Your Family Entertainment

Aktiengesellschaft (Stock Corporation)

Annual Business and Financial Report 2021

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.

KEY DATA IN €K

Income Statement (P&L)	01/01 – 12/31 2021	01/01 – 12/31 2020
Sales revenue	3,114	3,035
EBITDA*1	54	21
EBIT*2	334	310
Net loss/profit for the year	-79	47

*1 EBITDA = Net loss/profit for the year + Income taxes + Interest and similar expenses - Other interest and similar income + Write-downs - Write-ups

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

Balance	12/31/2021	12/31/2020
Total balance sheet amount	17,640	17,311
Value of film assets	16,941	16,638
Shareholders' equity	8,140	8,225
Equity ratio	46%	48%

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1. Foreword of the Management Board

Dear shareholders,

The SARS-CoV-2 virus and the associated measures to fight it continued to have a significant impact over the last year. We hope that you and your families have remained healthy and have overcome the day-to-day challenges by means of the routine that is now in place. Just as clearer skies began to appear on the horizon, we were surprised by Russia's attack on Ukraine at the end of February this year and reminded that radical and drastic changes in world peace and security are possible at any time. Our thoughts are with the suffering Ukrainian people, especially the children and young people who have to cope with such terrible and traumatic experiences. Through our cooperation with SOS Children's Villages, we offer support and assistance and ask you, our shareholders, to heed the international appeal for help wherever possible.

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

In April, we launched a cooperation agreement with the Swedish provider Playground TV, a streaming platform specially tailored to multilingual families. The "Little Nine" channel, newly equipped with YFE content, is thus expanding its language portfolio and helping children develop language skills and connect with culture.

Just a few days later, our tireless efforts to combat sensory overload and violence in children's television were recognized with the 10th Award of the International Brand Colloquium. The jury of experts recognized our concern to provide suitable content for children, to convey creativity and positive values which are also educational and, of course, non-violent.

Also in April, Swisscom blue TV added our pay TV station "Fix&Foxi TV" to its lineup. We were thus able to strengthen our presence in the Swiss market and once again attract a large and established provider to our station.

Our strategic partnership with ocilion, concluded shortly thereafter, was a major milestone in our efforts to create the basis for innovative solutions in the children's sector. In the first step of the cooperation, ocilion is providing its network operators with our high-quality, violence-free children's and family programs via the IPTV platform. The station portfolio is being expanded to include "Fix&Foxi TV" and "RiC TV". In addition, the process of exploiting the synergies in the core competencies of the two companies has started. ocilion is contributing its core expertise around IPTV, user guidance on different screens, moving image transmission and multi-client capability in distribution technologies. YFE is applying its expertise in the areas of program development and production, license trading with the content portfolio and broadcast operations.

On May 19 we were able to bring on board the sales expertise of the largest private media company in Austria, ProSiebenSat.1 PULS 4. The number 1 in marketing in our relevant target audience exclusively took over the distribution of "RiC TV" and is expanding what it offers. In addition to experience, the focus on brand safety and brand suitability is particularly relevant for us.

To mark International Children's Day on June 1, we broadcast a special program with numerous documentaries about our successful and highly regarded cooperation with SOS Children's Villages worldwide. The well-known Peruvian soccer star Claudio Pizarro showed his commitment to the SOS Children's Village in Lima, for example, while Amrita reported on her life in the Children's Village in Faridabad. Leijla from Bosnia made a big impression with her account of how she is realizing her dream of working as a journalist. And last but not least, Fix&Foxi took the young viewers and their families to experience the varied program in the SOS vacation village of Caldonazzo.

As of June 1, we were able to resume trading via XETRA with mwb fairtrade Wertpapierhandelsbank as the designated sponsor. This ensures that YFE shares can be traded at any time. It was also resolved to extend the redemption of treasury shares to June 30, 2022.

Shortly afterwards, we announced our cooperation with CLIQ Digital, a leading provider of all-in-one content portals in Germany, Austria and Switzerland. Operating in over 30 countries, CLIQ Digital is a leading digital lifestyle company providing streaming entertainment services to consumers worldwide, with unlimited access to music, audiobooks, games, sports and movie content.

Together with Cloud 9 Screen Entertainment, we launched distribution of the internationally popular series "The Tribe" at the end of June, marking the start of our cooperation. The series appeals to different age groups and deals with topics such as peer pressure and growing up, which is a very good addition to our high-quality educational content. In the meantime, we have also achieved our first encouraging license sales, including in free TV to the public broadcaster in South Africa, the South African Broadcasting Corporation.

Buying and collecting NFTs is currently a major trend in the digital scene worldwide, for instance in the field of digital art. The blockchain-based technology makes it possible to create digital one-offs that can subsequently change hands. Together with 361/DRX and its AR-ready platform, we launched two collections of such digital and officially licensed collectibles based on the comic book characters "Fix & Foxi" and the computer game character "Moorhuhn" at the end of July. Thanks to augmented reality, these are not just abstract figures in digital space, but can be experienced in the collector's real environment.

At the same time, we started cooperation with the full-service social media agency HitchOn to manage and support YFE's YouTube channels. The success of our YouTube channels shows that the entertaining, educational and non-violent content of our program library already has many fans. We are delighted to be working together with Germany's best YouTube agency to exploit the opportunities in the AVOD sector, to increase our reach significantly and to launch many new channels.

On World Children's Day on September 20, "RiC TV" was all about children. Stories full of hope awaited RiC viewers as children from SOS Children's Villages shared insights into their daily lives, cultures and traditions. Special attention was paid to the dedicated work of SOS Children's Villages, which support children through their often challenging daily lives.

At the end of September, some of our series went mobile: they climbed on board with Zync. Zync's technology enables completely new functions and mobile services in automobiles. Zync's software platform uses existing hardware to bring entertainment to vehicles, including video streaming. All content is tailored to the user, context, location and route. Our content now enables high-quality, educational entertainment while driving.

At the beginning of October, we were able to announce an expansion of our service to our viewers in Africa and the Middle East. We included new series from WildBrain's catalog, such as the award-winning animated series Sabrina, The Adventures of Paddington Bear and the BAFTA Award-nominated series Fireman Sam and Bob the Builder (Classic).

Shortly thereafter, we were able to announce our content partnership with StoryZoo, an educational animated series. Since one of the characters in the series speaks only English, the others learn the English translation of many words and short phrases, along with the children at home. StoryZoo's content is a perfect fit for our channels because it supports the values for which we have stood for more than 30 years: non-violence, education and the trust of parents.

At the beginning of December, we were able to announce one of the most important pieces of news from last year and a significant milestone in the development of Your Family Entertainment AG. Genius Brands International (GNUS), a leading global media company based in California that develops, produces, markets and licenses children's entertainment and consumer products for media and retail distribution, acquired a holding of around 29% from our main shareholder F&M Film- und Medien Beteiligungs GmbH. The purchase was concluded at a price of EUR 2.00 per registered share, and an agreement was also reached for continued joint exercise of voting rights for the shares in YFE held by both parties.

The share price subsequently rose by around 65%, bringing you, our shareholders, a pleasing development in your portfolio. Following the acquisition of the shareholding and the resulting takeover of control, Genius Brands published a mandatory offer under the German Securities Acquisition and Takeover Act (WpÜG) at a price of EUR 2.00 with the aim of acquiring a majority of the shares. In addition, Genius Brands announced plans to invest up to EUR 7 million in YFE to support the expansion of its global digital and analog channel presence and proprietary formats. Genius Brands also proposed changing the company's name to Genius Family Entertainment Aktiengesellschaft.

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

We are now entering a new era of Your Family Entertainment AG, which will continue to offer educational and non-violent content of the usual quality. This will now be done in international association with Genius Brands and soon under the name Genius Family Entertainment AG.

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 continuing our successful management of Your Family Entertainment AG with motivated and ambitious employees in the future, expanding the company and to working to exploit the huge existing potential of the company.

Munich, April 2022

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. 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 who share a common goal: passing on enthusiasm and passion for responsible, high-quality children's TV programs to children, young people, families and customers all over the world.

In the international licensing trade, YFE has one of the largest 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 created lovingly and with great effort, and they allow YFE to offer a varied service. The library is continuously maintained and supplemented by additional programs/formats. This continues to ensure value stability in the program library.

Since November 2007, YFE has been successfully operating the **award-winning pay TV channel** "yourfamily", which won the prestigious HOT BIRD™ TV award in 2010 and was nominated again as one of the best three children's TV channels worldwide in 2011, 2013, 2014 and 2015. Since December 2014, the pay TV channel "yourfamily" has gone by the name "Fix&Foxi". Through the integration of the brand "Fix&Foxi", which has had a large fan base for over 60 years and not only in Germany, the popularity of the two foxes is combined with high-quality television content for families. With their 24-hour program, the two popular foxes present an optimal mix of high-quality entertainment and educational content, along with monthly highlights. In 2016, "Fix&Foxi" won the **Eutelsat TV Award** in the category "Children's channels". With its broader concept, the channel has adopted a distinct and independent position in the German-language kids' pay TV market, including since 2015 on the **Amazon Fire** TV app "Fix&Foxi TV". In addition, an optional channel has been available under the name of "Fix&Foxi" on **Amazon Prime Video** in the children's entertainment section since 2017. In January 2020, YFE was able to announce the inclusion of "Fix&Foxi" TV in the pay TV portfolio of **Vodafone Germany** and the expansion of existing cooperation in the video-on-demand sector. Thanks to its successful concept, the channel is already represented in many countries and in various languages worldwide.

