via the re-release of well-known characters. The size of the YFE library in the area of children's and family programming is an advantage when supplying existing streaming customers and is attractive to new competitors who need to secure a basic service.

The development of revenues and earnings will continue to be subject to fluctuations in the future because of the dependency on projects or so-called “package deals”. Together with its new cooperation partner, YFE aims to strengthen revenue continuity and grow revenues in its own channels.

For the current 2023 fiscal year, the Management Board expects sales to be slightly higher than in the previous year, with a corresponding increase in EBITDA. As the economic position remains uncertain due to the continuing war in Ukraine, uncertainties in the banking sector and ongoing inflation, the future situation may differ significantly from the Management Board’s forecast.

The various capital measures throughout 2022 led to an increase in the company’s share capital from €10,458k to € 15,313k. Shareholders’ equity increased from €8,140k to €20,319k with a simultaneous reduction of all bank liabilities and liabilities from the convertible bond (2020/2022). The Management Board sees this positive development as an opportunity to make cautious strategic and sound investments in IT and content development from existing liquidity reserves.

The Management Board will in principle also consider sound strategic mergers and acquisitions using share capital and cash.

F. Declaration of the company's management pursuant to Section 289f HGB

(no substantive audit subject as part of the audit of annual financial statements)

The corporate governance statement (Section 289f HGB) includes the declaration of conformity, disclosures on corporate governance practices, a description of the working methods of the Management Board and Board of Directors and information about the diversity concept. In this context, our aim is to describe the management of the company in a manner that is clear and to the point.

1. Declaration of conformity of the Board of Management and the Supervisory Board of Your Family Entertainment AG regarding the German Corporate Governance Code pursuant to Section 161 AktG

The Management Board and Supervisory Board of Your Family Entertainment Aktiengesellschaft declare in accordance with
Section 161 German Stock Corporation Act (AktG):

Your Family Entertainment Aktiengesellschaft has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated April 28, 2022 (publication in the Federal Gazette of June 27, 2022) since the last declaration of conformity was issued and shall continue to comply with them in the future, with the following exceptions:

A. Management and supervision

- ***A.5***

"The management report describes the significant features of the whole internal control system and risk management system. It should comment on the appropriateness and effectiveness of this system."

The reporting in Your Family Entertainment AG's management report includes detailed information on the risk management system with regard to the accounting process. Recommendation A.5 DCGK 2022 may not been fully complied with at this point in time. There is uncertainty as to whether the opinion submitted has met the requirements stated in A.5 DCGK, according to which a statement should be made concerning the appropriateness and effectiveness of the whole internal control and management system. For this reason, a deviation from A.5 DCGK has been given as a precautionary measure.

B. Nomination of the Management Board

- ***B.1***

  "In the composition of the management board, the Supervisory Boardshould pay attention to diversity"

The target to be achieved for the proportion of women on the Management Board is set at 50%. As the Management Board currently has two male members and there are no current plans to expand it, the Supervisory Board has not set a deadline for achieving this target figure.

The two board members are of different nationalities and have different professional training and backgrounds. Aspects of the diversity required by the Code have thus been taken into account.

- ***B.2***

  "The Supervisory Board ***should work with the management board to ensure long-term succession planning; the approach should be described in the corporate governance statement."***

The Supervisory Board and the Management Board have recognized the issue of succession planning and this is one of the reasons behind the expansion of the Management Board in June 2020. Succession planning was discussed but not put in writing and has therefore not been described in the corporate governance statement.

- ***B.5***

  "An age limit should be specified for members of the management board and specified in the corporate governance statement."

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

C. Committees of the Supervisory Board

- ***C.1***

  "The Supervisory Board should specify concrete objectives for its composition and develop a competence profile for the entire body. In doing so, the Supervisory Board should pay attention to diversity. The skills profile of the Supervisory Board should also include expertise on the key sustainability issues for the company. Proposals of the Supervisory Board to the annual general meeting should take these objectives into account and at the same time aim to complete the competence profile for the entire body. The status of implementation should be published in the form of a qualification matrix in the corporate governance statement. This should also provide information on what the shareholder representatives in the Supervisory Board considers to be the appropriate number of independent shareholder representatives and the names of those members."

The Supervisory Board of Your Family Entertainment AG does not state any specific objectives for its composition. A skills profile for the entire board is not being developed, which means a qualification matrix will not be published in the statement on corporate governance statement. In its proposal of suitable candidates for the Board of Directors, the Board of Directors has always aimed to put together a body made up exclusively of members who possess the requisite knowledge, skills and professional experience to perform their duties properly. In the opinion of the Supervisory Board, this approach has proven successful. It is therefore considered unnecessary to change this practice. Consequently, the recommendations under C.1 cannot be followed either.

- ***C.2***

  "An age limit should be specified for members of the Supervisory Board and specified in the corporate governance statement."

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

- ***C.6***

  "The Supervisory Board should include an appropriate number of independent members on the shareholder side, taking into account the ownership structure.

  For the purposes of this recommendation, a member of the Supervisory Board is considered independent if he or she is independent of the company and its management board and independent of any controlling shareholder."

- ***C.7***

  "More than half of the shareholder representatives should be independent of the company and the management board. A member of the Supervisory Board is independent of the company and its management board if he or she has no personal or business relationship with the company or its management board that could give rise to a material and not merely temporary conflict of interest.

  When assessing the independence of its members from the company and the management board, the shareholder side should in particular take into account whether the member of the board of directors or a close relative of the member of the Supervisory Board
  - ***was a member of the company's management board in the two years preceding the appointment,***
  - ***currently has or has had in the year up to his appointment a significant business relationship with the company or a company dependent on the company (e.g. as a customer, supplier, lender or consultant), directly or as a shareholder or in a responsible function of a company outside the group,***
  - ***is a close relative of a member of the management board or***
  - ***has been a member of the board of directors for more than 12 years."***

- ***C.8***

  "If one or more of the indicators set out in Recommendation C.7 are met and the member of the Supervisory Board in question is nevertheless deemed to be independent, this should be justified in the corporate governance statement."

C.10

"The chair of the Supervisory Board, the chair of the audit committee and the chair of the committee dealing with management board remuneration should be independent of the company and the Management Board. The chair of the audit committee should also be independent of the controlling shareholder."

Your Family Entertainment Aktiengesellschaft does not follow recommendations **C.6, C.7, C.8 und C.10** for the following reasons:

Recommendation **C.6 (2)** states that a member of the Supervisory Board is considered independent if he or she is independent of the company and its Management Board and independent of a controlling shareholder. Recommendation **C.7 (2)** contains a non-exhaustive list of cases in which dependence is generally considered to exist.

