

Halbjahresfinanzbericht 2022

1. Januar bis 30. Juni



yourfamilyentertainment

PUBLIC LIMITED
COMPANY

KEY FIGURES IN € THOUSAND

Profit and Loss Account (P&L)	01.01. - 30.06. 2022	01.01. - 30.06. 2021
Revenues	2.504	1.478
EBITDA* ¹	664	12
EBIT* ²	850	147
Half-year results	581	28

*¹ EBITDA = Net income + Income taxes + Interest and similar expenses - Other interest and similar income + Depreciation and amortization - Attributions

*² EBIT = EBITDA + write-ups - depreciation and amortization

Balance	30.06.2022	31.12.2021
Balance sheet total	22.311	17.640
Film assets	18.162	16.941
Equity	16.840	8.140
Equity ratio in %	75 %	46 %

THE SHARE

WKN	A161N1
ISIN	DE000A161N14 DE000A3MQDJ8 DE000A3MQR24
Abbreviation	RTV
Stock exchanges	Regulated market in Frankfurt (General Standard); Open market in Berlin, Düsseldorf, Stuttgart
Number of shares (30.06.2022)	14,234,642 pieces - thereof 10,457,730 shares (ISIN DE000A161N14) - of which 2, 573,800 units (ISIN DE000A3MQDJ8)* - of which 1 ,203,112 units (ISIN DE000A3MQR24)*

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1. ABOUT YOUR FAMILY ENTERTAINMENT A G

Munich-based Your Family Entertainment AG (WKN: A161N1, ISIN: DE000A161N14, abbreviation: RTV) (YFE for short) is an internationally active license trader and producer of high-quality children's and family programs.

YFE owns and operates, in its own estimation, one of the largest non-broadcasting libraries in Europe, with well-known titles such as "Enid Blyton," "Fix & Foxi" and "Altair. All content is educational, entertaining and free of violence.

In doing so, YFE can draw on approx. 3,500 (half-hour) programs with approx. 4,000 episodes of high-quality content for children of all ages and families. In addition to pure film/series productions, YFE has a significant number of language versions and, for some productions, ancillary rights, such as merchandise, audio, music and print.

YFE's business model is currently based on three main areas: License trading, pay TV and free TV. In classic license trading, YFE markets its content globally to TV stations, streaming platforms and cable/mobile operators.

The pay TV station "Fix&Foxi" is available in several language versions worldwide. The free TV station "RiC" has a technical reach of more than 35 million households in German-speaking countries with its children's programming. YFE is active in all areas of B2B business and counts Amazon, Magenta, MediaShop, M7 Group, Vodafone, waipu.tv and many others among its customers or partners, who market YFE's programs and characters to end customers in the aforementioned areas.



Your Family Entertainment AG welcomed the US company Genius Brands International, Inc. (NASDAQ: GNUS) from Hollywood as its new major shareholder at the end of 2021. Genius Brands International, Inc. and Your Family Entertainment AG are planning a far-reaching cooperation to make "Content with a Purpose" available to a worldwide audience.

Genius Brands International, Inc. (Nasdaq: GNUS) says it is 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 starring Arnold Schwarzenegger on Kartoon Channel!, Shaq's Garage starring Shaquille O'Neal on Kartoon Channel!, Rainbow Rangers on Kartoon Channel! and Netflix, Llama starring Jennifer Garner on Netflix, the award-winning toddler brand Baby Genius , the adventure-comedy STEM series Thomas Edison's Secret Lab and the entrepreneurial series Warren Buffett's Secret Millionaires Club.