Since 2012, YFE has also been available on free TV through the family station "RiC". "RiC" was able to establish itself successfully as a private children's and family station in the German-speaking countries through its high-quality and popular European programs. Thanks to its extensive expertise and carefully selected, high-quality content, "RiC" is positioning itself as the third private children's and family program in the German-speaking world. Both the child-friendly presentation of the station and the gentle pace of its content make "RiC" a counterpoint in the predominantly American and Asian sector. "RiC" is broadcast via satellite (ASTRA), many cable networks and as a live stream on the internet of German-speaking countries, as well as on the iOS and Android mobile platforms.

Since February 2015, "RiC" has also been available in mobile form via **Vodafone Germany** (legal successor to Unitymedia and Kabel BW) in Baden-Württemberg, Hesse and North Rhine-Westphalia. "RiC" has now extended its reach to over 34 million households in German-speaking countries and continues to expand its presence in the cable network.

3. Report of the Board of Directors

Dear shareholders,

While the previous fiscal year was dominated by the pandemic and its impact on business operations, the significant event of the 2021 fiscal year was undoubtedly the involvement of Genius Brands International, Inc., based in Beverly Hills, California, USA, as a new major shareholder in the company in the course of a mandatory public offer that was completed in February 2022. Genius Brands had previously signed a share purchase agreement and a shareholders' agreement with F&M Film- und Medien Beteiligungs GmbH, under which Genius Brands directly acquired a proportion of the shares in F&M and the remaining shares of F&M were allocated to it. As of December 31, 2021, Genius Brands International Inc., Carson City, Nevada, USA, directly held 28.69% of the share capital and also had an indirect holding of 38.21% of the voting rights of F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, or these were allocated to it.

The Board of Directors welcomes the development and the associated business opportunities for our company. The significant increase in the company's share price since the announcement of the offer is an indication that the capital market is also taking a positive view of this development.

But now to the 2021 fiscal year: The ongoing pandemic also had a not insignificant impact on the 2021 fiscal year. Even if the economy as a whole and we as a company have now adapted to the new conditions and learned to deal with them, the limits of the virtual world are undoubtedly apparent. It is precisely the lack of face-to-face encounters that makes business transactions and development more difficult. In this respect, the Board of Directors is grateful to the management and employees for the outstanding commitment they have shown in these difficult times. That commitment will also be crucial in the future, especially against the backdrop of the upheavals caused by the war in Ukraine, the effects of which are not yet foreseeable for us.

Due to the continuing pandemic-related restrictions, the Board of Directors was forced to hold its meetings – and the Annual General Meeting – virtually. However, this did not affect the efficiency or intensity of the cooperation. In addition to the four regular meetings of the Board of Directors, the Board met repeatedly in video conferences to discuss current developments, in particular following receipt of the acquisition offer from Genius Brands.

The Management Board provided the Board of Directors with comprehensive and timely information, in particular at the regular meetings of the Board of Directors. The Board of

Directors and Management Board were also in constant contact between meetings. Video teleconferences were held and there was regular contact by email. The Board of Directors also receives daily liquidity reports as soon as the value of the company falls below certain thresholds. The Board of Directors 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. Contact with the Management Board was also particularly intensive in connection with the offer by Genius Brands.

A total of four virtual meetings of the Board of Directors were held in the 2021 fiscal year. All members of the Board of Directors attended at least half of its meetings during their term of office in 2021. 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 Board of Directors held discussions by means of telephone conferences. In the 2021 fiscal year, the Board of Directors 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

As already mentioned at the outset, from the perspective of the Board of Directors, the key event of the 2021 fiscal year is the entry of Genius Brands as a new major shareholder. Genius Brands is a global content and brand management company that creates and licenses multimedia content. Genius Brands distributes its content in all formats, and offers a wide range of consumer products based on its characters. In the area of children's media, the portfolio includes content for toddlers to tweens for entertainment and knowledge transfer. In approach, the philosophies of Genius Brands and those of our company overlap. Both companies are built on the idea of non-violent, educational children's programming.

Both the Management Board and the Board of Directors hope that this commitment will offer access to the rich and expanding content portfolio of Genius Brands and to the US market, which is otherwise difficult to reach. In addition, 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.

In connection with the significant increase in the company's share price after the mandatory offer was made, the Management Board resolved in February 2022 to exercise the conversion right in respect of the convertible bond 2020/2022 issued by the company, and the Board of Directors approved this resolution.

The conversion has had two immediate effects: On the one hand, it has led to an increase in the company's share capital from €10,457,730 to €13,031,530. On the other hand, it significantly reduced the company's level of indebtedness. This opens up new scope for the company, even before the involvement of Genius Brands.

Key subjects discussed by the Board of Directors

As in previous fiscal years, the Board of Directors' deliberations and monitoring activities focused in particular on the liquidity situation and long-term financing of the company, especially in view of the impact of the pandemic. As mentioned, the Board of Directors monitors the company's day-to-day liquidity in order to identify critical developments and, if necessary, advise on options for action at short notice.

Sales for the 2021 fiscal year amounted to €3,114k, €78k higher than in the 2020 fiscal year. This second consecutive year of sales growth indicates a further stabilization of the business. However, this does not yet constitute a sustained trend reversal.

The company closed the 2021 fiscal year with a loss of €79k, after a positive result of €47k in the 2020 fiscal year. However, the operating result (EBITDA) was +€54k, while positive EBITDA of €21k was achieved in the previous year.

Committees of the Board of Directors

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

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 Board of Directors, Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the accounting records, the annual financial statements and the management report for the fiscal year 2021. 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 Board of Directors. The aforementioned documents were discussed in detail by the Board of Directors at its meeting of April 25, 2022, in the presence of the auditor. All the Board of Directors' questions were answered in detail. The Board of Directors took note of and approved the findings of the audit. Following the final outcome of the Board of Directors' own examination, no objections are to be raised to the annual financial statements or the management report of the company for the 2021 fiscal year. The Board of Directors 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 Board of Directors 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 Board of Directors and reported the audit and consultancy fees incurred in the relevant fiscal year to the Board of Directors.

Corporate governance and Declaration of Conformity

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

The Board of Directors would like to thank the Management Board and all the employees for their hard work in the 2021 fiscal year and wishes them and their families good health and continued success.

Munich, April 2022

Dr. Hans-Sebastian Graf von Wallwitz

Chair of the Board of Directors

4. The share

4.1 Overview

WKN	A161N1
ISIN	DE000A161N14
Abbreviation	RTV
Stock Markets	Regulated market in Frankfurt (General Standard); Open Market in Berlin, Dusseldorf, Stuttgart
Number of shares	10,457,730 units (as of 12/31/2021)
Paying agent	Bankhaus Gebr. Martin AG, Kirchstrasse 35, 73033 Goeppingen, Germany

4.2 Share price Performance in 2021

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

4.3 Shareholder structure as of 12/31/2021 (directly held shares)

38.22% | F&M Film- und Medien Beteiligungs GmbH, Vienna, Austria

28.69% | Genius Brands International, Inc., Carson City, Nevada, USA

13.06% | Holler Foundation, Munich, Germany

20.03% | Free float (of which > 3% VP Fund Solutions (Liechtenstein) AG, Vaduz, Luxembourg)

5. Annual financial statements and management report

5.1 Balance sheet

ASSETS	12/31/2021 EUR	EUR	12/31/2020 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	4,675.65		11
2. Film assets and other rights acquired for a consideration	16,941,145.17		16,637
3. Advance payments made	11,450.00		0
		16,957,270.82	16,648
II. Tangible assets			
Other equipment, operating and office equipment	14,040.00		21
		14,040.00	21
		16,971,310.82	16,669
B. CURRENT ASSETS			
I. Accounts receivable and other assets			
1. Accounts receivable, trade	557,797.68		365
2. Other assets	66,412.88		22
		624,210.56	387
II. Cash on hand and bank balances		4,581.72	229
C. ACCRUALS AND DEFERRALS		39,921.24	26
		17,640,024.34	17,311

LIABILITIES	12/31/2021		12/31/2020
	EUR	EUR	EURk
A. EQUITY			
I. Subscribed capital		10,457,730.00	10,458
less nominal value of treasury shares		-67,130.00	-63
Issued capital		10,390,600.00	10,395
II. Capital reserve		2,839,126.68	2,840
III. Accumulated deficit		-5,089,518.29	-5,010
		8,140,208.39	8,225
B. PROVISIONS			
1. Pension provisions and similar obligations	350,056.00		350
2. Other provisions	549,339.77		451
		899,395.77	801
C. LIABILITIES			
1. Bonds of which convertible: EUR 4,375,460 (PY EUR 4,375k)	4,375,460.00		4,375
2. Loans from credit institutions	3,763,113.01		3,490
3. Advance payments received on orders	0.00		2
4. Accounts payable, trade	407,373.37		337
5. Other liabilities, of which from taxes: EUR 17,532.22 (PY EUR 38k) of which for social security: EUR 0.00 (PY EUR 0k)	41,557.17		56
		8,587,503.55	8,260
D. ACCRUALS AND DEFERRALS		12,916.63	25
		17,640,024.34	17,311