All members of the Supervisory Board, with the exception of Michael Jaffa, have been members of the Supervisory Board of Your Family Entertainment Aktiengesellschaft for more than 12 years, so that they would be considered to have a lack of independence under the Code.

From the point of view of Your Family Entertainment Aktiengesellschaft, the use of indicators of this sort and the assessment of the individual members of the Board of Directors based on them entail legal uncertainties for declarations of conformity in this context.

On the one hand, the term "independence from the management board" used here is vague and is not defined any further by law or in legal practice. According to the GCGC 2022, it is also necessary to consider whether the person has been a member of the Board of Directors for more than twelve years. In this connection, it is questionable that a long membership of the Board of Directors is necessarily an indicator of a lack of independence. It may be that long-term membership could lead to operational blind spots to a certain extent, but an initial presumption of cronyism and thus a lack of independence of the Board cannot be justified on that basis alone. Even in the case of members of the Supervisory Board of Your Family Entertainment Aktiengesellschaft who have served for more than 12 years, they can claim to be in a position to hold the Management Board to account without bias. It goes without saying that it is good practice in companies for a member of the board of directors to maintain a minimum personal and professional distance from the members of the management board in order to be able to act impartially in a critical situation or over controversial decisions. However, the nuances of this cannot be addressed reliably by legal norms or code recommendations, but must, in the view of Your Family Entertainment Aktiengesellschaft, be left to the good practice of each company. Against this background, Your Family Entertainment Aktiengesellschaft considers the provisions of the GCGC 2022 on independence to be inappropriate and will continue to assess the independence of the members of its Supervisory Board on the basis of the existing criteria.

Based on these considerations, we do not regard a term of office of members of our Supervisory Board that has lasted for more than 12 years to be significant.

D. Work methods of the Supervisory Board

- ***D.1***

  "The Supervisory Board should adopt rules of procedure and make them available on the company's website."

The Supervisory Board has not yet made its rules of procedure available on the company's website. Publication of the rules of procedure on the website of the company is, however, planned for the future.

- ***D.2***

  "The Supervisory Board should form professionally qualified committees depending on the specific circumstances of the company and the number of its members. The respective committee members and the committee chair should be named in the corporate governance statement."

- ***D.4***

  "The Supervisory Board should form a nomination committee composed exclusively of shareholder representatives which nominates suitable candidates for the Supervisory Board as proposals to the annual general meeting for the election of members of the Supervisory Board."

The above recommendations **D.2 und D.4 a**re not complied with, as the formation of other committees in addition to the audit committee is not deemed necessary in view of the size of the Board of Directors (four members).

- ***D.12***

  "The bSupervisory Boardshould regularly assess how effectively the Supervisory Board as a whole and its committees perform their duties. In the corporate governance statement, the Supervisory Board should report whether and how such self-assessment was conducted."

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

F. Transparency and external reporting

- ***F.2***

  "The consolidated financial statements and the group management report should be publicly accessible within 90 days of the end of the fiscal year, and the mandatory interim financial information should be publicly accessible within 45 days of the end of the reporting period."

The annual financial statements and management report of Your Family Entertainment Aktiengesellschaft are not made publicly available within 90 days of the end of the fiscal year, and mandatory financial information during the year (e.g. half-yearly financial report) is not made publicly available within 45 days of the end of the reporting period. The workload required for a timely release of this information would involve unjustifiably high costs. In the opinion of the Management Board and the Board of Directors, the legal requirements for prompt provision of information to shareholders and the capital market are adequate.

- ***F.3***

  "If the company is not required to issue quarterly reports, in addition to the half-yearly financial report it should provide information in an appropriate form on business performance in the course of the year, in particular in the event of significant changes in the prospects for business or the risk situation."

The Management Board and the The Supervisory Board are of the opinion that the publication of the annual financial report and the half-year financial report in conjunction with other publications of the company, such as press releases, corporate news and other mandatory publications, are adequate instruments for providing information about business performance and significant changes in the prospects for business and the risk situation, and for this reason does not follow recommendation F.3.

G. Remuneration of the Management Board and The Supervisory Board

- ***G.6***

  "The variable remuneration resulting from the achievement of long-term goals should exceed the proportion resulting from short-term goals."

The Management Board's variable remuneration is measured on the specific result achieved the respective financial year. The Supervisory Board considers this the right form of intensification of the Management Board at the present time.

- ***G.10***

  "The variable remuneration amounts granted to the management board member should be invested by the latter predominantly in shares of the company, taking into account the respective tax burden, or granted in a share-based format. The management board member should not be able to dispose of the long-term variable amounts for a period of four years."

The new remuneration system for the Management Board drawn up by the Supervisory Board in 2022 and approved by the Annual General Meeting of June 28, 2022 does not provide for any share-based, variable remuneration components. In view of the small free float of the company's shares, this was not considered necessary.

The option granted to the Management Board member Bernd Wendeln by agreement of May 8, 2020 to acquire 350,000 shares in Your Family Entertainment AG from F&M constitutes a right that is similar to share-based, variable remuneration, granted to Mr. Wendeln in connection with his appointment to the Management Board. If this option is exercised, Mr. Wendeln can also immediately dispose of the shares received in this way.

· ***G.11***

"The Supervisory Board should have the option to take account of extraordinary developments within an appropriate framework. In justified cases, it should be possible to withhold or reclaim variable remuneration."

Your Family Entertainment AG deviates from this recommendation, as the remuneration system is currently based exclusively on financial performance criteria. Payment is made only if the agreed parameters are achieved for a period that has already expired. The option agreement between Management Board member Bernd Wendeln and F&M dated May 8, 2020, concerning the right to acquire shares in Your Family Entertainment AG from F&M in the period up to April 30, 2024, does not provide for any option to withhold or reclaim any amounts.

· ***G.13***

"Payments to a member of the management board on premature termination of his contract should not exceed the value of two years' remuneration (severance payment cap) and should not compensate for more than the remaining term of the contract. In the event of a post-contractual non-competition agreement, the severance payment should be credited against the compensation."

Ordinary termination of the Management Board Service Agreement is in principle excluded for both parties; however, each party has the right to extraordinary termination of the Management Board Service Agreement for good reason (Section 626 German Civil Code (BGB)), Furthermore, provision can be made for early termination of a position on the Management Board, in particular in the event of a revocation of the appointment, resignation or conversion of the company, which automatically ends the Management Board Service Agreement with a termination period determined in accordance with Section 622 (1) and (2) BGB, without the need for notice. Provision for this may also be made in the Management Board Service Agreement – subject to an earlier expiry of the regular contract term – to end once the year of life required to enter into statutory retirement has been completed, and in the case of a permanent incapacity of the Management Board member to work at the end of the quarter in which the permanent incapacity to work has been established.

