

Half-Year Financial Report 2022

January 1 to June 30



yourfamilyentertainment

PUBLIC COMPANY

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.

KEY DATA IN €K

Income Statement (P&L)	01/01/ – 06/30/ 2022	01/01/ – 06/30/ 2022
Sales revenue	2,504	1,478
EBITDA* ¹	664	12
EBIT* ²	850	147
Half-year results	581	28

*¹ EBITDA = Annual net profit + taxes on income and earnings + interest and similar expenses - other interest and similar income + depreciation - write-ups

*² EBIT = EBITDA + write-ups - write-downs

Balance	06/30/2022	12/31/2021
Total balance sheet amount	22,311	17,640
Film assets	18,162	16,941
Shareholders' equity	16,840	8,140
Shareholders' equity ratio in %	75%	46%

SHARES

WKN	A161N1
ISIN	DE000A161N14 DE000A3MQDJ8 DE000A3MQR24
Abbreviation	RTV
Stock exchanges	Regulated market in Frankfurt (General Standard); OTC trading in Berlin, Dusseldorf, Stuttgart
Number of shares (30.06.2022)	14,234,642 units - of which 10,457,730 units (ISIN DE000A161N14) - of which 2,573,800 units (ISIN DE000A3MQDJ8)* - of which 1,203,112 units (ISIN DE000A3MQR24)* *not currently authorized for stock-market trading

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1. ABOUT YOUR FAMILY ENTERTAINMENT AG

Your Family Entertainment AG (WKN: A161N1, ISIN: DE000A161N14, abbreviation: RTV), which is based in Munich (abbreviated to: YFE), is an international license trader and producer of high-quality children's and family programs.

According to its own assessment, YFE owns and operates one of the largest libraries in Europe independent of a TV channel, with well-known titles such as "Enid Blyton", "Fix & Foxi" and "Altair". All the content is informative, entertaining and free of violence.

YFE is able to draw on approx. 3,500 (half-hour) programs with approx. 4,000 episodes of high-quality content for families and children of all age groups. In addition to pure film/series production, YFE has a significant number of different language versions and, for some productions, ancillary rights to merchandise, audio, music and print, etc.

The business model of YFE is currently based on three main areas: license trading, pay TV and free TV. In the area of conventional license trading, YFE markets its content globally to TV stations, streaming platforms and cable/cell phone operators.

The pay TV channel "Fix&Foxi" is available in several languages throughout the world. The free TV channel "RiC" has a technical coverage of over 35 million households in the German-speaking world for its children's programs. YFE operates in all areas of B2B business and counts Amazon, Magenta, MediaShop, M7 Group, Vodafone, waipu.tv and many others among its customers and partners, which market the programs and characters of YFE to end customers in the areas mentioned above.



At the end of 2021, Your Family Entertainment AG welcomed the US company Genius Brands International, Inc. (NASDAQ: GNUS) from Hollywood as its new majority shareholder. Genius Brands International, Inc. and Your Family Entertainment AG are planning wide-ranging collaboration to make "content with a purpose" available to a worldwide audience.

Genius Brands International, Inc. (Nasdaq: GNUS) describes itself as a leading global media company that develops, produces, markets and licenses children's entertainment and consumer products for media and retail distribution. The company's portfolio includes Stan Lee's Superhero Kindergarten with Arnold Schwarzenegger in the main role on the Kartoon Channel!, Shaq's Garage with Shaquille O'Neal on the Kartoon Channel!, Rainbow Rangers on the Kartoon Channel! and Netflix, Llama with Jennifer Garner on Netflix, the award-winning toddler brand Baby Genius, the adventure comedy STEM series Thomas Edison's Secret Lab and the entrepreneur series Warren Buffett's Secret Millionaires Club.