2. INTERIM FINANCIAL STATEMENTS AS AT 30.06.2022

2.1 BALANCE SHEET

<i>ASSETS (in €)</i>	30.06.2022	31.12.2021
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	13.774,16	4.675,65
2. Film assets acquired for consideration and other rights	18.161.758,11	16.941.145,17
3. Prepayments made	25.180,00	11.450,00
	<u>18.200.712,27</u>	<u>16.957.270,82</u>
II. Property, plant and equipment		
Other equipment, factory and office equipment	10.158,04	14.040,00
	<u>18.210.870,31</u>	<u>16.971.310,82</u>
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	708.829,12	557.797,68
2. Receivables from companies in which an equity investment is held	1.000.277,77	0,00
3. Other assets	281.724,87	66.412,88
	<u>1.990.831,76</u>	<u>624.210,56</u>
II. Cash on hand and bank balances	1.990.326,36	4.581,72
	<u>3.981.158,12</u>	
C. Prepaid expenses	119.008,99	39.921,24
	<u>22.311.037,42</u>	<u>17.640.024,34</u>

<i>LIABILITIES (in €)</i>		30.06.2022	31.12.2021
A. Equity			
I. Subscribed capital	14.234.642,00		10.457.730,00
less nominal amount of own 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 retained earnings		22.473,99	0,00
IV. Loss carried forward		-5.089.518,29	-5.010.258,20
V. (Half) net income/loss for the year		580.659,99	-79.260,09
		<u>16.839.924,38</u>	<u>8.140.208,39</u>
B. Provisions			
1. Accrued pension and similar obligations		337.290,88	350.065,00
2. Other accrued liabilities		375.944,33	549.339,77
		<u>713.235,21</u>	<u>899.395,77</u>
C. Liabilities			
1. Bonds of which convertible: € 10.575,00 (previous year € 4,375k)		10.575,00	4.375.460,00
2. Liabilities to banks		2.953.954,66	3.763.113,01
3. Trade accounts payable		485.687,66	407.373,37
4. Liabilities to companies in which an equity investment is held		1.013.198,47	0,00
5. Other liabilities		243.184,66	41.557,17
		<u>4.706.600,45</u>	<u>8.587.503,55</u>
D. Prepaid expenses		<u>51.277,38</u>	<u>12.916,63</u>
		<u>22.311.037,42</u>	<u>17.640.024,34</u>

2.2 INCOME STATEMENT (Gu V)

(Values in €)

	1.1. - 30.6.20221.	1. - 30.06.2021
1. Revenues	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) Expenses for licenses, commissions and materials	22.696,28	41.488,75
b) Expenses for 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 contributions and expenses for pensions and other employee benefits	58.815,23	63.175,60
	620.825,89	555.628,22
5. Amortization of intangible assets and depreciation of 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 = Net income for the half year	580.659,99	27.867,07

3. APPENDIX (ABBREVIATED)

3.1 DISCLOSURES ON ACCOUNTING AND VALUATION METHODS N

In these interim financial statements (half-yearly financial report) covering the 1st half (HY) 2022, the same accounting policies have been applied as in the last annual financial statements (annual financial report as of December 31, 2021).

The income statement has been prepared using the nature of expense method.

3.2 SUBSCRIBED CAPITAL L

As of the balance sheet date, the capital stock is divided into 14,234,642 no-par value shares, each representing €1.00 of the capital stock. As of June 30, 2022, the capital stock thus amounted to € 14,234,642.00. The shares are registered and fully paid in.

3.3 CONTINGENCIES

Collateral in the form of rights and claims from film license agreements, which fully cover the line provided, was granted to secure liabilities to UniCredit Bank Austria AG, Vienna, Austria, under the line granted in the amount of € 3,600 thousand. In addition, the liabilities to banks are backed by bills of exchange and blank bills of exchange.

3.4 AUDITOR'S REVIEW T

These interim financial statements have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

4. INTERIM MANAGEMENT REPORT FOR THE 1ST HALF-YEAR 2022

4.1 REPORT ON THE EARNINGS, FINANCIAL AND ASSETS POSITION

Business performance

The Management Board manages the Company on the basis of monthly reporting, among other things. The key figures used to manage the Company relate in particular to sales, EBITDA (earnings before interest, taxes, depreciation and amortization) and the liquidity status.