In the case of temporary incapacity to work as a result of an uninterrupted period of absence due to illness, it can be agreed that the Management Board member will continue to be paid the fixed remuneration for a period of up to six months, however, at the most for the remaining period of the Management Board Service Agreement, and the variable remuneration will only be paid based on a pro-rata calculation. In the event that the service agreement ends with the death of the Management Board member, provision can be made for them to continue to be paid the fixed annual salary for the month in which the death occurs and up to two additional months, however, at the most for the remaining period of the Management Board Service Agreement.

There is no contractually defined severance payment cap in the event of extraordinary termination, as payment of any remuneration would cease immediately if this were to occur.

Munich, April 2023

Dr. Hans-Sebastian Graf von Wallwitz
(Chairman of the Supervisory Board)

Dr. Stefan Piëch
(Management Board/CEO)

Bernd Wendeln
(Management Board/COO)

This explanation represents an update to the one published on the company's website in November 2022 and reproduces the statement of compliance in full. The explanation and update are published on the company's website (www.yfe.tv) under the heading Investor Relations. Earlier declarations pursuant to Section 161 AktG can also be accessed there. Likewise, declarations that are no longer current will remain accessible there - at least for five years.

2. Remuneration report

The applicable remuneration system for the members of the Management Board pursuant to Section 87a(1) and (2) sentence 1 AktG, which was approved by the Annual General Meeting of June 28, 2022, can be found on the company's website (www.yfe.tv) under the heading Investor Relations. The resolution of the Annual General Meeting of June 29, 2021 according to Section 113 (3) AktG on the remuneration of members of the Supervisory Board is also available. At the same website address, you can also view the remuneration report and the opinion of the statutory auditor in accordance with Section 162 AktG.

3. Information about corporate governance practices and the operation of the Management Board and Board of Directors

The corporate governance of Your Family Entertainment AG is structured as follows:

3.1 Shareholders and Annual General Meeting

The shareholders of our company exercise their rights by taking part in the Annual General Meeting. The Annual General Meeting is convened in accordance with legal requirements and deadlines, where the agenda is given. The Chair at the Annual General Meeting takes over from the Chair of the Supervisory Board.

The Annual General Meeting is responsible for making decisions on all the tasks assigned to it by law. These include electing members of the Supervisory Board, Articles of Association, the use of profits, and the implementation of capital measures.

3.2 Supervisory Board

The main function of the Supervisory Board is to advise and monitor the Management Board. The Supervisory Board of Your Family Entertainment AG is currently made up of four full members and one substitute member.

The Supervisory Board of Your Family Entertainment Aktiengesellschaft currently has a full complement of four members, all of whom are male. The current members of the Supervisory Board are elected until the end of the Annual General Meeting that resolves on the formal approval of their actions for the 2023 fiscal year. It would not therefore be possible to set a quota for women on the Supervisory Board before this time without increasing the number of members of the Supervisory Board. The Supervisory Board does not consider a quota like this to be appropriate, particularly given the size of the company. Nevertheless, the Supervisory

Board will give due consideration to women for future vacancies as part of its candidate nominations.

In addition to the reimbursement of expenses, which also include VAT charged on their remuneration, the Supervisory Board get a fixed remuneration, which is paid after the end of the financial year. This amounts to €10,000 for every individual member; the Chair receives double the amount and the Deputy Chair receives 1.5 times the amount.

According to the legal requirements, an audit committee was formed. Its members are Dr. Aufschnaiter (Chair of the audit committee), Dr. Graf v. Wallwitz, and Mr. Thun-Hohenstein. Dr. Aufschnaiter contributes his expertise in the area of accounting and Mr. Thun-Hohenstein his expertise in the area of auditing.

3.3 Management Board

As the public company's executive body, the Management Board is responsible for managing the company and is bound, under the provisions of the German Stock Corporation Act, to uphold the interests and the business principles of the company. It regularly, promptly, and comprehensively informs the Supervisory Board of all significant issues relating to business development, corporate strategy, and potential risks.

The remuneration of the Supervisory Board consists of a combination of performance-related and fixed components.

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

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

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

As the Management Board currently has two male members and there are no current plans to expand it, the Supervisory Board has not set a deadline for achieving this target figure.

However, in a resolution dated April 29, 2019, the Management Board determined that the target for the proportion of women at the management level below the Management Board should be 20%. As the proportion of women at this management level is currently more than 50% and therefore meets the target figure, there is no need to set deadlines for achieving the target. If the proportion of women at management level falls below 20%, the Management Board will review the matter and, in particular, set a deadline for compliance with this target ratio. The Management Board will also review the matter if and as soon as any further management level is established.

3.4 Shareholdings of the Management Board and Supervisory Board

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

3.5 Transparency

Your Family Entertainment AG places high priority on providing uniform, comprehensive, and prompt information. Reporting on the company's business situation and results takes place in the annual financial report and the half-year financial report.

In addition to this, information is published through press releases and ad-hoc announcements. All announcements and releases are available online.

Your Family Entertainment AG has prepared the insider list required by Section 18 of the Market Abuse Regulation (MAR). The persons concerned have been informed of their legal obligations and the possible sanctions.

3.6 Accounting and auditing

Since the 2006 fiscal year, the annual financial statements of Your Family Entertainment AG have been prepared solely in accordance with the provisions of the German Commercial Code (HGB). After the Management Board has prepared the annual financial statements, they are audited and reviewed by the auditor and Supervisory Board, after which they are approved by the Supervisory Board. The annual financial statements are published within four months of the end of the fiscal year.

It was agreed with the auditors that the Chair of the Supervisory Board, Dr. Hans-Sebastian Graf v. Wallwitz, and the Chair of the audit committee, Dr. Andreas Aufschnaiter, would be informed immediately of any grounds for disqualification or partiality or of any inaccuracies in the Declaration of Conformity that arise during the audit. The auditor, too, immediately reports to the Chair of the Board of Directors on any major issues and events that emerge during the audit.

3.7 Risk management

The business units 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 managers and all employees. The aim is to identify risks at an early stage, limit them and at the same time exploit business 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

We have developed suitable strategies, adapted to the size of the company, for each of these steps.

Regular discussions between the Management Board and the second management tier are the central instruments in Your Family Entertainment AG's risk management in order to recognize, assess, and, if necessary, counteract risks 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.

Specific issues are discussed promptly by the Management Board and the Supervisory Board.

Controlling and the internal control systems are material components of a consistent and effective risk management system.