2. INTERIM RESULTS AS AT 06/30/2022

2.1 BALANCE SHEET

<i>ASSETS (in €)</i>	06/30/2022	12/31/2021
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets acquired for a consideration, and licenses for such rights and assets	13,774.16	4,675.65
2. Film assets and other rights acquired for a consideration	18,161,758.11	16,941,145.17
3. Down payments	25,180.00	11,450.00
	18,200,712.27	16,957,270.82
II. Tangible assets		
Other equipment, operational and office equipment	10,158.04	14,040.00
	18,210,870.31	16,971,310.82
B. Current assets		
I. Accounts receivable and other assets		
1. Accounts receivable, trade	708,829.12	557,797.68
2. Accounts receivable in respect of companies with which a holding relationship exists	1,000,277.77	0.00
3. Other assets	281,724.87	66,412.88
	1,990,831.76	624,210.56
II. Cash in hand and bank balances	1,990,326.36	4,581.72
	3,981,158.12	628,792.28
C. Accruals and deferrals		
	119,008.99	39,921.24
	22,311,037.42	17,640,024.34

LIABILITIES (in €)	06/30/2022	12/31/2021
A. Shareholders' equity		
I. Subscribed capital	14,234,642.00	10,457,730.00
less nominal value of treasury shares	0.00	-67,130.00
Issued capital	14,234,642.00	10,390,600.00
II. Capital reserve	7,091,666.69	2,839,126.68
III. Other profit reserves	22,473.99	0.00
IV. Carry-forward	-5,089,518.29	-5,010,258.20
V. (Semi-)annual net profit/loss	580,659.99	-79,260.09
	16,839,924.38	8,140,208.39
B. Provisions & accrued liabilities		
1. Pension provisions and similar obligations	337,290.88	350,065.00
2. Other provisions and accrued liabilities	375,944.33	549,339.77
	713,235.21	899,395.77
C. Liabilities		
1. Bonds of which convertible: € 10,575.00 (PY. €4,375k)	10,575.00	4,375,460.00
2. Loans from credit institutions	2,953,954.66	3,763,113.01
3. Accounts payable, trade	485,687.66	407,373.37
4. Accounts payable in respect of companies with which a holding relationship exists	1,013,198.47	0.00
5. Other liabilities	243,184.66	41,557.17
	4,706,600.45	8,587,503.55
D. Accruals and deferrals	51,277.38	12,916.63
	22,311,037.42	17,640,024.34

2.2 INCOME STATEMENT (P&L)

(Values in €)

	01/01 – 06/30/2022	01/01 – 06/30/2021
1. Sales revenue	2,504,041.09	1,478,088.98
2. Other operating income	963,682.63	741,233.22
	3,467,723.72	2,219,322.20
3. Cost of materials		
a) Cost of licenses, commissions and materials	22,696.28	41,488.75
b) Cost of purchased services	466,978.09	425,708.05
	489,674.37	467,196.80
4. Personnel expenses		
a) Wages and salaries	562,010.66	492,452.62
b) Social security expenses, pension scheme expenses and support expenses	58,815.23	63,175.60
	620,825.89	555,628.22
5. Depreciation on intangible assets and property, plant and equipment	751,442.76	568,701.76
6. Other operating expenses	755,524.71	481,179.64
7. Interest and similar expenses	265,173.57	115,711.48
8. Taxes on income and earnings	4,422.43	3,037.23
9. Earnings after taxes = half-year profit	580,659.99	27,867.07

3. APPENDIX (SHORTENED)

3.1 INFORMATION ON ACCOUNTING AND VALUATION METHODS

In these interim financial statements (half-year financial report) for the first half (HY) of 2022, the same accounting and valuation methods were used as in the last annual financial statements (Annual Financial Report as at December 31, 2021).

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

3.2 SUBSCRIBED CAPITAL

As of the balance sheet date, the share capital is divided into 14,234,642 no-par-value shares with a proportionate amount of the share capital of €1.00. As at June 30, 2022 the share capital therefore amounted to € 14,234,642.00. The shares are registered and fully paid up.

3.3 LIABILITIES

Collateral in the form of rights and liabilities arising from film license agreements, which fully cover the line provided, was made available to cover the liabilities to UniCredit Bank Austria AG, Vienna, Austria in the amount of €3,600k. In addition, the loans from credit institutions are backed by bill of exchange designations and blank bills of exchange.