Write-ups and write-downs can have a significant impact on the Company's earnings and therefore do not allow any conclusions to be drawn about the Company's operating business. In order to neutralize this effect, the Executive Board has decided to focus on the key figure EBITDA, among others, in managing the Company.

For the assessment of the asset situation, the liquidity status and the planning derived from it are also irreplaceable for making investment decisions.

The operating performance in H1 2022 continued to be impacted by the Corona pandemic, with the current situation at the time of publication of these half-year financial statements allowing for sales activities as before the pandemic.

Since 05.04.2022, "RiC" has been available to all MagentaTV customers in Germany in HD quality, thus YFE can offer its advertising partners a channel reach extended by 4 million households.

In addition, the program "SuperHero Kindergarten" was licensed to the Austrian Broadcasting Corporation (ORF) in the first half of 2022. The revenue from this will be recognized when the license begins in July 2022 and is not yet reflected in the figures for the first half of 2022.

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

The conversion of the convertible bond (2020/2022) and the capital measures helped significantly strengthen the Company's equity and reduce liabilities in the 1st half of 2022.

Sales development

The sales of € 2,504k realized in the first half of 2022 were significantly higher than in the previous year by € 1,026k (H1 2021: € 1,478k). This increase is mainly attributable to initial synergy effects from the cooperation agreement with Genius Brands International, Inc.

In principle, fluctuations in revenue development can occur as a result of project business and / or so-called "package" deals. Furthermore, due to accounting rules, there are shifts in revenues, as revenues are only recognized at the beginning of the license term. This effect can lead to shifts in revenue to later periods.

Earnings development

YFE reports a **surplus of** € 581k for H1 2022 (H1 2021: € 28k).

Earnings before interest, taxes, depreciation, amortization and impairment losses (**EBITDA**) amounts to € 664 thousand (1st half of 2021: € 12 thousand) and was thus improved by € 652 thousand.

Other operating income in the 1st half of 2022 totaled € 964 thousand (1st half of 2021: € 741 thousand) and mainly includes write-ups on film assets of € 937 thousand (1st half of 2021: € 704 thousand), which were recognized on the basis of the impairment test performed as of June 30, 2022.

The **write-ups** on film assets are offset by impairment losses of € 15k (H1 2021: € 58k), which were recognized on the basis of the impairment test performed as of the reporting date (June 30, 2022). In total, **amortization of intangible assets and depreciation of property, plant and equipment** amounted to € 751k in the 1st half of 2022 (1st half of 2021: € 569k).

Other operating expenses increased year-on-year to € 756k (H1 2021: € 481k). This increase was mainly due to external expenses in connection with the capital measures carried out in the 1st half of 2022.

Interest and similar expenses include, among other things, interest liabilities of € 126 thousand that will be contributed to the Company in the second half of the year as part of a non-cash capital increase and will have a positive effect on the Company's equity.

Financial position and net assets

Total assets increased significantly compared to the previous year's **balance** sheet date to € 22,311 thousand (December 31, 2021: € 17,640 thousand).

At 75%, the **equity ratio is** well above the ratio at the last balance sheet date (December 31, 2021: 46%). In addition to the surplus in the 1st half of 2022, the conversion of the convertible bond (2020/2022) of around € 4.4 million and the capital increase completed in May 2022 of around € 3.6 million had a positive impact on the company's equity and debt ratio.

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

Investments

In H1 2022, the Company invested a total of €1,038 thousand (H1 2021: €3 thousand) primarily in film assets (€1,028 thousand) and made additional advance payments of €15 thousand on intangible assets in H1 2022.