As some of the risks lie outside the Management Board's control, even a well-functioning risk management system is unable to guarantee that all risks are eliminated. As such, developments may occur that deviate from the Management Board's plans.

3.8 Information about the diversity concept

On May 1, 2015, the "Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sectors" of April 24, 2015 (Federal Law Gazette I p. 642) entered into force. For listed companies, Section 111(5) AktG now stipulates that the Supervisory Board must determine target ratios for the percentage of women on the Supervisory Board and the Management Board and, at the same time, set deadlines for attaining these ratios.

The Supervisory Board addressed this matter and resolved the following on December 15, 2020:

Target figure for the proportion of women on the Supervisory Board

Pursuant to Section 9(1) of the company's Articles of Association in conjunction with Sections 95 sentence 1, 96(1) alternative 6, and 101(1) AktG, the Supervisory Board of Your Family Entertainment Aktiengesellschaft is comprised solely of three shareholder representatives elected by the Annual General Meeting.

The Supervisory Board of Your Family Entertainment Aktiengesellschaft currently has a full complement of three members, all of whom are male.

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

The current members of the Supervisory Board are elected until the end of the Annual General Meeting that resolves on the formal approval of their actions for the 2023 fiscal year. The implementation of a quota of women of more than 0% on the Supervisory Board would therefore not be feasible by the aforementioned date without expanding the Supervisory Board. The Supervisory Board does not consider it appropriate to increase the number of members to six, especially taking into account the size of the company. Without limiting the target ratio for the percentage of women on the Supervisory Board stipulated below, the Supervisory Board will, however, pay particular attention to consideration to women for future vacancies on the Supervisory Board in the context of its candidate nominations.

<u>This being the case, the Supervisory Board has adopted the following resolution:</u>

The target ratio for the percentage of women to be appointed to the Supervisory Board is set at 0%. It is thus not necessary to set deadlines for achieving the aforementioned target ratio.

In the run-up to the Annual General Meeting, which decided on the discharge for the 2018 fiscal year, the Supervisory Board and the Management Board held intensive discussions and exchanged views on the proposal to nominate new candidates for the Supervisory Board as of the date of the Annual General Meeting. In determining the target for the proportion of women on the Supervisory Board, the Supervisory Board believes that, in addition to company and industry-specific characteristics, the availability of suitable, qualified female candidates to serve on the Supervisory Board with the required experience in management positions must also be taken into account. As a result, the Supervisory Board resolved to propose to the Annual General Meeting which decides on the election of members of the Supervisory Board up to the date of discharge for the 2023 fiscal year the candidates Dr. Sebastian Graf von Wallwitz (attorney), Dr. Andreas Aufschnaiter (management consultant) and Mag. Johannes Thun-Hohenstein (lawyer and media consultant). For the aforementioned reasons, an expansion to more than 3 members does not appear appropriate to the Supervisory Board, taking into account the size of the company.

Target figure for the proportion of women on the Management Board

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

Until May 31, 2020, the Management Board consisted of one male member. In the run-up to the expansion of the Management Board as of June 1, 2020, the Supervisory Board and the Management Board held detailed discussions about filling the additional position on the Management Board and decided on a suitable candidate who has the relevant qualifications and experience. In determining the target for the proportion of women on the Management Board, the Supervisory Board is of the opinion that the Management Board is currently adequately staffed with two members, particularly in view of the size of the company. With regard to the term of office of the current members of the Management Board, no personnel changes are planned for the Management Board until at least December 31, 2022. It would not therefore be possible to appoint a female quota of more than 0% to the Management Board before this date without increasing the number of members of the Management Board. Furthermore, the Supervisory Board of Your Family Entertainment Aktiengesellschaft has, in the interests of the company, been guided primarily by the suitability of the candidate in its decisions on appointments to the Management Board, with the aim of ensuring that the Management Board as a whole possesses the knowledge, skills and professional experience required to perform its duties properly. These should remain the decisive criteria in future, even if particular attention is paid to active consideration of qualified female candidates to fill any Management Board vacancies.

Nevertheless, since June 1, 2020, the expansion of the Management Board has resulted in a different situation than was previously the case with a sole member of the Management Board, allowing the Supervisory Board to redefine the target for the proportion of women.

<u>In this context, the Supervisory Board adopted the following resolution:</u>

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

As the Management Board currently has two male members and there are no current plans to expand it, the Supervisory Board has not set a deadline for achieving this target figure.

G. Reporting in accordance with Section 289a HGB

1. Composition of the subscribed capital

As of the balance sheet date, the share capital is divided into 15,313,196 no-par-value shares with a proportionate amount of the share capital of €1.00. As of December 31, 2022, the share capital thus amounts to €15,313,196.00. All shares are registered by name. They are fully paid up.

2. Direct or indirect shareholdings in the capital

As of December 31, 2022, F&M Film und Medien Beteiligungs GmbH, based in Vienna, Austria, held 26.10% of the share capital and 44.78% of the voting rights of Genius Brands International, Inc., USA were indirectly attributable to it.

Genius Brands International Inc., USA directly held 44.78% of the share capital and 26.10% of the voting rights of F&M Film und Medien Beteiligungs GmbH, Vienna, Austria were also indirectly attributable to it.

As of December 31, 2022, Christoph Kahl, Germany held 17.25% of YFE's share capital and the Holler Foundation, Germany held 4.90%.

3. Holders of shares with special rights

As of December 31, 2022, there are no shares with special rights.

4. Type of voting right control in the case of employee shareholdings

As of December 31, 2022, there is no control of voting rights in this regard.

5. Statutory provisions and provisions of the Articles of Association on appointment and dismissal of members of the Management Board and on amendments to the Articles of Association

Members of the Management Board are appointed and dismissed pursuant to Sections 84 and 85 AktG. Amendments to the Articles of Association are made pursuant to Sections 133 and 179 AktG.

6. Powers of the Management Board to issue and redeem shares

By resolution at the Annual General Meeting on June 29, 2021, the Management Board was authorized, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions on or before June 28, 2026 by a total of up to €5,228,865.00 against cash and/or non-cash contributions by issuing up to 5,228,865 new no-par-value registered shares (Authorized Capital 2021). The Management Board made partial use of this with the approval of the Supervisory Board. In future, to ensure maximum flexibility regarding the company's Authorized Capital, the Annual General Meeting of June 28, 2022 adopted the following resolution to create a new Authorized Capital amounting to 50% of the share capital after canceling the Authorized Capital 2021:

1. The Authorized Capital 2021 adopted by the Annual General Meeting of June 29, 2021 in Section 4 (3) of the Articles of Association is canceled with effect from the new Authorized Capital 2022, provided no use was being made of the Authorized Capital 2021 at the time it was canceled.