5.2 Income statement (P&L)

Your Family Entertainment AG, Munich

Income statement for the period from January 1 to December 31, 2021

		2021 EUR		2020 EURk
1.	Sales revenue		3,113,854.09	3,035
2.	Other operating income		1,775,593.88	1,519
			4,889,447.97	4,554
3.	Cost of materials			
	a) Cost of licenses, commissions and materials	-183,285.36		-71
	b) Cost of purchased services	-902,592.21		-906
			-1,085,877.57	-977
4.	Personnel expenses			
	a) Wages and salaries	-954,043.29		-1,107
	b) Social security contributions, pension scheme expenses and expenses for pension support: EUR 5,590.24 (PY EUR 5k)	-128,165.29		-145
			-1,082,208.58	-1,252
5.	Depreciation on intangible assets and property, plant and equipment		-1,423,312.76	-1,156
6.	Other operating expenses		-957,658.57	-859
7.	Interest and similar expenses		-402,209.00	-260
8.	Taxes on income and earnings		-11,460.63	-3
9.	Earnings after taxes		-73,279.14	47
10.	Other taxes		-5,980.95	0
11.	Annual net loss (PY annual net profit)		-79,260.09	47
12.	Carry-forward		-5,010,258.20	-5,057
13.	Accumulated deficit		-5,089,518.29	-5,010

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5.3 Cash flow statement for the 2021 fiscal year

Your Family Entertainment AG, Munich

Cash flow statement for the period from January 1, 2021 to December 31, 2021

			2021 EURk	2020 EURk
A.		**Ongoing business activities**		
1.		Annual result	-79	47
2.	+	Write-downs on value of film assets and other rights	1,400	1,128
3.	+	Write-downs on remaining items of fixed assets	23	28
4.	-	Write-ups on value of film assets and other rights	-1,703	-1,445
5.	+	Losses incurred by the disposal of items from the fixed assets	1	12
6.	+/-	Increase / decrease in non-current provisions	0	0
7.	+/-	Other non-cash expenses / income	-14	-34
8.	+	Interest and similar expenses	402	260
9.	+/-	Tax expenses/income	11	3
10.	-/+	Increase / decrease in accounts receivable, trade	-193	42
11.	-/+	Increase / decrease in other assets	-58	25
12.	+/-	Increase / decrease in accounts payable, trade	70	-92
13.	+/-	Increase / decrease in other liabilities	64	-6
14.	-/+	Taxes paid	-11	-3
		Cash outflow from operating activities	**-87**	**-35**
B.		**Investment activities**		
1.	-	Investments in property, plant and equipment	-26	-4
2.	+	Proceeds from disposal of fixed assets	3	0
3.	-	Investments in other intangible fixed assets	0	0
4.	-	Investments in film assets and in other rights	0	0
		Cash outflow from investment activities	**-23**	**-4**
C.		**Financing activities**		
1.	-	Cash outflows for the acquisition of treasury shares	-5	-40
2.	+	Proceeds from capital increase	0	227
3.	+	Proceeds from borrowing via financial loans and bonds	0	4,375
4.	-	Cash outflows from the repayment of financial loans and bonds	0	-4,375
5.	-	Interest and guarantee fees paid	-382	-239
		Cash outflow from investment activities	**-387**	**-52**
D.		**Net changes in cash and cash equivalents**	**-497**	**-91**
E.		**Cash and cash equivalents at the beginning of the period**	**189**	**280**
F.		**Cash and cash equivalents at the end of the period**	**-308**	**189**

Composition of cash and cash equivalents	12/31/2021 EURk	12/31/2020 EURk
Cash on hand, bank balances	5	229
Liabilities to banks with a remaining term of up to three months	-313	-40
Cash and cash equivalents	**-308**	**189**

5.4 Statement of changes in equity (equity level)

Your Family Entertainment AG, Munich

Statement of changes in equity for the 2021 fiscal year

	Subscribed capital	Nominal value of treasury shares	Issued capital	Capital reserve	Accumulated profit	Shareholders' equity
	EUR	*EUR*	*EUR*	*EUR*	*EUR*	*EUR*
As at 1/1/2019	**10,295,459.00**	**-20,309.00**	**10,275,150.00**	**2,783,906.61**	**-2,685,281.96**	**10,373,774.65**
Acquisition of treasury shares	0.00	-9,309.00	-9,309.00	-1,706.24	0.00	-11,015.24
Annual deficit	0.00	0.00	0.00	0.00	-2,372,029.99	-2,372,029.99
As at 12/31/2019	**10,295,459.00**	**-29,618.00**	**10,265,841.00**	**2,782,200.37**	**-5,057,311.95**	**7,990,729.42**
As at 1/1/2020	**10,295,459.00**	**-29,618.00**	**10,265,841.00**	**2,782,200.37**	**-5,057,311.95**	**7,990,729.42**
Acquisition of treasury shares	0.00	-33,382.00	-33,382.00	-6,881.25	0.00	-40,263.25
Capital increase	162,271.00	0.00	162,271.00	64,908.40	0.00	227,179.40
Annual net profit	0.00	0.00	0.00	0.00	47,053.75	47,053.75
As at 12/31/2020	**10,457,730.00**	**-63,000.00**	**10,394,730.00**	**2,840,227.52**	**-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**	**-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	-5,230.84
Annual deficit	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**	**-5,089,518.29**	**8,140,208.39**

5.5 Notes for the 2021 fiscal year

I. *General information*

The annual financial statements of Your Family Entertainment AG (YFE), (Munich District Court, HRB 164922) for the 2021 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, Tuerkenstrasse 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 recent years, the company has focused on the area of "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.

II. Accounting policies

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

For information on the changes made in the 2021 fiscal year to the market risk premium in the valuation of film assets acquired for a consideration and their impact on the results of operations, please refer to the following disclosures.

The market risk premium was adjusted from 7.5% to 6.75% as part of the valuation of the film assets as of December 31, 2021 and is therefore still within the range recommended by the FAUB (Fachausschuss für Unternehmensbewertung), but no longer at the upper end of the range. Without this adjustment, the write-up would be €1,458k, the utilization-related write-downs would be €715k and the impairment losses would be €797k. The net loss for the year would amount to €443k, with unchanged positive EBITDA of €54k.

1. Balance sheet

Film assets and other rights acquired for a consideration are shown at their amortized costs. Scheduled depreciations depend on the utilization of the film rights. The periodic 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.

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 amount of the valuation. As a result, fluctuations due to write-ups and write-downs cannot be ruled out in the future in the carrying amount of film assets and thus also in the income statement.

In accordance with the procedure applied in the 2021 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 separately 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 2021 fiscal year, impairment losses totaling €709k (PY €78k) 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 2021 fiscal year, write-ups of €1,703k (PY €1,445k) were recognized on the basis of the valuation method applied and the corresponding calculation; these are reported 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, 2021.

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 1.87% p.a. (10-year average for pension obligations) and 1.35% (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. In addition, 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 €16k 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 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.

Economic hedging relationships are reflected on the balance sheet through the formation of valuation units. When applying the "net hedge presentation method", compensatory changes in value from the hedged risk are not accounted for on the balance sheet. The positive and negative changes in the value of both the hedged item and the hedging instrument are recorded without affecting the income statement.

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 agreement 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 the 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 merchandising revenues ("License Sales" business unit), the guaranteed revenues are recognized 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 has sales.

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 was the case on December 31, 2020, there are no trade receivables or other assets with a term of more than one year as at December 31, 2021.

3. Equity

Share capital

As of the balance sheet cut-off date, the share capital of Your Family Entertainment AG is divided into 10,457,730 no-par value shares with a proportionate amount of the share capital of €1.00 each.

As of December 31, 2021, the share capital thus amounts to €10,457,730.00. The shares are registered and fully paid up.

As of December 31, 2021, F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, holds 38.22% of the share capital, Genius Brands International Inc., Carson City, Nevada, USA, has a direct holding of 28.69% of the share capital, and in addition, 38.21% of the voting rights of F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, are indirectly attributable to it. The Holler Foundation, Munich, Germany, holds 13.06% of the share capital of Your Family Entertainment Aktiengesellschaft as of December 31, 2021.

Capital reserve

To offset the purchase price for 4,130 treasury shares, which was higher than the nominal amount, €1,100.84 was withdrawn from the freely available capital reserve in 2021.

Authorized capital 2021

The Annual General Meeting of June 29, 2021 resolved to cancel the Authorized Capital 2016, simultaneously approving new authorized capital (Authorized Capital 2021).

In this respect, the following resolution was adopted:

1. The Management Board is authorized, with the consent of the Board of Directors, to increase the share capital of the company on one or more occasions on or before June 28, 2026, by a total of up to EUR 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**). 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 Board of Directors, to exclude shareholders' subscription rights:

a) 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 Board of Directors, to determine the further details of the capital increase and its implementation. The Board of Directors 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.

2. 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 Board of Directors, to increase the share capital of the company on one or more occasions on or before June 28, 2026, by a total of up to EUR 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). 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 Board of Directors, to exclude shareholders' subscription rights:

a) 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 Board of Directors, the Management Board is authorized to determine further details of the capital increase and its implementation. The Board of Directors 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 2021 and the corresponding amendment to the Articles of Association

The Annual General Meeting of June 29, 2021 adopted the following resolution:

1. The Management Board is authorized, with the approval of the Board of Directors, to issue bearer convertible bonds (hereinafter also referred to as "bonds") with a total nominal value of up to €7,500,000.00 and a maximum term of 20 years on one or more occasions up to June 28, 2026 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 €2,654,936.00 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 Board of Directors, 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,

aa) 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;

bb) 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;

cc) 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 respective terms and conditions of the convertible bonds may also stipulate that, in the event of conversion being exercised, the company shall not grant shares in the company to the person entitled to conversion, but shall pay the equivalent value in cash. 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 Board of Directors, 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 is conditionally increased by up to €2,654,936.00 by issuing up to 2,654,936 new no-par value registered shares (Conditional Capital 2021). 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 29, 2021 exercise their conversion rights or the conversion obligations under such bonds are fulfilled by June 28, 2026 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 Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorized to adjust the version of the Articles of Association in accordance with the utilization of the conditional capital.