3.4 AUDITOR'S REVIEW

These interim financial statements were neither audited in accordance with § 317 of the German Commercial Code (HGB) nor subjected to an audit review by an auditor.

4. INTERIM MANAGEMENT REPORT FOR THE 1ST HALF OF 2022

4.1 REPORT ON EARNINGS, FINANCIAL POSITION AND NET ASSETS

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.

Appreciation 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 operational business performance in the 1st half of 2022 continued to be marked by the coronavirus pandemic, although the latest position at the time of publication of this half-year report allows for sales activities to be conducted as before the pandemic.

Since 05.04.2022, "RiC" has been available to all customers of MagentaTV in Germany in HD quality, with the result that YFE is able to offer its advertising partners an extension to the reach of the channel of 4 million households.

In addition, the program "Superhero Kindergarten" among other things was licensed to Österreichischer Rundfunk (ORF) in the first half year of 2022. This revenue will be realized with the start of the license in July 2022 and is not yet included in the half-year figures for 2022.

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.

The conversion of the convertible bond (2020/2022) and the capital measures contributed in the 1st half of 2022 to a significant increase in the company's shareholders' equity and a reduction of liabilities.

Sales performance

Sales revenue realized in the 1st half of 2022 in the amount of €2,504k were €1,026k higher than in the previous year (1st HY 2021: €1,478k). This significant increase is largely the result of the first synergy effects from the cooperation agreement with Genius Brands International, Inc.

In principle, fluctuations in sales performance can occur as a result of project transactions 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 revenues to later periods.

Earnings development

YFE reports a **profit** in the 1st half of 2022 of €581k (1st HY 2021: €28k).

Earnings before depreciation, appreciation, interest and taxes (**EBITDA**) were €664k (1st HY 2021: €12k) and thus improved by €652k.

Other operating income in the 1st half of 2022 was a total of €964k (1st HY. 2021: €741k) and essentially includes write-ups on the value of film assets of €937k (1st HY 2021: €704k), which were carried out on the basis of the impairment test completed on June 30, 2022.

The **write-ups** on the value of film assets is set against **unscheduled depreciation** in the amount of €15k (1st HY 2021: €58k), which was carried out on the basis of the impairment test completed on the reporting date (30.06.2022). Overall, the **depreciation on intangible assets and property, plant and equipment** in the 1st HY 2022 is €751k (1st HY 2021: €569k).

Other operating expenses increased to €756k compared to the same period of the previous year (1st HY 2021: €481k). This increase came about mainly through external expenses in relation to the capital measures carried out in the 1st half of 2022.

The **interest and similar expenses** include €126k of interest liabilities, which will be brought into the company in the 2nd half year in the context of an increase in real capital and will have a positive effect on the shareholders' equity.

Financial and asset position

The **total balance sheet amount** increased significantly compared to the balance sheet date of the previous year to €22,311k (12/31/2021: €17,640k).

At 75%, the **shareholders' equity ratio** is significantly above the level of the last balance sheet date (12/31/2021: 46%). Along with the profit from the 1st half year of 2022, the conversion of the convertible bond (2020/2022) with around €4.4 million and the capital increase completed in May 2022 with around €3.6 million were mainly responsible for the positive effect on shareholders' equity and the company's level of indebtedness.

Intangible assets (mainly film assets and other rights acquired for a consideration) increased to €18,176k (12/31/2021: €16,946k).

Investments

In the 1st half of 2022, the company invested a total of €1,038k (1st HY 2021: €3k) primarily in film assets (€1,028k) and also made €15k of down payments on intangible assets.

4.2 RISK, OPPORTUNITY AND FORECAST REPORT

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.

4.2.1 Business risk and organization

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, YFE 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 YFE 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, this could have a significant negative impact on business performance, in particular because, given the size of the company, some important functions are currently covered by one employee only. If individual members of the board or other important employees of the company were no longer available, YFE would have to look for a qualified and experience replacement. If this is not possible or if no qualified employees can be found within an appropriate period to carry on the role in its current form, it may have a significant negative impact on the business activities and therefore on the net assets, financial position and operating results of YFE.