2. The Management Board is authorized, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions on or before June 27, 2027 by a total of up to €7,117,321.00 against cash and/or non-cash contributions by issuing up to 7,117,321 new no-par-value registered shares (Authorized Capital 2022). As a matter of principle, shareholders are to be granted subscription rights. The new shares may also be underwritten by one or more banks with the obligation to offer them to shareholders for subscription. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights:

   a) in order to exclude fractional amounts from shareholders' subscription rights;

   b) if a capital increase against cash contributions does not exceed 10% of the capital stock and the issue price of the new shares is not significantly lower than the stock market price (Section 186(3) Sentence 4 AktG); when exercising this authorization with exclusion of subscription rights pursuant to Section 186(3) Sentence 4 AktG, the exclusion of subscription rights on the basis of other authorizations pursuant to Section 186(3) Sentence 4 AktG shall be taken into account;

   c) if, in the case of a capital increase against contributions in kind, the shares are granted for the purpose of acquiring companies, parts of companies or holdings in companies (including increasing existing holdings) or for the purpose of acquiring accounts receivable from the company;

   d) to the extent necessary to grant the holders of the option and/or convertible bonds issued by the company subscription rights to new shares to the extent to which they would be entitled after exercising their option or conversion rights.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation. The Supervisory Board is authorized to amend the wording of the Articles of Association accordingly after each exercise of the authorized capital or expiry of the period for the utilization of the authorized capital.

3. The previous Section 4(3) of the Articles of Association is repealed and reworded as follows:

> "(3) The Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the company on one or more occasions on or before June 27, 2027 by a total of up to €7,117,321.00 against cash and/or non-cash contributions by issuing up to 7,117,321 new no-par-value registered shares (Authorized Capital 2022). As a matter of principle, shareholders are to be granted subscription rights. The new shares may also be underwritten by one or more banks with the obligation to offer them to shareholders for subscription. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights:
>
> a) in order to exclude fractional amounts from shareholders' subscription rights;
>
> b) if a capital increase against cash contributions does not exceed 10% of the capital stock and the issue price of the new shares is not significantly lower than the stock market price (Section 186(3) Sentence 4 AktG); when exercising this authorization with exclusion of subscription rights pursuant to Section 186(3) Sentence 4 AktG, the exclusion of subscription rights on the basis of other authorizations pursuant to Section 186(3) Sentence 4 AktG shall be taken into account;
>
> c) if, in the case of a capital increase against contributions in kind, the shares are granted for the purpose of acquiring companies, parts of companies or holdings in companies (including increasing existing holdings) or for the purpose of acquiring accounts receivable from the company;
>
> d) to the extent necessary to grant the holders of the option and/or convertible bonds issued by the company subscription rights to new shares to the extent to which they would be entitled after exercising their option or conversion rights.
>
> With the approval of the Supervisory Board, the Management Board is authorized to determine further details of the capital increase and its implementation. The Supervisory Board is authorized to amend the wording of the Articles of Association accordingly after each exercise of the authorized capital or expiry of the period for the utilization of the authorized capital."

Resolution on the authorization to issue convertible bonds, on the creation of Conditional Capital 2022, and the corresponding amendment to the Articles of Association

The Annual General Meeting of June 28, 2022 adopted the following resolution:

1. The Management Board is authorized, with the approval of the Supervisory Board, to issue bearer convertible bonds (hereinafter also referred to as "bonds") with a total nominal value of up to €25,000,000.00 and a maximum term of 20 years on one or more occasions up to June 27, 2027 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 €4,462,256.00 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 various tranches.

In principle, the shareholders have 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 banks with the obligation to offer them to the shareholders for subscription.

However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude in whole or in part the subscription rights of the company's shareholders to the bonds with conversion rights to shares in the company,

a) insofar as the bonds are issued against cash payment and are structured in such a way that their issue price is not significantly lower than their theoretical market value calculated in accordance with recognized 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 exceed a total of 10% of the capital stock, either at the time at which this authorization becomes effective or at the time at which it is exercised. When using this authorization to exclude subscription rights in accordance with Section 186(3) Sentence 4 AktG, the exclusion of subscription rights on the basis of other authorizations in accordance with Section 186(3) Sentence 4 AktG must be taken into account;

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

c) in order to exclude fractional amounts from shareholders' subscription rights.

In the event that bonds are issued, the holders of the securities shall be granted 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 capital stock represented by the shares to be issued on conversion may not exceed the nominal amount of the bonds. The exchange ratio is calculated by dividing the nominal amount of the bond by the nominal amount for one share of Your Family Entertainment Aktiengesellschaft. Provision may be made for the conversion ratio to be variable and the conversion price to be set within a range to be determined depending on the development of the share price during the term or during a certain period within the term. The exchange ratio may in any case be rounded up or down to a whole number; furthermore, a payment to be made in cash may be specified. Provision may also be made to allow for fractional amounts to be combined and/or settled in cash.

The respective terms and conditions of the bonds may also provide for 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. Furthermore, the terms and conditions of the respective convertible bonds may stipulate that the company's own shares may also be granted in the event of the conversion being exercised.

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 ratio/conversion price, be either (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 remain unaffected.

If the economic value of the existing conversion rights is diluted during the term of a bond and no subscription rights are granted as compensation for this, the conversion rights shall be adjusted in such a way that the value is preserved – notwithstanding the lowest issue amount pursuant to Section 9(1) AktG – to the extent that the adjustment is not already mandatory by law. In any case, the pro rata amount of the capital stock represented by the no-par value bearer shares to be subscribed for each bond may not exceed the nominal amount per bond.

Instead of adjusting the conversion price, the terms and conditions of the convertible bonds may also provide for the payment of a corresponding amount in cash by the company on exercise of the conversion right or on fulfillment of the conversion obligation. 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 authorized, with the consent of the Supervisory Board, to determine the further details of the issue and features of the convertible bonds, in particular the interest rate, issue price, term and denomination, conversion price and conversion period.

2. The share capital will be conditionally increased by up to €4,462,256.00 with the issue of up to 4,462,256 new no-par-value registered share certificates (conditional capital 2022). The conditional capital increase will be used to grant shares to the holders of convertible bonds that are issued in accordance with the above authorization. The conditional capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization of the Annual General Meeting of June 28, 2022 exercise their conversion rights or the conversion obligations under such bonds are fulfilled by June 27, 2027 and to the extent that no other forms of fulfillment are used. The new shares shall participate in profits from the beginning of the fiscal year in which they are created through the exercise of conversion rights or the fulfillment of conversion obligations. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to adjust the version of the Articles of Association in accordance with the utilization of the conditional capital.