3. Section 4(4) of the Articles of Association is amended to read as follows:

   "(4) The share capital has been conditionally increased by up to €2,654,936.00 with the issue of up to 2,654,936 new no-par-value registered share certificates (conditional capital 2021)." 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 29, 2021 exercise their conversion rights or the conversion obligations under such bonds are fulfilled by June 28, 2026 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 Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorized to amend the wording of the Articles of Association in accordance with the respective utilization of the conditional capital."

Share redemption

The Management Board of Your Family Entertainment Aktiengesellschaft has resolved, with the approval of the Board of Directors, to make use of the authorization resolved at the Annual General Meeting of June 22, 2016 to acquire treasury shares in accordance with Section 71(1) No. 8 AktG and to acquire up to 10,000 shares in the company from June 1, 2021 until June 21, 2021 at the latest.

In addition, the Management Board has resolved, with the approval of the Board of Directors, to continue the redemption of treasury shares from June 30, 2021 to June 30, 2022, provided that the Annual General Meeting of June 29, 2021 again authorizes the company to acquire and use treasury shares pursuant to Section 71(1) No. 8 AktG in accordance with the resolution proposed by the Management Board and Board of Directors to the Annual General Meeting. In this case, the Management Board plans to acquire a total of up to 60,000 treasury shares, including the treasury shares acquired under the share redemption program described above by June 21, 2021, and to use them for all legally permissible purposes. The further acquisition of treasury shares from June 30, 2021 onwards shall also be carried out under the guidance of an investment firm or a bank in accordance with the safe harbor provisions of Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 in conjunction with the provisions of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016.

On December 17, the Management Board of Your Family Entertainment Aktiengesellschaft decided to terminate the share redemption program announced on May 31, 2021 prematurely by way of an ad hoc announcement with immediate effect. The Board of Directors has given its approval to this. The share redemption program was previously scheduled to run until June 30, 2022 at the latest.

The total number of shares purchased under the share redemption program in the period from June 1, 2021 up to and including December 17, 2021 amounts to 3,630 shares.

On the basis of the authorization and the above resolutions, 4,130 treasury shares (0.0395% of the capital stock) with a total nominal value of €4,130.00 were acquired on the stock market in the past fiscal year at a total price of €5,230.84 plus €28.21 incidental costs.

Treasury shares thus amount to 67,130 shares with a total nominal value of €67,130 (0.64% of the capital stock) as at December 31, 2021.

4. Provisions

Other provisions of €549k (PY: €451k) mainly relate to personnel costs of €126k (PY: €70k), provisions for outstanding invoices of €110k (PY: €84k), provisions for financial statement and audit costs of €75k (PY: €50k, provisions for interest expenses for the convertible bond of €140k (PY: €140k) and the provision for the remuneration of the Board of Directors of €46k (PY: €45k).

5. Convertible bond

On November 18, 2019, the Management Board and Board of Directors 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. The issue amount per partial bond is 100% of the nominal amount and thus €1.70. Each partial bond bears interest of 3.5% p.a. on its nominal amount.

Under their subscription rights, shareholders were entitled to subscribe for a new partial bond for four shares each on the basis of the subscription ratio of 4:1. Provisions were made for the option of subscribing for additional partial bonds. The subscription period ran from November 25, 2019 to December 9, 2019 (both inclusive), and no subscription rights trading was planned. The corresponding subscription offer was published in the German Federal Gazette on November 20, 2019.

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

On February 2, 2022, Your Family Entertainment AG announced that the company plans to exercise its early conversion right pursuant to Section 4(6) of the terms and conditions of the 3.5% convertible bond 2020/2022 (ISIN DE000A2YPF18) in respect of all outstanding

2,573,800 partial bonds with a nominal value of EUR 1.70 each and to take all necessary measures to this end in the short term.

On completion of the conversion, the company's share capital increased by €2,573,800.00 to €13,031,530.00.

The new shares were created and delivered with a date of March 9, 2022. The company's liabilities decreased by €4,375k, while equity increased accordingly by €2,574k.

6. Liabilities

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
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**

2020 (in €k)	Up to 1 year	More than 1 year	More than 5 years	Total
Convertible bonds	0	4,375	0	4,375
Loans from credit institutions	3,491	0	0	3,491
Advance payments received on account of orders	2	0	0	2
Accounts payable, trade	337	0	0	337
Other liabilities • of which taxes • of which social security	56 (38) (0)	0 (0) (0)	0 (0) (0)	56 (38) (0)
Total liabilities as of 12/31/2020	**3,886**	**4,375**	**0**	**8,261**

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

7. Other financial obligations

Other financial obligations due within one year amount to €817k and are mainly divided into rental (€53k), leasing (€6k), consulting and service obligations (€758k).

Within a period of 2 to 5 years, a total of €121k will become due, primarily for rental (€75k), leasing (€2k), consulting and service obligations (€44k). In the period greater than 5 years, a total of €7k is due for service obligations.

IV. Notes on the income statement

1. Sales revenue

Sales revenue of €3,114k in 2021 was generated entirely in the "License Sales" segment (PY: €3,035), of which €1,426k (PY: €1,329k) was realized in Germany and €1,688k (PY: €1,706k) abroad.

2. Other operating income

Other operating income includes in particular income from write-ups on film assets amounting to €1,703k (PY: €1,445k) and from the reversal of provisions amounting to €6k (PY: €35k). In addition, income from currency conversion amounting to €4k (PY: €7k) is reported.

3. Cost of materials

This position concerns sales-related costs for licenses, commission, materials and purchased services. These are mainly expenses for purchased services of €903k (PY €906k), for licenses (authors' shares) of €147k (PY €29k) and commissions of €36k (PY €38k).

4. Personnel expenses / information on personnel

The average number of employees during the year, including one trainee and interns but excluding the Management Board, was 13 (PY 13), of which 2 (PY 0) were part-time employees.

5. Write-downs

Depreciation on intangible assets and property, plant and equipment amounted to €1,423k (PY €1,156k).

As a result of the impairment test, impairment losses of €709k (PY €78k) were recognized on film assets. In addition, there were utilization-related write-downs on film assets amounting to €683k (PY €1,036k) and straight-line depreciation of film assets amounting to €7k (PY €14k).

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.

In addition, expenses for losses from the increase in specific bad debt allowances on trade receivables amounting to €14k (PY €29k) and from currency conversion amounting to €2k (PY €8k) were recognized.

7. Interest and similar expenses

Expenses from the discounting of provisions amount to €8k (PY €9k).

8. Taxes on income and earnings

This item amounting to €11k (PY €3k) 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. Board of Directors

The members of the Board of Directors 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

The total remuneration (excluding expenses) of the Board of Directors amounted to €45k in the 2021 fiscal year. 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, 2021, the members of the Board of Directors held 100 no-par value shares.

Other mandates held by members of the Board of Directors 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 Board of Directors of

  - MS Technologie Group AG, Munich, Germany (since December 10, 2021)

  Full member of the Board of Directors of

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

  Full member of the Supervisory Board of

  - Frener & Reifer GmbH, Bressanone, Italy

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 boards of directors and other supervisory bodies within the meaning of Section 125(1) sentence 3 AktG comprise full membership of the board of directors 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

Remuneration paid and owed to current members of the Management Board in the 2021 fiscal year:

		Dr. Stefan Piech, CEO (since 10/2006)				Bernd Wendeln, COO (since 06/2020)			
		2021		2020		2021		2020	
		in EURk	in %	in EURk	in %	in EURk	in %	in EURk	in %
Fixed remuneration	Annual base salary	48[1)]	91	221	98	170	81	100	89
	Fringe benefits	5	9	5	2	21	10	8	7
Total		**53**	**100**	**226**	**100**	**191**	**91**	**108**	**96**
Variable remuneration	Bonus	0	0	0	0	4	2	0	0
	Discretionary bonus	0	0	0	0	15	7	5[2)]	4
Total		**0**	**0**	**0**	**0**	**19**	**9**	**5**	**4**
Total remuneration		**53**	**100**	**226**	**100**	**210**	**100**	**113[3)]**	**100**

1) Due to the difficult economic situation in the 2021 fiscal year, the basic annual salary of Management Board member Dr. Stefan Piech has been temporarily reduced for the period 1/2021 to 11/2021.
2) Special bonus paid in 2021 fiscal year for outstanding performance in 2020 fiscal year.
3) In the 202 fiscal year, the shareholder F&M granted Bernd Wendeln an option to acquire 350,000 shares in Your Family Entertainment AG at a purchase price of EUR 1.00 per share (fair value on the date granted: EUR 86k).

Fringe benefits include insurance policies and subsidies for insurance policies in the amount of €19k and benefits in kind in the amount of €7k. In the 2021 fiscal year, subsidies for health and long-term care insurance will also be reported under fringe benefits for the first time.