Risks arising from reliance on large customers

YFE generates about a third of its sales from its most important large customers. There are therefore risks associated with reliance on those large customers. As is customary, contracts with large customers are usually concluded for a period of one year only. 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 significant 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 significantly disadvantageous to YFE's business activities and competitive position. The realization of one of these risks could have a 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.

4.2.2 External risks / market risk

Risks from the development of the economic environment

At the time of drawing up these half-year results, the COVID-19 pandemic is still present, even though the restrictions are no longer in place to the extent that they were for much of the time since the outbreak of the pandemic in spring 2020. Nevertheless, the COVID-19 pandemic still constitutes a risk for the world economy and thus also for YFE's business activities. If, for example, regulatory restrictions were reintroduced because of a deterioration in the events relating to the pandemic, there is a risk for YFE that, for example, important trade fairs and events would be canceled or only held to a limited extent in virtual form, which could have a significant negative impact on YFE's business activities.

The conflict between Russia and Ukraine, the sanctions imposed by numerous countries and multinational companies as a response to it and Russia's countermeasures have had and are still having potentially negative impacts on the world economy, global capital markets, international trade, supply chains, energy prices and supply chains, and prices in general, all of which could have a negative impact on YFE's business activities. The consequences of such a development could take the form of declining income for end customers, resulting in a decline in consumer demand for media services from TV and video-on-demand providers.

The realization of one of these risks could have a 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. 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. There is, however, a risk that YFE will not identify market trends at an early stage or will assess them incorrectly because, for example, 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 to programming by broadcasting

companies in response to consumer preferences. There is a risk that market trends and developments of this sort will not be recognized at an early stage or will be incorrectly assessed and as a result, there will be a decline in demand from rights users for YFE's programs and services. 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 have a significant negative impact on the net assets, financial position and operating results of YFE.

Competitive risks

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.

4.2.3 Performance risk / process risk

Risks in the production of programs

The production of programs – both produced by the company itself and co-productions – brings with it a range of operational risks. The development and production of formats and television programs are usually very cost-intensive and therefore associated with a high financial risk. If, for example, there are delays and/or unplanned cost increases in the production of such programs, it could have a significant negative impact on the net assets, financial position and operating results of YFE. 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 and therefore have a negative impact on the planned contribution to sales and revenue associated with the production and therefore on the net assets, financial position and operating results of YFE.

4.2.4 Financial risks

On the subject of liquidity risk monitoring, please refer to the description in section 4.2.5 Risk Management.

Risks from access to external financing

YFE takes out loans to finance its business activities. Thus, for example, YFE has concluded a loan agreement with UniCredit Bank Austria AG, Vienna, Austria, for a credit line of up to EUR 3.6 million. As part of this loan agreement, YFE has transferred as security rights and claims from film license contracts to UniCredit Bank Austria AG. YFE has also concluded a loan agreement with Deutsche Bank, Munich, Germany, for a credit line of up to EUR 0.75 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 turnover 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, financial position and operating results of YFE.

Risks in connection with utilization rights

The company has concluded a variety of contracts with licensors for the licensing of programs. In the context of such agreements, copyright and ancillary copyright is transferred to YFE so that YFE can broadcast the programs or license them to others. On conclusion of such license agreements granting utilization rights to programs, the company therefore usually requires evidence of the licensor's right to dispose of its licensed rights. In this way, the company can reduce the risk of breaching property rights by ensuring that the necessary copyright and ancillary copyright are transferred to it. Although the company takes both internal and external legal advice in this context, there is a risk that, in the event of a legal defect – because a right of disposal does not exist, for example, or because of defects in form – the company will be in breach of third-party rights in using the rights transferred to it or licensing them to others and that, as a result, action will be taken against it for injunctive relief or compensation. At the same time, there is a risk in such a situation that YFE will not have an enforceable or sustainable claim for recourse against its licensor. Insofar as the financial disadvantages of such legal defects relating to transferred copyright and ancillary copyright suffered by YFE are not covered by enforceable or sustainable claims for recourse against its licensors, this could have a significant negative impact on the net assets, financial position 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 YFE from generating a stable income. The risk of 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 development of sales and, 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. Bad debts may have a significant negative impact on the company's net assets, financial position and operating results.