3. The following new paragraph (6) has been added in Section 4 of the Articles of Association:

> "(6) The share capital has been conditionally increased by up to €4,462,256.00 with the issue of up to 4,462,256 new no-par-value registered share certificates (Conditional Capital 2022). The conditional capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization of the Annual General Meeting of June 28, 2022 exercise their conversion rights or the conversion obligations under such bonds are fulfilled by June 27, 2027 and to the extent that no other forms of fulfillment are used. The new shares shall participate in profits from the beginning of the fiscal year in which they are created through the exercise of conversion rights or the fulfillment of conversion obligations. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend the wording of the Articles of

Association in accordance with the respective utilization of the conditional capital."

Resolution on the acquisition and sale of treasury shares

The Annual General Meeting of June 29, 2021 has resolved on the new authorization to acquire and sell treasury shares according to Section 71(1) No.8 AktG with the possible exclusion of subscription rights and the possibility to include treasury shares with a reduction in the share capital as follows:

1. The company is authorized to acquire treasury shares in the company. This authorisation is, however, restricted to the acquisition of an arithmetic portion of up to 10% of the company's share capital. The shares acquired hereafter, together with treasury shares already owned by the company or are attributable to it in accordance with Sections 71 a ff. AktG, may at no time account for more than 10% of the share capital. The authorisation may be exercised in whole or in part, on one or more occasions, by the Company or by third parties for its account. The authorization is valid until June 28, 2026.

2. The acquisition shall take place either via the stock exchange or by means of a public offer to buy, addressed to all shareholders of the company.

   a) Should the acquisition take place via the stock exchange, the equivalent value per share paid by the company (excluding the ancillary costs of acquiring the shares) may not be higher than 20% and not more than 20% below the average closing price (XETRA trading or similar successor system) of shares of a similar nature on the Frankfurt Stock Exchange during the last 20 stock exchange trading days prior to the acquisition of the shares.

   b) Should the acquisition take place by way of a public offer to buy addressed to all shareholders, the purchase price per share offered (excluding the ancillary costs of acquiring the shares) may not be higher than 20% and not 20% below the average closing price (XETRA trading or similar successor system) for shares of a similar nature on the Frankfurt Stock Exchange during the last three trading days prior to the date the offer was published. The offer to buy may stipulate other conditions. The offer volume may be limited. If the total number of the shares offered for sale by the shareholders exceeds this volume, the number accepted shall be in proportion to the shares offered for sale. Provision may be made for the privileged acceptance of a limited number of shares per shareholder of up to 100 units of the shares offered for sale, rounded in accordance with commercial principles to avoid fractions of shares. Any further rights of the shareholders to offer shares is excluded in this respect.

3. The Management Board is authorized, with the consent of the company's Supervisory Board to dispose of the shares in the company acquired on the basis of this authorization or on the basis of a previous authorization in other ways than through sale by way of an offer to all shareholders or sale on the stock exchange, namely

a) by offering shares to third parties as part of a company merger, the acquisition of companies, investments in companies or parts of companies and as payment for the acquisition of receivables due from the company;

b) by selling shares to third parties. The price at which the shares of the Company are sold to third parties may not be significantly lower than the stock exchange price of the shares at the time of the sale. The exclusion of a subscription right due to other authorisations in accordance with § 186 para. 3 sentence 4 German Companies Act is to be taken into account when exercising the authorisation.

c) by using options and/or convertible bonds issued by the company or its group of companies to fulfil option and/or conversion rights or obligations;

d) by redeeming the shares without their redemption or execution requiring the approval of an additional resolution by the shareholders' meeting. The redemption leads to reduction of capital. The shares may also be redeemed in a simple procedure without reducing the capital, by adjusting the arithmetical pro rata amount of the other no-par-value shares in the share capital. The redemption may also be limited to a part of the shares acquired.

The above authorisations relating to the use of the treasury shares acquired may be exercised once or on several occasions, completely or in parts, individually or jointly. The shareholders' subscription right regarding purchased treasury shares is excluded insofar as these shares are used pursuant to the above-mentioned authorizations under a), b) and c). The Board of Management will inform the Annual General Meeting of the reasons and purpose of the purchase of treasury shares, the number of shares acquired and the amount of the share capital attributable to them, and the equivalent value paid for the shares.

4. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the respective use of the redemption authorization.

7. Material agreements that are subject to the condition of a change of control as a result of a takeover bid

There are no such agreements as of the balance sheet cut-off date.

8. Compensation agreements

On the balance sheet cut-off date, there were no compensation agreements with the members of the Management Board or employees in the event of a take-over bid.

H. Dependent company report

The Management Board has prepared the report on Your Family Entertainment AG's relationships with affiliated companies (Dependency Report) for the fiscal year 2022 and submitted it to the auditor.

The Management Board declares that the legal transactions listed in the report on relations with affiliated companies received appropriate consideration for each legal transaction according to the circumstances known to us at the time the legal transactions were carried out. No other measures were taken or avoided at the instigation of or in the interest of those companies.

Munich, April 18, 2023

Your Family Entertainment AG

The Management Board

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

6. AUDIT REPORT OF BAKER TILLY GMBH & CO. KG

AUDIT REPORT OF THE INDEPENDENT AUDITOR

To Your Family Entertainment AG, Munich

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit Opinions

"We have audited the Annual Financial Statement of Your Family Entertainment AG, Munich - consisting of the balance sheet as at 31 December 2022 and the income statement (P&L), the cash flow statement and the shareholders' equity analysis for the financial year from January 1, 2022 to December 31, 2022 and the Notes to this Annual Financial Statement, including the accounting and valuation methods. We have also audited the Management Report of Your Family Entertainment AG for the financial year from January 1, 2022 to December 31, 2022. In accordance with German legal requirements, we have not audited the content of the corporate governance statement contained in Section F the management report.

In our opinion, based on the knowledge we acquired during the course of the audit,

- the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and give a true and fair picture of the net assets and financial position of the company as of December 31, 2022 and of its profit situation for the fiscal year from January 01, 2022 to December 31, 2022 in accordance with German principles of proper accounting; and
- the attached management report gives a true and fair picture of the company's overall situation. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the aforementioned content of the corporate governance statement.

Pursuant to Section 322(3) sentence 1 HGB, we hereby declare that our audit did not establish any grounds for objecting to the correctness of the annual financial statements and the management report.