4.2 RISK, OPPORTUNITY AND FORECAST REPORT T

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

4.2.1 Business risk and organization

Risk from the dependency on the term of licenses and their non-renewals as well as the possibility of acquiring new licenses

Approximately two-thirds of YFE's film rights catalog, which currently consists of around 150 titles, is made up of licenses from third parties, while only around one-third of the titles are in-house or co-produced. In contrast to most of the in-house or co-produced titles, the Company does not hold licenses from third parties for an indefinite period, but generally for a period of between 5 and 20 years.

Should the Company be interested in re-licensing this license for a subsequent period after the expiration of the respective license term, it is dependent on the re-licensing of expired licenses on the part of the rights holder, i.e., be extended again, as the YFE would otherwise no longer be able to exploit these titles. In addition, YFE is dependent on having the necessary financial resources at its disposal in the event of a desired renewal. Should relicensing in many cases no longer be possible or, from YFE's point of view, not be possible on reasonable economic terms, or should it not have the financial resources to do so, the Company would be missing a significant part of its film rights catalog and thus the basis of its business.

In addition to the possibility of renewing existing licenses, YFE is also dependent on always acquiring new licenses for new programs and marketing them, both to replace expired and non-renewed licenses and to expand the film rights catalog. Accordingly, if YFE is unable to replace expired licenses or acquire new licenses, it could negatively impact the scope of the available film rights catalog and thus the business basis.

The realization of any of these risks could have a material adverse effect on YFE's net assets, financial position and results of operations.

Dependence on current management and other key personnel

The expertise, long-standing contacts and industry experience of the two members of the Executive Board and other key employees are a central component of YFE's desired future success. If members of the Executive Board and/or key employees are no longer available, this may have a significant negative impact on the development of the business, particularly as important functions in the Company are currently also partly filled by only one employee due to the size of the Company. If individual members of the Executive Board or other key employees of the Company are no longer available, YFE must ensure that a qualified and experienced replacement is found. If this is not successful, or if no qualified personnel can be found within a reasonable period of time to continue this task in its current form, this may have a material adverse effect on the business activities and thus the net assets, financial position and results of operations of YFE.

Risks from dependence on major customers

YFE generates approximately one third of its sales with its most important major customers. There are therefore risks from dependence on these major customers. As is usually the case, contracts with major customers are also only concluded for a period of one year. The loss of contractual relationships with one or more major customers (e.g., through termination, failure to renew contracts, or insolvency) would have a significant negative impact on YFE's business activities. If, in such a case, YFE is unable to compensate for the loss of revenue by acquiring new customers of comparable size in the short term, this could have a material adverse effect on YFE's business and competitive position. The realization of any of these risks could have a material adverse effect on YFE's net assets, financial position and results of operations.

Cyber Attacks

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

4.2.2 External risks / Market risk

Risks from the development of the economic environment

At the time of preparing these half-year financial statements, the COVID 19 pandemic remains pronounced, although the restrictions are no longer as severe as they have been in many cases since the outbreak of the pandemic in spring 2020. Nonetheless, the COVID-19 pandemic continues to pose a risk to the global economy and therefore to YFE's operations. If, for example, regulatory restrictions are ordered again in the event of a worsening of the pandemic, there is a risk that trade fairs and events important for YFE, for example, will no longer take place or will only be held virtually to a limited extent, which could have a significant negative impact on YFE's sales activities.

The Russia-Ukraine conflict and the sanctions imposed by numerous countries and multinational corporations in response thereto, as well as Russia's countermeasures, have had and may continue to have a negative impact on the global economy, global capital markets, international trade, supply chains, energy prices and supplies, and prices, each of which could negatively affect YFE's business. For example, the consequence of such a development in the form of falling incomes among end customers could also lead to a decline in consumer demand for media offerings from TV and video-on-demand providers.

The realization of any of these risks could have a material adverse effect on YFE's net assets, financial position and results of operations.