4.2.5 Risk management

All general and operational risks are regularly recorded and assessed, and risk minimization measures are determined.

YFE sees risk management as a core responsibility of the Management Board, the managers and all employees.

Risk management at YFE is divided into the following four steps:

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

For each of these steps, suitable instruments adapted to the size of the company have been developed, which have 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 instrument in the company's risk management. These discussions serve 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 Board of Directors.

YFE uses the following three instruments for continuous risk monitoring: liquidity management, sales controlling and balance sheet controlling. By ensuring 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 review and ensure the solvency of the company continuously. Liquidity management is based on four reports, the medium-term 24-month liquidity planning, the annual liquidity planning in the context of budget preparation, the rolling liquidity forecast, and the daily liquidity status.

Since the 2021 fiscal year, the annual liquidity planning has been extended to a period of 24 months (at the time of preparation of the annual financial statements). This medium-term liquidity planning for the period April 2022 to March 2024 is presented to the Board of Directors during the financial statement preparation process and has thus become part of the company's early risk identification system for identifying and counteracting any liquidity requirements at an early stage.

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 ensures 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. Furthermore, the sales activities of the company are planned on the basis of the sales planning. These figures are also checked for plausibility using a rights-based approach.

The purpose of balance sheet controlling is to monitor the balance sheet items in order to identify necessary corrective measures in time, in particular a shortfall in equity. Balance sheet controlling consists of 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. Short-term budgeting is therefore used both as an important early warning system and as the basis for variance analyses and budget control.

In principle, the risk management system serves to avoid risks. 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.

4.2.6 Opportunities

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 opportunities for selling advertising time.

Furthermore, the company's opportunities lie in 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 rights portfolio of YFE and its partners provides opportunities for new productions with characters already known and established on the market.

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 its rich and expanding portfolio of content and jointly market it. In addition, the aim is to develop new content together, to jointly expand the program range of YFE and to increase its capital strength.

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

4.2.7 Overall assessment of the risk and opportunity 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 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.

4.2.8 Forecast report

The company's focus in the 2nd half of 2022 will continue to be on building new collaboration agreements, in particular between the company and its strategic majority shareholder Genius Brands International, Inc.

YFE will achieve greater programming appeal for its domestic and international channels with the addition of content from Genius Brands International, Inc. and access additional markets and customers through joint marketing of licenses.

Overall, the Management Board envisages a further increase in demand in the streaming and VoD 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 particularly helpful in supplying existing streaming customers and is attractive to new competitors who need to secure a basic service.

Although 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", the new cooperation partner and a stronger focus on broadcasters should provide further impetus for strong revenue growth.

For the current 2022 fiscal year, the Management Board expects sales to be significantly higher than in the previous year, with a corresponding increase in EBITDA. The effects of the war in Ukraine, inflationary trends and the COVID-19 pandemic on YFE's business cannot be forecast with any reliability from today's perspective, so the future situation may deviate significantly from the Management Board's forecast.

5. ASSURANCE OF LEGAL REPRESENTATIVES (BALANCE SHEET OATH)

“To the best of our knowledge, in accordance with the applicable accounting principles for interim reporting, the interim financial statements give a true and fair view of the Company's net assets, financial position and operating results, and the interim management report presents the course of business including the results of operations and the position of the Company in such a way as to give a true and fair view, as well as the material opportunities and risks of the Company's anticipated development in the remaining fiscal year.”

Munich, 09/29/2022

Your Family Entertainment AG

The Management Board

Dr. Stefan Piëch
CEO

Bernd Wendeln
COO

6. FINANCIAL CALENDAR 2022

➤ April 28, 2022	Publication of annual financial report 2021
➤ June 28, 2022	Annual General Meeting 2022
➤ September 29, 2022	Publication of half-year financial report 2022

7. LEGAL NOTICE / CONTACT

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