Basis for the audit judgments

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and the EU Regulation on Specific Requirements regarding Statutory Audit of Public-Interest Entities (No. 537/2014; hereinafter referred to as the “EU-APrVO”) in conformity with the generally accepted auditing standards laid down by the German Institute of Auditors (IDW). Our responsibility pursuant to these regulations and standards is described in greater detail in the “Responsibility of the auditor for the auditing of the annual financial statements and the management report” section of our audit report. 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, we declare pursuant to Article 10(2) point (f) EU-APrVO that we have not performed any prohibited non-auditing services pursuant to Article 5(1) EU-APrVO. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the fiscal year January 1, 2022 to December 31, 2022. These matters were taken into account in the context of our audit of the annual financial statements as a whole and in forming our opinions of them; we will not be submitting a separate opinion on these matters.

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

- Impairment of film assets
- Existence of reported sales revenue

We have structured our account of these key matters as follows:

1. Issue and problem posed
2. Audit procedure and findings
3. Reference to further information

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

Impairment of film assets

1. In the annual financial statements of Your Family Entertainment AG, the balance sheet item "Intangible assets" includes film asset values and other rights acquired for a consideration amounting to €19.2 million, representing around 80% of the balance sheet total. An impairment test is carried out by the company on the purchased film assets and other rights either annually on the balance sheet cut-off date or on an ad hoc basis. The basis for these assessments is routinely the present value of future cash flows for the respective film right. The budget figures for the individual film rights that are calculated according to the budgets approved by management form the basis for the assessments. Discounting is based on the company's weighted average cost of capital. The result of this assessment is largely dependent on the expectations of the company's legal representatives in respect of future cash inflows and the discount rate applied and therefore has a considerable degree of uncertainty, which makes this matter of particular importance for 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.

   - Among other things, we based our assessment on a comparison of general and industry-specific market expectations, detailed comments from management on the major value drivers for the budget planning and a comparison of this information with the current budget in the plans approved by the Supervisory Board.

- With the knowledge that even relatively small changes in the discount rate can have a material impact on the value determined in this manner, we considered the parameters used in determining the discount rate applied, including the weighted average cost of capital ("WACC"), and followed the company's calculation scheme.

- Furthermore, we carried out our own sensitivity analyses on film rights selected at random in order to be able to calculate a possible impairment risk in the event of a potential change in a key assumption on which the evaluation is based. The random

- film rights were selected on the basis of qualitative factors and the amount by which the respective carrying amount exceeded the value in use. We established that the respective film rights and the overall carrying amounts of the purchased film assets and other rights are covered by the discounted future cash flows on the balance sheet cut-off date.

3. Information about the value of the film assets is provided in section "II. Accounting and valuation methods, 1. Balance sheet" of the notes.

Existence of reported sales revenue

1. In the fiscal year, Your Family Entertainment AG recorded sales revenue of around €4.2 million. This was around 35% higher than in the previous year. Sales revenue is one of the key financial performance indicators for the company in its capital market communication. All sales revenue is solely generated from license fees, through the granting of film licenses. In this context, a long-term cooperation agreement was signed with Genius Brands International, Inc. in June 2022, which includes, on the one hand, a mutual distribution mandate for marketing programs to third parties and, on the other, mutual licensing of rights for broadcasting on their own channels. The reproduction of this agreement within the context of revenue recognition constitutes a high risk of material misstatement, which is why we believe this issue is particularly important.

2. Our audit procedures included, among other things, an acknowledgement of the cooperation agreement with Genius Brands International, Inc. It also included an acknowledgement of all other license agreements that had led to the significant revenues in the fiscal year. As part of this, we are satisfied that the revenue recognized, including the appropriate audit evidence, is correct.

3. The company's disclosures concerning revenue recognition are included in the section "IV. Notes on the income statement" in the subsection "Sales revenue" in the Notes to the Annual Financial Statements.

Other information

The legal representatives are responsible for the other information. Other information comprises:

- the corporate governance statement contained in Section F of the management report
- the affirmations on the Annual financial statements and management report in accordance with Sections 264(2) Sentence 3, 289(1) Sentence 5 HGB

"Foreword by the Management Board" in the annual report,

"About Your Family Entertainment AG" in the annual report and

"Shares" in the Annual Report.

The Supervisory Board is responsible for the following other information. Other information comprises:

- "Report of the Supervisory Board" in the annual report.

Our opinions on the annual financial statements and the management report do not include the other information and, accordingly, we will not be submitting an opinion or any other form of conclusion on these.

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 to be a material misrepresentation.

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

The legal representatives are responsible for preparing the annual financial statements, which comply in all essential aspects with the requirements under German commercial law on limited companies and for ensuring that the annual financial statements give a true and fair picture of the company's net assets, financial position and operating results in accordance with generally accepted German accounting principles. Further, the legal representatives are responsible for the internal controls deemed necessary by them in accordance with generally accepted German accounting principles to enable the preparation of an Annual Financial Statement without any major misrepresentations due to malicious action (i.e. accounting manipulations and asset misappropriation) or errors.

In preparing the financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Additionally, they are responsible for disclosing any matters relevant to the continuation of the business activities. In addition, they are responsible for preparing the financial statements on the basis of the principle of a going concern, unless factual or legal circumstances prevent this.

The legal representatives are also responsible for preparing the management report, which overall gives a true and fair picture of the company's situation, is consistent in all material aspects with the annual financial statements, complies with German statutory requirements and accurately presents the opportunities and risks of future developments. The legal representatives are also responsible for arrangements and measures (systems) deemed necessary to enable the management report to be prepared in agreement with the German legal requirements, and to provide enough suitable proof of the statements made in the management report.

The Supervisory Board is responsible for monitoring the company's financial accounting methods used for preparing the annual financial statements and the management report.

Auditor’s responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misrepresentation due to malicious action or errors and whether the management report as a whole provides an appropriate picture of the company’s position and is consistent in all material respects with the annual financial statements and the audit findings, complies with German statutory regulations and presents the opportunities and risks of future development appropriately, and to issue an auditor’s report that includes our audit opinion on the annual financial statements and the management report.

Although reasonable assurance is a high level of assurance, it is, however, no guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation, applying the generally accepted auditing standards laid down by the German Institute of Auditors (IDW), will be able to detect any material misrepresentation. Misrepresentations can be due to malicious action or errors and are deemed material if, either individually or in total, they might reasonably be expected to influence the economic decisions of those to whom they are addressed made on the basis of those annual financial statements and management report.