Risks from changes in consumer behavior

YFE's film rights catalog primarily includes animation and live action programming for children. The Company's products and services compete with other leisure activities, such as children's sports activities, for the time children spend watching television. Changes in children's recreational behavior in favor of recreational activities other than television may result in a decrease in demand for YFE's programs and services. In addition, the YFE must satisfy the quality requirements and ever-changing demands of its end customers. Thus, programs will only survive in the market if they reflect or satisfy viewers' expectations. An important prerequisite for this is continuous monitoring of the market. Market trends and changing consumer wishes must be recognized early on and successfully implemented. However, there is a risk that YFE will not recognize market trends at an early stage or will assess them incorrectly, for example because it cannot conduct sufficient market research due to low staffing levels. As a result

A change in the consumer behavior of end consumers can lead to a change in the purchasing policy of rights exploiters, in particular due to a change in the programming of broadcasters in line with consumer wishes. There is a risk that such market trends and developments may not be identified at an early stage or may be incorrectly assessed, resulting in a decline in demand by rights exploiters for YFE's programming and services. The film and television market relevant to YFE continues to be characterized by the influence of a consolidation and concentration process, both among producers and among buyers. These developments can have an impact on the demand for programs. In particular, the target group TV stations or TV station groups are making much more of a contribution margin calculation than in the past with regard to the programs they broadcast. In combination with the increasing multiple exploitation of individual productions in the industry and the introduction of their own platforms for exploiting in-house productions, this leads to more efficient use of their own programming resources and thus to reduced new investment. In addition, external factors such as current consumer and leisure behavior, as well as fundamental changes in the advertising market, influence the stations' programming and purchasing policies.

The occurrence of one or more of the above risks could have a material adverse effect on YFE's net assets, financial position and results of operations.

Competition-related risks

The film and television market relevant to YFE continues to be characterized by the influence of a process of consolidation and concentration, both among producers and among buyers. These developments can have an impact on the demand for programs. In particular, the target group TV stations or TV station groups are making much more of a contribution margin calculation than in the past with regard to the programs they broadcast. In combination with the increasing multiple exploitation of individual productions in the industry and the introduction of their own platforms for exploiting in-house productions, this leads to more efficient use of their own programming resources and thus to reduced new investment. In addition, external factors such as current consumer and leisure behavior, as well as fundamental changes in the advertising market, influence the stations' programming and purchasing policies.

4.2.3 Performance risk / Process risk

Risks in the production of programs

Producing programs - both in-house and in co-production - involves a number of operational risks. As a rule, the development and production of formats or TV programs are very cost-intensive and therefore involve a high financial risk. If, for example, there are delays and / or unplanned cost increases in the production of such programs, this could have a material adverse effect on YFE's net assets, financial position and results of operations. In addition, a change in consumer behavior, particularly in the event of a time delay in production, could make it considerably more difficult to sell the product at a later date and thus have a negative impact on the sales and earnings contributions planned with the production and thus have a significant negative impact on the net assets, financial position and results of operations of YFE.

4.2.4 Financial Risks

For information on the monitoring of liquidity risk, please refer to section 4.2.5 Risk management.

Risks from access to external financing

YFE also takes out loans to finance its business activities. Thus, YFE has entered into a loan agreement with UniCredit Bank Austria AG, Vienna, Austria, for a loan facility of up to EUR 3.6 million. Under this loan agreement, YFE has assigned rights and claims from film license agreements to UniCredit Bank Austria AG as collateral. Furthermore, YFE has concluded a loan agreement with Deutsche Bank, Munich, Germany, for a loan facility of up to EUR 0.75 million.

The Company's ability to obtain external financing on economically acceptable terms in the future, if required, depends in part on prevailing capital market conditions, in particular the level of interest rates, the conditions placed on the business and operating results, and the ability to dispose of (further) valuable collateral if required. If the necessary funds are not available on acceptable terms, or are not available at all, for example because (further) collateral required by lenders cannot be provided, and at the same time the Company's own funds are not available to the extent required, this would impair the Company's ability to make future investments and thus also to respond to the challenges of the market and competition.

react. This could have a significant negative impact on the net assets, financial position and results of operations of the Company.