As of the balance sheet date, 152,001 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 EUR 86,029.25 and the fair value of the option as of December 31, 2021 was EUR 360,735.04. The option was not exercised, including in part, in the 2021 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 €311k as of December 31, 2021.

3. Audit and consulting fees

The total auditor's fee calculated for the fiscal year amounts to €43k, of which €43k is attributable to auditing services for the annual financial statements.

4. Appropriation of earnings

The net loss for the year will be carried forward.

VII. Supplementary report

Impact of coronavirus

As of the date of these financial statements, coronavirus remains active. Customer appointments, meetings, travel and workshops, etc. are still only possible to a limited extent or online and this is affecting sales activities.

Past assertions that media consumption increases in economically difficult times and that this even represents an opportunity for the industry have yet to be confirmed, as such an exceptional situation with everything from school, kindergarten and store closures, through to curfews and restrictions on freedom of assembly, has previously only occurred in Europe in times of war. No one can provide a reliable forecast of the impact on the economy at this point (mid-April 2022).

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.

This situation therefore represents a risk for the company, with possible effects on its net assets, financial position and operating results. The potential impact cannot be quantified at the time of preparing the management report (mid-April 2022).

Conversion of convertible bond 2020/2022

On February 2, 2022, Your Family Entertainment AG announced that the company plans to exercise its early conversion right pursuant to Section 4(6) of the terms and conditions of the 3.5% convertible bond 2020/2022 (ISIN DE000A2YPF18) in respect of all outstanding 2,573,800 partial bonds with a nominal value of EUR 1.70 each and to take all necessary measures to this end in the short term.

On completion of the conversion, the company's share capital increased by €2,573,800.00 to €13,031,530.00.

The new shares were created and delivered with a date of March 9, 2022.

The company's liabilities decreased by €4,375k, while equity increased by €2,574k.

Capital measures 2022

On March 23, 2022, the Management Board of Your Family Entertainment Aktiengesellschaft resolved, with the approval of the Board of Directors, to increase the company's share capital against cash contributions from EUR 13,031,530.00 by up to EUR 2,004,850.00 to a maximum of EUR 15,036,380.00 by issuing up to 2,004,850 new registered no-par value shares, making partial use of the existing Authorized Capital 2021. Shareholders are granted subscription rights during a subscription period of at least two weeks. The subscription price per new share is EUR 3.00. In the event of full placement, the company will generate gross issue proceeds of EUR 6,014,550.00. New shares not subscribed by shareholders during the subscription period will be offered to selected investors for purchase in a private placement. The subscription offer is to be made in the form of a public offer in the Federal Republic of Germany without a prospectus, pursuant to Section 3 No. 1 WpPG in conjunction with Article 3(2) Sentence 1 point (b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017.

Furthermore, the Management Board of Your Family Entertainment Aktiengesellschaft plans to issue a convertible bond in the short term on the basis of the authorization resolution of the Annual General Meeting of June 29, 2021, with a total nominal amount of up to approximately EUR 8 million. The shareholders are also to be granted subscription rights in this respect during a subscription period that will last at least two weeks. The Management Board currently plans to offer the partial bonds to shareholders for purchase at an issue price of EUR 5.00 per bond. The convertible bond is expected to have a term of five years and to bear interest of 3.5% p.a. Partial bonds not subscribed by shareholders within the subscription period will also be offered for purchase to selected investors in a private placement. The subscription offer is to be made in the form of a public offer in the Federal Republic of Germany without a prospectus, pursuant to Section 3 No. 1 WpPG in conjunction with Article 3(2) Sentence 1 point (b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017.

The total issue proceeds from both capital measures are to be used for expansion of the international channel business, for re-release of well-known characters from the YFE universe, for further development of the growth market streaming/video-on-demand and for possible, targeted M&A measures.

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 on the company's website (www.yfe.tv) under Investor Relations in November 2021 and updated it in April 2022.

Munich, April 22, 2022

Your Family Entertainment AG

The Management Board

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

yourfamilyentertainment

IX. Development of fixed assets 2021

Your Family Entertainment AG, Munich

Development of fixed assets in fiscal 2021

		Acquisition and production costs				Accumulated depreciation					Carrying amounts	
		1.1.2021 EUR	Additions EUR	Disposals EUR	12/31/2021 EUR	1.1.2021 EUR	Additions EUR	Write-ups EUR	Disposals EUR	12/31/2021 EUR	12/31/2021 EUR	12/31/2020 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	253,552.92	0.00	23,281.10	230,271.82	242,218.27	6,659.00	0.00	23,281.10	225,596.17	4,675.65	11,334.65
2.	Film assets and other rights acquired for a consideration	113,003,982.14	0.00	0.00	113,003,982.14	96,366,441.60	1,399,683.75 [1]	1,703,288.38	0.00	96,062,836.97	16,941,145.17	16,637,540.54
3.	Advance payments made	0.00	11,450.00	0.00	11,450.00	0.00	0.00	0.00	0.00	0.00	11,450.00	0.00
		113,257,535.06	11,450.00	23,281.10	113,245,703.96	96,608,659.87	1,406,342.75	1,703,288.38	23,281.10	96,288,433.14	16,957,270.82	16,648,875.19
II.	**Tangible assets**											
	Other equipment, operating and office equipment	467,261.93	15,439.01	298,168.39	184,532.55	446,664.93	16,970.01	0.00	293,142.39	170,492.55	14,040.00	20,597.00
		113,724,796.99	26,889.01	321,449.49	113,430,236.51	97,055,324.80	1,423,312.76	1,703,288.38	316,423.49	96,458,925.69	16,971,310.82	16,669,472.19

[1] thereof impairment losses of € 709 thousand (previous year: € 78 thousand)

6. MANAGEMENT REPORT FOR THE FISCAL YEAR 2021

A. GENERAL

The name **Your Family Entertainment AG** (YFE) stands for innovation and tradition. 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 who share a common goal: passing on enthusiasm and passion for responsible, high-quality children's TV programs to children, young people, families and customers all over the world.

Its business activities are divided into the segments "Productions" and "License Sales". In recent years, the company has focused on the area of "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.

The company's film library, which is subject to a variety of distribution rights, is being commercially utilized extensively in terms of content and regional appeal. Forms of exploitation include international licensing of individual series and films to free and pay TV stations, video-on-demand (VoD)/streaming platforms and mobile TV platforms and the value chain of ancillary rights marketing. This also includes the production and in-house and third-party distribution of DVD and audio products in the home entertainment sector.

In the international licensing trade, YFE has one of the largest 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 created lovingly and with great effort, and they allow YFE to offer a varied service. The library is continuously maintained and supplemented by additional programs/formats. In this way, the value of the program library (legal stock) has also been expanded sustainably in recent years.

Since November 2007, YFE has been successfully operating the **award-winning pay TV channel** "yourfamily", which won the prestigious HOT BIRD™ TV award in 2010 and was nominated again as one of the best three children's TV channels worldwide in 2011, 2013, 2014 and 2015. Since December 2014, the pay TV channel "yourfamily" has gone by the name "Fix&Foxi". Through the integration of the brand "Fix&Foxi", which has had a large fan base for over 60 years and not only in Germany, the popularity of the two foxes is combined with high-quality television content for families. With their 24-hour program, the two popular foxes present an optimal mix of high-quality entertainment and educational content, along with monthly highlights. In 2016, "Fix&Foxi" won the **Eutelsat TV Award** in the category "Children's channels". With its broader concept, the channel has adopted a distinct and independent position in the German-language kids' pay TV market, including since 2015 on the

Amazon Fire TV app "Fix&Foxi TV". In addition, an optional channel has been available under the name of "Fix&Foxi" on **Amazon Prime Video** in the children's entertainment section since 2017. In January 2020, YFE was able to announce the inclusion of "Fix&Foxi" TV in the pay TV portfolio of **Vodafone Germany** and the expansion of existing cooperation in the video-on-demand sector. Thanks to its successful concept, the channel is already represented in many countries and in various languages worldwide.

Since 2012, YFE has also been available on free TV through the family station "RiC". "RiC" was able to establish itself successfully as a private children's and family station in the German-speaking countries through its high-quality and popular European programs. Thanks to its extensive expertise and carefully selected, high-quality content, "RiC" is positioning itself as the third private children's and family program in the German-speaking world. Both the child-friendly presentation of the station and the gentle pace of its content make "RiC" a counterpoint in the predominantly American and Asian sector. "RiC" is broadcast via satellite (ASTRA), many cable networks and as a live stream on the internet of German-speaking countries, as well as on the iOS and Android mobile platforms.

Since February 2015, "RiC" has also been available in mobile form via **Vodafone Germany** (legal successor to Unitymedia and Kabel BW) in Baden-Württemberg, Hesse and North Rhine-Westphalia. "RiC" has now extended its reach to over 34 million households in German-speaking countries and continues to expand its presence in the cable network.

B. Economic review

1. Economic framework conditions

1.1 Economic development - Far-reaching impact of the coronavirus pandemic

The German Council of Economic Experts (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung) published its Annual Report 2021/2022 entitled "Shaping Transformation: Education, Digitalization and Sustainability" ("Transformation gestalten: Bildung, Digitalisierung und Nachhaltigkeit") and summarized its key messages:

"ECONOMIC SITUATION: SUPPLY-SIDE BOTTLENECKS SLOW GROWTH
A variety of supply and capacity bottlenecks are causing disruptions in global value chains and are likely to shift some industrial production into 2022. The sharp rise in producer prices resulting from the economic recovery in combination with bottlenecks are likely to have an impact into next year, keeping consumer price inflation high. The German Council of Economic Experts expects Germany's gross domestic product to rise by 2.7% this year and by 4.6% in 2022. For the euro zone, it expects growth of 5.2% and 4.3% respectively.