In the course of the audit we apply our professional judgement and take a critical stance. In addition,

- we identify and assess the risks of material misrepresentation in the annual financial statements and management report due to malicious action or errors, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of failing to detect material misrepresentations resulting from malicious action is higher than the risk that material misrepresentations remain undisclosed due to errors in the case of errors, as malicious action can involve collusion, falsification, intentional incompleteness, misleading representations or the suspension of internal controls.
- we gain an understanding of the internal control system relevant for auditing the annual financial statements and of the precautions and measures relevant for auditing the management report in order to plan auditing activities that are appropriate under the circumstances, the objective of which is not, however, to submit an opinion on the effectiveness of those systems used by the company.

- we assess the appropriateness of the accounting methods applied by the legal representatives and the tenability of the estimated values presented by the legal representatives and statements associated with these.

- we draw conclusions about the appropriateness of the financial accounting principle regarding the continuation of business activities applied by the legal representatives and, on the basis of the audit-related evidence obtained, whether a significant degree of uncertainty exists due to events or circumstances that could raise serious doubts as to the company's ability to continue its business activities. If we come to the conclusion that a significant degree of uncertainty exists, we are obligated to call attention to the corresponding information in the annual financial statements and the management report in our audit report or, if this information is inappropriate, to modify our opinion accordingly. We draw our conclusions on the basis of the audit-related evidence obtained by the date of our audit report. Future events or circumstances can, however, result in the company's inability to continue its business activities.

- we assess the representation, structure and content of the annual financial statements, overall including the details, and whether the annual financial statements present the business transactions on which they are based in such a way as to give a true and fair picture of the company's net assets, financial position and operating results in accordance with generally accepted German accounting principles.

- we assess whether the management report is consistent with the annual financial statements, its compliance with statutory requirements and the picture it presents of the company's situation.

- we conduct auditing activities on the forecast statements made by the legal representatives in the management report. On the basis of sufficient and appropriate evidence, we trace, in particular, the key assumptions on which the forecasts made by the legal representatives are based and assess the manner in which the forecasts are derived from these assumptions. We do not present a separate opinion on the forecast statements or on the assumptions on which they are based. There is a considerable unavoidable risk that future events will deviate considerably from the forecast statements.

Among other things, we discuss with those charged with governance the intended scope and schedule of the audit and the important audit findings, including possible deficiencies in the internal control system identified by us in the course of the audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where relevant, the actions taken or safeguards implemented to eliminate independence threats.

From the issues discussed with those charged with governance, we identify those matters that, in the auditing of the annual financial statements, were the most significant for the current reporting period and which therefore constitute particularly important matters. We describe these matters in the audit report unless their publication is prohibited by law or other legal provisions.

OTHER STATUTORY AND LEGAL REQUIREMENTS

Report on the audit of the electronic reproductions of the annual financial statements and management report prepared for disclosure purposes in accordance with Section 317(3a) HGB

Audit opinion

In accordance with Section 317(3a) HGB, we have carried out an audit with reasonable assurance to determine whether the reproductions of the annual financial statements and management report (hereinafter also referred to as the "ESEF documents") contained in the "JA.xhtml" file provided and prepared for disclosure purposes comply in all material respects with the requirements of Section 328(1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the annual financial statements and the management report into the ESEF format and therefore neither to the information contained in those reproductions nor to any other information contained in the file specified above.

In our opinion, the reproductions of the annual financial statements and management report contained in the aforementioned file provided and prepared for disclosure purposes comply in all material respects with the electronic reporting format requirements of Section 328(1) HGB. Other than this opinion and our opinions on the accompanying financial statements and management report for the fiscal year from January 1, 2022 to December 31, 2022 included in the "Report on the audit of the financial statements and management report" above, we do not express an opinion on the information contained in these reproductions or on the other information included in the aforementioned file.

Basis for the audit opinion

We conducted our audit of the reproductions of the annual financial statements and the management report contained in the aforementioned file provided in accordance with Section 317(3a) HGB and IDW Auditing Standards: Audit of electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 (3a) HGB(IDW PS 410 (06.2022)). Our responsibility in that context is further described in the section “Auditor’s responsibility for the audit of the ESEF documents”. Our auditing practice has applied the requirements of the IDW Quality Assurance Standards: Requirements for quality management in the practice of public accountants (IDW QMS 1).

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

The company’s management is responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and the management report in accordance with Section 328(1) sentence 4 no. 1 HGB.

Furthermore, the legal representatives are responsible for the internal controls that they deem necessary to enable the preparation of ESEF documents that are free from material breach of the requirements of Section 328(1) HGB regarding the electronic reporting format, whether intentional or unintentional.

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

Auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material breaches of the requirements of Section 328(1) HGB, whether intentional or unintentional. In the course of the audit we apply our professional judgement and take a critical stance. In addition,

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

- we gain an understanding of internal controls relevant to the audit of ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documentation, i.e. whether the file provided containing the ESEF documentation complies with the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, regarding the technical specification for this file.
- we assess whether the ESEF documentation provides a content-equivalent XHTML reproduction of the audited financial statements and the audited management report.

Other information according to Article 10 EU-APrVO

We were elected as auditors by the Annual General Meeting of June 28, 2022. We were commissioned on February 16, 2023 by the Supervisory Board. We have served as the auditors of Your Family Entertainment AG, Munich, without interruption since the 2017 fiscal year.

We declare that the opinions contained in this audit report are consistent with the content of the additional report to the audit committee pursuant to Art. 11 EU-APrVO (Audit report).

OTHER MATTERS - USE OF THE AUDITOR'S REPORT

Our audit report should always be read in conjunction with the audited financial statements, the audited management report and the audited ESEF documents.

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The annual financial statements and management report converted to the ESEF format - including the versions stored in the company register - are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documentation provided in electronic form.

AUDITOR IN CHARGE

The auditor responsible for the audit is Andrej Brandscheid.

Munich, April 25, 2023

Baker Tilly GmbH & Co. KG
Auditors
(Düsseldorf)

signed Abel
Financial Auditor

signed Brandscheid
Financial Auditor

7. AFFIRMATION OF THE LEGAL REPRESENTATIVES / BALANCE SHEET OATH

"We hereby certify that, to the best of our knowledge and in accordance with the applicable reporting principles, the financial statements convey a true and fair picture of the net assets, financial position and operating results of Your Family Entertainment AG, and the management report describes the development and performance of the business and the position of the company in such a way that it conveys a picture corresponding to the actual circumstances, and includes the principal opportunities and risks associated with the expected development of the company."

Munich, April 18, 2023

Your Family Entertainment AG
The Management Board

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

8. Financial calendar

➢ April 27, 2023	Publication of annual business and financial report 2022
➢ June 27, 2023	Annual General Meeting 2023
➢ September 28, 2023	Publication of half-year financial report 2023

9. LEGAL NOTICE / CONTACT

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