Risks arising from the need to write down film assets

YFE holds a large number of rights of use and exploitation (film assets). Depending on the exploitation of the film rights, these rights are regularly subjected to a valuation, which may result in a need for amortization. Specifically, periodic, pro rata exploitation-related amortization is charged in line with the proportionate sales realized in the financial year in relation to the total still planned exploitation of the film rights, including the sales realized in the financial year. In addition, an impairment test is performed at each balance sheet date. Such write-downs have an immediate impact on earnings. There is therefore a risk that depreciation and amortization could have a significant negative impact on YFE's net assets, financial position and results of operations.

Risks in connection with rights of use and exploitation

The Company has entered into a number of contracts for the licensing of programs with licensors. Under such agreements, copyrights and ancillary copyrights are transferred to YFE so that YFE can broadcast them in its programs or license them further. Therefore, when entering into such license agreements for the granting of rights to use and exploit programs, the Company generally requires proof of the licensor's right to dispose of the rights licensed by it. In this way, the Company can ensure that the necessary copyrights and ancillary copyrights are transferred to it in order to reduce the risk of infringements of intellectual property rights. Although the Company makes use of both internal and external legal advice for this purpose, there is a risk that in the event of a legal defect, for example due to a lack of authority to dispose of the rights or due to formal defects, the Company may infringe the rights of third parties when using the rights transferred to it or when licensing them on, and may therefore be sued for injunctive relief or damages. At the same time, in this case there is the risk that YFE has no enforceable or valuable recourse claim against its licensor. To the extent that the financial disadvantages of such defects of title to transferred copyrights and ancillary copyrights are not covered at the expense of YFE due to enforceable or valuable recourse claims against its licensors, this could have a material adverse effect on the net assets, financial position and results of operations of YFE.

Risks from exchange rate fluctuations

The current and future activities of the Company outside the territory of the European Monetary Union are partly conducted by YFE itself or also by its distribution partners in currencies other than the euro. The exchange rates applicable for this are subject to fluctuations that are not foreseeable and due to which YFE may not be able to generate stable earnings. The risk of losses due to such exchange rate fluctuations cannot always be excluded by means of suitable exchange rate hedging transactions. Unfavorable exchange rate fluctuations or costs for exchange rate hedging transactions could thus have a negative impact on the Company's revenue development and thus also on its net assets, financial position and results of operations.

Risks from bad debts

Efforts are made to counteract bad debt losses with contractual agreements on advance payment and / or by securing them with contract performance guarantees from major European banks. Receivables are subject to regular review as part of the determination of specific bad debt allowances. Bad debts could have a negative impact on the net assets, financial position and results of operations of the Company.

4.2.5 Risk Management

All general and operational risks are regularly recorded, evaluated and measures to minimize risks are determined.

YFE sees risk management as a central task of the Executive Board, managers and all employees.

YFE's risk management is broken down into the following four steps:

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

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

Regular discussions between the Executive Board and the 2nd management level are a central instrument of the Company's risk management. These discussions serve to identify risks in good time, assess them and, if necessary, take countermeasures and monitor the measures taken. In addition, the 2nd management level informs the Executive Board about unexpected risks outside these regular meetings.

Special issues are discussed in a timely manner between the Board of Management and the Supervisory Board.

YFE uses three instruments for continuous risk monitoring: liquidity management, sales controlling and balance sheet controlling. By ensuring regular and systematic control of these topics, all significant operational and structural risks of the Company's business activities are monitored. Overall responsibility for monitoring these risks lies with the Company's Executive Board.

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

Since the financial year 2021, 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 Supervisory Board during the financial statement preparation process and has thus become part of the Company's early risk identification system in order to identify and counteract any liquidity requirements at an early stage.