NORMALIZING FISCAL AND MONETARY POLICY AFTER THE CORONAVIRUS CRISIS
The debt ratios of EU Member States have risen sharply in some cases during the coronavirus pandemic. The sustainability and resilience to crises of public finances should recover. Monetary policy best contributes to sustainable economic growth by ensuring price stability. To this end, a normalization strategy should be published. In order to cope with the transformation, the framework conditions for private investment should be improved and future-oriented public spending prioritized.

CORONAVIRUS CRISIS, INCOME DISTRIBUTION AND EDUCATIONAL OPPORTUNITIES
According to preliminary findings, disposable income inequality did not increase during the coronavirus crisis as a result of state welfare measures, although those in marginal employment, low-skilled people and the self-employed were particularly negatively affected. On the labor market, it is important to expand training opportunities and to provide stronger incentives for further training and employment for second earners. Extensive and targeted educational investment and reforms are needed to address pandemic-related educational gaps and increase equality of opportunity.

PRODUCTIVITY: CORONAVIRUS CRISIS AND STRUCTURAL CHANGE
Unlike previous recessions, job losses and the number of market exits, and thus the reallocation dynamics, have declined in the coronavirus crisis. A catch-up effect of a significant scale is not currently expected. The framework conditions for start-ups, orderly market exits and employee mobility should be improved to support structural change. A coherent strategy and prioritization is required to leverage the potential of accelerated digitalization, by ensuring secure access to data and technologies for example.

GLOBAL CLIMATE PROTECTION: FRAMEWORK CONDITIONS AND OPTIONS FOR ACTION
Climate protection is a global challenge. The risks of climate change and the economic opportunities of the necessary transformation are distributed unevenly throughout the world. Progress in global cooperation should be promoted through burden sharing and technological

cooperation. This should significantly strengthen private investment worldwide. The establishment of a climate club and investment protection agreements are important elements of international climate policy. Trade agreements should take into account the close link between trade and climate. In doing so, however, costs and benefits must be weighed up."

(Source: German Council of Economic Experts, Annual Report 2021/2022, Executive Summary)

1.2 The entertainment and media industry worldwide

"The global entertainment & media (E&M) industry has regained momentum: its sales are growing faster than the overall economy worldwide. The $2 trillion-plus industry will grow by 6.5 percent in 2021 and 6.7 percent in 2022. This growth is driven by strong demand for digital content and advertising opportunities. After a challenging crisis year in 2020, in which personal entertainment declined sharply - the box office suffered losses of 71 percent - there has been renewed growth in the industry. These and other insights are revealed in the 22nd edition of PwC's Global Entertainment & Media Outlook 2021-2025. The annual analysis and forecast looks at entertainment and media spending by consumers and advertisers in 53 countries.

- The 3.8 percent decline in global entertainment & media revenue, from $2.1 trillion in 2019 to $2.0 trillion in 2020, was the largest year-on-year decline in the 22 years of the PwC Outlook. However, there were also bright spots in some segments as a result of changes in consumer behavior.
- Global E&M sales are forecast to grow at an average annual rate of 5.0 percent from 2021 to 2025. By 2025, industry revenue will be a projected $2.6 trillion.
- Traditional TV and home video will remain the largest consumer segment in 2020 ($219.0 billion) but will continue to shrink over the next five years (-1.2 percent CAGR).
- Video streaming boomed in 2020. That growth will continue. Subscription video-on-demand (SVOD) is forecast to grow at a 10.6 percent CAGR through 2025, bringing the industry growth to $81.3 billion. Cinema revenues are recovering in 2021 as movie theaters slowly reopen. However, they will not return to pre-pandemic levels until 2024 at the earliest.
- Video game and e-sports revenues continue to grow at an above-average rate, reaching $147.7 billion in 2020. With a projected CAGR of 5.7 percent, the segment will grow to nearly $200 billion ($194.4 billion) by 2025.
- Virtual Reality (VR) is the fastest growing entertainment & media segment - albeit starting from a small base. Revenues grew 31.7 percent in 2020 to $1.8 billion and are expected to show a CAGR of 30 percent or more over the next five years. This would mean sales of $6.9 billion in 2025.
- After a massive 74.4 percent drop in live music revenue in 2020, the music sector is poised for robust growth. Driven by streaming, which is expected to expand to a

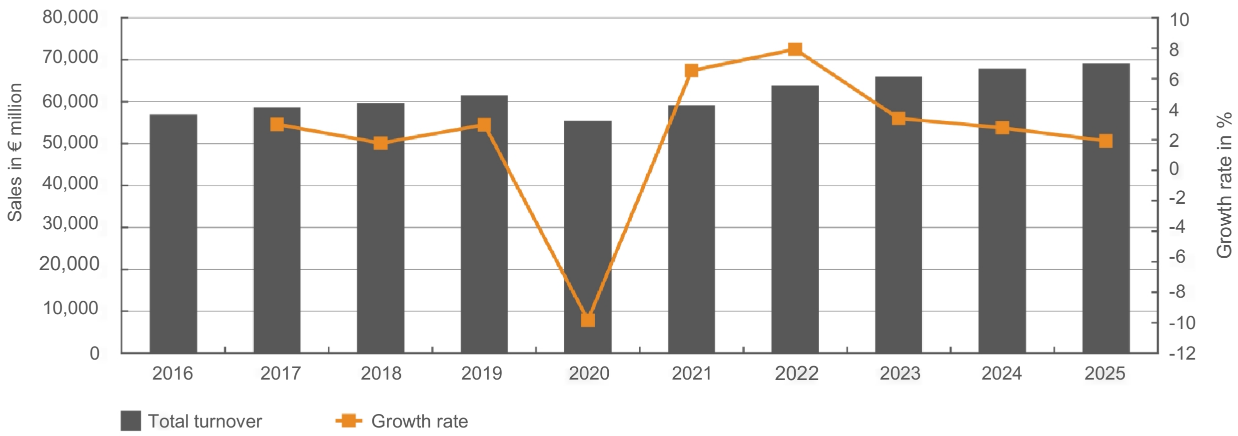
business worth $29.3 billion by 2025, and a return to live concerts, it is forecast to grow at a CAGR of 12.8 percent over the next five years.

- Internet advertising spending grew 9 percent to $336 billion in 2020, overtaking spending on traditional advertising (e.g. cinema, television, radio, outdoor, print, etc.) for the first time. Strong growth of 7.7 percent CAGR is forecast over the next five years.
- E&M revenues generated via mobile internet access continue to drive market growth. Revenues will increase at a CAGR of 6.1 percent from $449 billion in 2020 to $605 billion in 2025, driven primarily by 5G penetration, advances in terminal technology and premium content packages."

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

For the period between 2020 and 2024 under review, the German entertainment and media industry (E&M industry) is developing positively overall with an average growth rate of 4.5%. The pre-crisis level of 2019 will be exceeded as early as 2022. Total sales are expected to reach 69.0 billion euros in 2025. The reason for this growth in the industry is primarily digital products. The COVID-19 pandemic served as an accelerator here, with restrictions on physical products and services leading to greater penetration of digital media and thus a leap forward in the digitalization of the population.

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



Sources: PwC, Omdia.

After suffering a decline in revenue in 2019, the TV market will grow slightly in 2020 (+2.2% to EUR 5.8 billion in revenues). Of this, 97.7% of income comes from the pay TV subscription business. This trend continues in the forecast. Despite the declining number of households with at least one TV access point, revenues are rising steadily and will reach EUR 6.1 billion in 2025. This corresponds to an average growth rate of 1.0% per year over the period under review.

The German internet video market, i.e. the consumption of over-the-top (OTT) content, continues to grow strongly. In 2019, sales were still at EUR 1.3 billion; in 2020, they have already risen to EUR 1.7 billion (+32.6%). The explanation for this sharp increase is pandemic-related lockdowns, as a result of which the population has increasingly resorted to OTT content. 41.5% of respondents consumed content of this sort on a daily basis in 2020.

Subscription video-on-demand (S-VoD) is expected to grow at an average annual rate of 8.0% to nearly EUR 2.0 billion in revenue by 2025, while transactional video-on-demand (T-VoD) is expected to grow at an average annual rate of 5.5% to EUR 516 million in revenue.

Sales of EUR 2.5 billion are expected for the segment as a whole in 2025.

(Source: pwc "German Entertainment and Media Outlook 2021 - 2025")

Assessments of how the consequences of the war in Ukraine might affect the media industry were not yet available at the time this management report was prepared (mid-April 2022).

2. Significant events in the fiscal year 2021

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 Board of Directors 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 Board of Directors 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.

3. Business performance

The Management Board manages the company on the basis of 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 SARS-CoV-2 virus and the associated measures also had a significant impact last year.

In April, YFE launched a collaboration with Swedish provider Playground TV, a streaming platform specifically tailored to multilingual families. The "Little Nine" channel, newly equipped with YFE content, is thus expanding its language portfolio and helping children develop language skills and connect with culture. Also in April, Swisscom blue TV added our pay TV station "Fix&Foxi TV" to its lineup. We were thus able to strengthen our presence in the Swiss market and once again attract a large and established provider to our station.