The aim of sales controlling is to identify, quantify and develop the Company's sales potential by planning and controlling sales activities. This ensures that the sales potential that can be realized in the medium term is known, that expenses and investments are covered by the realizable income in the medium term, and that a realistic cash flow plan can be prepared. Furthermore, the sales activities of the company are planned on the basis of the sales planning. In addition, these figures are checked for plausibility using a rights-based approach.

The aim of balance sheet controlling is to monitor balance sheet items in order to identify necessary corrections at an early stage, in particular a shortfall in equity. Balance sheet controlling consists of three pillars, the audited annual financial statements, the half-yearly financial report and continuous balance sheet controlling.

In addition, a monthly report is prepared, which also includes a contribution margin calculation. In addition, the respective market and company development is updated in an internal rolling planning. Short-term budget planning thus serves as an important early warning system and as a basis for variance analyses and planning control.

In principle, the risk management system serves to avoid risks. As some of the risks lie outside the sphere of influence of the Board of Management, even a functioning risk management system cannot guarantee that all risks have been eliminated. In this respect, developments may arise that deviate from the planning of the Board of Management.

4.2.6 Opportunities

Your Family Entertainment AG's strengths include its high-quality, broad programming library of around 3,500 half-hour programs, its many years of experience in producing TV programs, and its extensive cooperation network with buying broadcasters.

Considerable potential for the Company's development lies in the ongoing expansion of the pay TV station "Fix&Foxi" through the acquisition of additional platforms and thus ultimately subscribers, and of the free TV station "RiC" through the opportunities for marketing advertising time.

Furthermore, the company's opportunities lie in the even better exploitation of the legal base via new distribution channels, supported by the development of exploitation and product concepts. The value-oriented approach pursued in this context clearly distinguishes the company from its competitors.

The rights portfolio of YFE and its partners offers the possibilities of new productions with characters already known and established on the market.

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

The Board of Directors sees opportunities through the engagement of Genius Brands International, Inc. to gain access to their rich and expanding content portfolio and to jointly market it. In addition, the aim is to jointly pursue new content developments and to jointly expand YFE's program offering, as well as to strengthen its capital strength.

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

4.2.7 Overall view of risk and opportunity situation

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

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

The opportunities have improved significantly compared to the previous year due to the entry of Genius Brands International, Inc. while the risks are assessed to remain unchanged.

Risks which, alone or in combination with other risks, could jeopardize the continued existence of the Company as a going concern were not identifiable either at the balance sheet date or at the time of preparation.

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

4.2.8 Forecast Report

The Company's focus in H2 2022 will continue to be on building new collaborations, in particular with its major strategic shareholder Genius Brands International, Inc.

By adding content from Genius Brands International, Inc. to its programming lineup, YFE will achieve greater programming appeal for its national and international channels, as well as tap into additional markets and new customers through the joint marketing of licenses.

Overall, the Management Board sees a further increase in demand in the streaming and VoD segment, from which YFE aims 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 attractive to new competitors who need to secure a basic set of offerings.

Although the development of revenues and earnings will continue to be subject to fluctuations in the future due to 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 fiscal year 2022, the Executive Board expects sales to be significantly higher than in the previous year, with a corresponding increase in EBITDA. The effects of the Ukraine war, inflationary trends and the COVID 19 pandemic on YFE's business cannot be reliably forecast from today's perspective, so the future situation may deviate significantly from the Executive Board's forecast.

5. RESPONSIBILITY STATEMENT (BILANZEID)

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year."

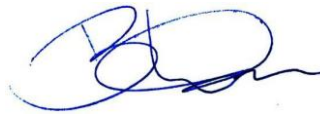
Munich, 29.09.2022 Your

Family Entertainment AG The

Management Board



Dr. Stefan Piëch
CEO



Bernd Wendeln
COO

6. FINANCIAL CALENDAR 202 2

➤ 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. IMPRINT / CONTACT

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