Shortly thereafter, a strategic partnership with ocilion was concluded. On May 19, YFE was able to bring on board the sales expertise of the largest private media company in Austria, ProSiebenSat.1 PULS 4. The leader in marketing for the target audience relevant for YFE took over exclusive distribution of “RiC TV” and expanded its service.

At the beginning of June, “Fix&Foxi TV” continued its successful development and was included on Africell’s mobile TV service, which was launched as a pilot project in Gambia and will soon begin operating in Sierra Leone and the Democratic Republic of Congo.

Together with Cloud 9 Screen Entertainment, YFE launched the distribution of the internationally acclaimed series “The Tribe” at the end of June. Various partnerships were also concluded, including with StoryZoo.

One of the most important pieces of news in the last year and a significant milestone in the development of Your Family Entertainment AG was announced at the beginning of December: Genius Brands International (GNUS), a leading global media company based in California that develops, produces, markets and licenses children’s entertainment and consumer products for media and retail distribution, acquired approximately 29% of F&M Film- und Medien Beteiligungs GmbH. The purchase was concluded at a price of EUR 2.00 per registered share, and an agreement was also reached for continued joint exercise of voting rights for the shares in YFE held by both parties.

Both the Board of Directors 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.

The Management Board’s most recent forecast in the half-year financial report for 2021 of slightly higher sales than in the previous year was achieved, as was the target of slightly positive EBITDA.

3.1 Sales performance

In the past fiscal year, 100% of revenues were generated in the “License Sales” segment and amounted to €3,114k; no revenues were generated in the “Productions” segment.

Revenues in the licensing business, including TV stations, amounted to €79k in the 2021 fiscal year, around 3% above the previous year’s level.

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 turnover by region during the reporting period was:

Region	**2021**		**2020**	
	in €k	*in %*	*in €k*	*in %*
Domestic	1,426	46	1,329	44
Foreign	1,688	54	1,706	56
Total	**3,114**	**100**	**3,035**	**100**

3.3 EBITDA

Sales above the previous year's level resulted in positive EBITDA of €54k (PY: €21k), which is calculated as follows:

	2021 €	**2020 (€k)**
Annual net loss (PY annual net profit)	-79,260.09	47
+ Taxes on income and earnings	11,460.63	3
+ Interest and similar expenses	402,209.00	260
+ Write-downs of fixed assets	1,423,312.76	1,156
./. Write-ups of fixed assets	1,703,288.38	1,445
EBITDA	**54,433.94**	**21**

3.4 Liquidity

Cash and cash equivalents at the balance sheet date amounted to -€308k (PY €189k).

3.5 Summary

Sales were around 3% higher than in the previous year, with slightly positive EBITDA. Despite the positive earnings contribution from film valuation, a net loss of EUR 79k was generated in the fiscal year, following a net profit in the previous year.

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

4. Profit situation

Revenues in the licensing business, including TV stations, amounted to €3,114k in the 2021 fiscal year, around 3% above the previous year's level. The increase relates entirely to the "License Sales" division.

The net loss for 2021 amounts to €79k (PY: net profit of €47k).

EBITDA amounted to €54k (PY €21k).

Other operating income totaled €1,776k in the reporting year (PY €1,519k). This item mainly includes write-ups on film assets amounting to €1,703k (PY €1,445k).

Depreciation increased year-on-year from €1,156k to €1,423k. In addition to straight-line write-downs of film assets amounting to €7k (PY: €14k) and utilization-related write-downs amounting to €683k (PY: €1,036k), this includes unscheduled amortization of film rights amounting to €709k (PY: €78k), 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.

5. Financial position

The total balance sheet amount increased by €329k to €17,640k (PY €17,311k).

Film assets increased by €304k to €16,941k (PY €16,638k). This increase is mainly the result of the write-ups on film assets mentioned above.

Trade accounts receivable and other assets increased by €193k to €558k (PY €365k).

Shareholders' equity changed by €85k from €8,225k to €8,140k, resulting in an equity ratio of around 46% as of December 31, 2021 (PY 48%).

As of December 31, 2021, the company has subscribed capital of €10,458k (PY: €10,458k), issued capital of €10,391k (PY: €10,395k), a capital reserve of €2,839k (PY: €2,840k) and an accumulated deficit of €5,089k (PY: -€5,010k).

Other provisions increased to €549k (PY €451k).

The cash outflow from operating activities amounted to €87k (PY: cash outflow €35k), the cash outflow from investment activities amounted to €23k (PY: €4k) and the cash outflow from financing activities was €387k (PY: cash outflow €52k).

Cash and cash equivalents at the balance sheet date amounted to -€308k (PY €189k).

There is a credit line with UniCredit Bank Austria AG, Vienna, Austria, in the amount of €3,600k, which is granted for an indefinite period. Of this amount, €3,491k had been drawn down as of December 31, 2021; the bank balance at UniCredit Bank Austria AG amounted to €4k. Under an agreement dated July 11, 2012, UniCredit Bank Austria AG, Vienna, provided the company with a separate guarantee facility of €140k; under an agreement dated July 29, 2021, this facility was increased to €146.5k. This facility is available until further notice.

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, 2021, €272k of this had been utilized.

As of the balance sheet date, the company had loans from credit institutions of €3,763k (PY: €3,490k) with cash and cash equivalents (including available credit lines) of €591k. In addition, as of the balance sheet date the company had a tradable portfolio of treasury shares amounting to €132k (67k shares valued on the Frankfurt Stock Exchange at a price of €1.97 as of December 31, 2021).

The company's liquidity was sufficient at all times. The company's short-term liquidity requirements are monitored with the aid of rolling financial planning. The company prepares a 24-month liquidity plan to manage and secure its medium-term liquidity requirements. Other objectives of financial management are to optimize interest expense and income and to secure the foreign currency required. The company has a USD account.

6. Investments

In the reporting period, investments amounting to €27k were made (PY €4k), of which €11k were made as advance payments on intangible assets.

7. Key data

Key data in €k	2021	2020
Turnover	3,114	3,035
EBITDA[1]	54	21
EBIT[2]	334	310
Net loss / net profit for previous year	-79	47
Total balance sheet amount	17,640	17,311
Film assets	16,941	16,638
Shareholders' equity	8,140	8,225

[1] EBITDA = Net loss/profit + Income taxes + Interest and similar expenses ./. Other interest and similar income + Write-downs ./. Write-ups

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

8. Employees

At €1,082k, personnel expenses for the 2021 fiscal year were down on the previous year's level of €1,252k. 13 employees (PY 13) were employed on average over the year, including trainees and interns, but excluding the Management Board; of these, 2 (PY 0) were part-time employees.

As of the balance sheet date, the company employed a total of 14 people (PY 15), including two members of the Management Board and one trainee.

C. Risk management

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

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

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

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

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

We use 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.

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

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

E. Forecast, opportunity and risk 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.

1. Business risk and organization

Fluctuations in future business results

During a fiscal year and from year to year, fluctuations in the sales and the operating profit of YFE may occur – as is generally the case for any film and TV production company. These fluctuations have a variety of causes, including the scope and timing of completion of new productions, the scope and timing of the sale of films and television rights and market and competition-related influences on the demand for products and, consequently, on sales prices. Due to the large number and complexity of the parameters that are included in the individual valuation of the film titles, fluctuations due to write-ups and write-downs on the balance sheet approach to the value of film assets cannot be ruled out either.

As of the date of these financial statements, coronavirus remains active, with increasing case numbers and incidences. The consequences are not yet fully foreseeable. Effects in the media industry were and are being felt by the fact that, for example, one of the most important trade fairs in Cannes, France, was canceled and trade fairs currently take place exclusively online. In addition, personal customer appointments and meetings, travel and workshops etc. continue to be virtually impossible and this has a corresponding impact on sales activities.

Past assertions that media consumption increases in economically difficult times and that this even represents an opportunity for the industry have yet to be confirmed, as such an exceptional situation with everything from school, kindergarten and store closures, through to curfews and restrictions on freedom of assembly, has previously only occurred in Europe in times of war. No one can provide a reliable forecast of the impact on the economy at this point (April 2022). This situation therefore continues to represent a risk for the company, with possible effects on its net assets, financial position and operating results. However, the potential impact cannot be quantified at the time of preparing the management report in April 2022.

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 expense.

2. External risks / market risk

Competition-related risks

The relevant film and television market for YFE is still characterized by the influence of a process of consolidation and concentration, both among producers and customers. These developments can 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.

3. Performance risk/process risk

3.1 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. Fundamentally, 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 in completion despite the careful selection of co-production partners or service providers, there may be period shifts in terms of the turnover and results sought by the company. Moreover, it cannot be ruled out that YFE will not have sufficient financial resources available for the development of programs and their production, which is a basic prerequisite for the economic activity of the company.

Co-production

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

Production to order

If the company, as the producer of a made-to-order production, is responsible for carrying out the production according to contract, the company will usually receive a fixed price for this from the client. The producer therefore bears the risk of possible budget overspends if it wrongly estimates the costs of production or if unscheduled costs arise. In a license production, the producer bears the full finance risk until the completed product is delivered. The costs of production and profit, if any, are covered by the license revenues if the production is delivered in accordance with the contract. If the budget is not covered or not fully covered by license sales, however, the producer bears the risk of the resulting loss.

3.2 Risks in the purchase and exploitation of programs

YFE tries to recognize trends in the program sector and in channel requirements as early as possible to tailor its own product range accordingly. In doing so, the company has to take into account the currently restrictive purchasing policy of the broadcasters and its own restrictions with regard to investment opportunities and protection of productions. The company has concluded a variety of contracts with licensors for the licensing of programs. On the one hand, the company carries the general contractual risks, such as the risk of (non-)fulfilment. Moreover, a variety of copyrights and ancillary copyrights have to be transferred to the relevant customers as part of the contracts. The company must therefore ensure, within the framework of its contracts with those involved in the production of the particular program, that the necessary copyrights and ancillary copyrights are transferred to the company in order to avoid infringements of industrial property rights (e.g. copyright, license rights and personal rights). Although the company makes use of internal and external legal advice, it cannot be ruled out that third-party claims may be asserted with regard to the aforementioned property rights, which could have a significant negative impact on the company’s assets, financial position and operating results.

The write-downs on the value of film assets (i.e. the rights of use and exploitation referred to above) and the other rights depend on the exploitation of the film rights. Exploitation-related write-downs are carried out in accordance with the ratio of the actual sales in the fiscal year to the total expected revenue from the exploitation of film rights including the actual sales in that fiscal year. Moreover, an impairment test is carried out on each balance sheet cut-off date. It cannot be completely ruled out that in future the valuation of the film library will change significantly as a result of carrying out impairment tests. Two thirds of the company’s catalogue of film rights, which currently comprises around 155 titles, is made up of licenses from third parties, while only one third of the titles have been produced or co-produced by it. In addition, there are some third-party programs that we have been authorized to sell. These titles are not part of the fixed assets and are not subject to film valuation. The third-party licenses held by YFE are not granted indefinitely, but generally for a limited period of time. If it is not possible to renew a large number of these licenses on expiry, YFE will not longer be able to make use of those titles. Consequently, an essential part of the library and thus the basis of the company would cease to exist. This may have negative implications for the company's net assets, financial position and operating results.

There is an inherent risk that accounts receivable from the exploitation of programs will remain unpaid. The Management Board assumes that the total default risks are sufficiently covered.

4. Financial risks

For information about the monitoring of liquidity risk, please refer to the description in section C. Risk management.

4.1 Maturity of the convertible bond (2020/2022)

The convertible bond (2020/2022) in the amount of €4.375 million matured on April 1, 2022 in accordance with the bond terms.

On February 2, 2022, Your Family Entertainment AG announced that the company plans to exercise its early conversion right pursuant to Section 4(6) of the terms and conditions of the 3.5% convertible bond 2020/2022 (ISIN DE000A2YPF18) in respect of all outstanding 2,573,800 partial bonds with a nominal value of EUR 1.70 each and to take all necessary measures to this end in the short term.

On completion of the conversion, the company's share capital increased by €2,573,800.00 to €13,031,530.00.

The debt ratio of the company is significantly reduced by this balance sheet liability swap with no outflow of cash or cash equivalents.

The new shares were created and delivered with a date of March 9, 2022.

The company's liabilities decreased by €4,375k, while equity increased by €2,574k.

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

As part of a credit line agreement with Bank Austria AG, Vienna, Austria, YFE transferred securities in the form of rights and claims from film license contracts to the bank. YFE may find it significantly more difficult to take up further loans if valuable securities are not available again. If the company is unable to obtain additional loans should they be required, this may have considerable negative implications for the company’s net assets, financial position and operating results.

4.3 Exchange rate fluctuations, exchange rate hedging transactions

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 an inherent risk of losses from such exchange rate fluctuations.

Unfavorable exchange rate fluctuations and costs incurred in the future for currency hedging could therefore have negative effects on the development of sales and, consequently, on the net assets, financial position and operating results of the company.

At present, the company has not concluded any currency hedging transactions.

4.4 Other financial instruments

An attempt is made to counteract bad debts by means of contractual agreements on prepayment and/or by securing 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.

5. 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 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 extent to which the current coronavirus pandemic even represents an opportunity for the economic development of the company cannot yet be assessed conclusively. In the past, it was assumed that media consumption would increase when framework conditions deteriorate. Initial sales inquiries support this, but have yet to materialize in sales revenues.

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. In addition, 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.

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.

6. Forecast report

As a result of the involvement of Genius Brands International, Inc. the company's focus in 2022 will be in building new collaborations between the company and its strategic major shareholder Genius Brands International, Inc. As the intended change of the company name should make clear, we want to exploit possible synergies and the associated opportunities of this strategic partnership proactively and achieve more together in the areas of license sales and in the station business. YFE intends to achieve greater programming appeal for its domestic and international channels with the addition of content from Genius Brands International, Inc. and to access additional markets and customers through joint marketing of licenses. YFE expects the preparation and implementation work to be completed in the first half of 2022 and to have a positive impact on business performance in the second half of 2022.

Overall, the Management Board envisages a further increase in demand in the streaming and VoD segment, from which YFE would like to profit further 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, a stronger focus on stations and the stabilizing element of continuity of revenues 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. As already described, however, the effects of the war in Ukraine, inflationary trends and the COVID-19 pandemic cannot be forecast with any reliability from today's perspective, so the future situation may deviate significantly from the Management Board's forecast.

In connection with the significant increase in the company's share price following the mandatory offer by Genius International, Inc., the Management Board resolved in February 2022 to exercise its conversion right in respect of the convertible bond 2020/2022 issued by the company, and the Board of Directors approved this resolution.

This resulted in an increase in the company's share capital from €10,457,730 to €13,031,530. On the other hand, it significantly reduced the company's level of indebtedness. This and the two capital measures resolved in March 2022 (capital increase and the issue of a convertible bond) will help to improve the company's liquidity situation if the placement is successful.

F. Corporate governance statement pursuant to Section 289f HGB

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 Management Board and Board of Directors of Your Family Entertainment AG in accordance with the German Corporate Governance Code pursuant to Section 161 AktG

Section 161 AktG requires that the Management Board and the Board of Directors of a listed company declare annually that the recommendations made by the "Government Commission on the German Corporate Governance Code", published by the Federal Ministry of Justice in the official part of the electronic Federal Gazette, have been and will be complied with and which recommendations have not been and will not be applied, stating the reasons.

In November 2021, the Management Board and Board of Directors issued the following declaration pursuant to Section 161 AktG:

1. Your Family Entertainment Aktiengesellschaft has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of the Code dated December 16, 2019 since their publication in the Federal Gazette on March 20, 2020 and shall continue to comply with them in the future, with the following exceptions:

Recommendation A.2 GCGC 2019

(Establishment and disclosure of the basic features of a compliance management system)

"The management board should ensure that a compliance management system is in place that is aligned with the risk situation of the company and disclose its basic features. Employees should be given the opportunity to provide protected information about violations of the law within the company in an appropriate manner; third parties should also be given this opportunity." (A.2)

In view of the size of the company, no separate compliance management system has been set up, as the Management Board considers that the costs of setting up such a compliance management system would be disproportionate to its benefits. The recommendation under A. 2 has not therefore been implemented. Likewise, no specially protected whistleblower option for employees has been established in the company, as recommended under A.2. Here, too, the Management Board is of the opinion that, given the size of the company and the internal culture of trust, any legal violations will be reported directly.

However, all general and operational risks are recorded and evaluated regularly, and measures to minimize risks are determined. We see risk management as a core responsibility of the Management Board, the managers and all employees. We have developed instruments adapted to the size of the company that take into account time horizons ranging from less than one year to several years, depending on the content. As a result, Your Family Entertainment AG has appropriate and effective internal control and risk management systems, of the sort that are now also required for listed companies under the Act to Strengthen Financial Market Integrity (FISG) of June 3, 2021.

Recommendation B.1 GCGC 2019 (Diversity on the management board)

"In the composition of the management board, the board of directors should pay attention to diversity." (B.1)

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

The Management Board was expanded with effect from June 1, 2020. In the interests of the company, the Board of Directors of Your Family Entertainment AG was largely guided by the suitability of the candidate when making its decision to appoint a new member of the Management Board, with the aim of ensuring that the Management Board as a whole has 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. In view of the expansion of the Management Board, the Board of Directors will re-assess and pass a new resolution on the target figure for the proportion of women on the Management Board. The aim is to achieve a target quota for women of 50% by December 31, 2025.

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.

Recommendation B.2 GCGC 2019

(Long-term succession planning and description in the corporate governance statement)

"*The board of directors should work with the management board to ensure long-term succession planning; the approach should be described in the corporate governance statement.*" *(B.2)*

The Board of Directors 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.

Recommendation B.5 GCGC 2019

(Age limit for the management board and specification in the corporate governance statement)

"An age limit should be specified for members of the management board and specified in the corporate governance statement." (B.5)

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.

Recommendation C.1 GCGC 2019

(Definition of concrete objectives for the composition of the board of directors and development of a competence profile)

"The board of directors should specify concrete objectives for its composition and develop a competence profile for the entire body. In doing so, the board of directors should pay attention to diversity. Proposals of the board of directors 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 corporate governance statement. This should also provide information on what the board of directors considers to be an appropriate number of independent shareholder representatives and the names of those members." (C.1)

The Board of Directors of Your Family Entertainment AG does not state any specific objectives for its composition. A qualification profile for the entire board is not being developed. 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 Board of Directors, this approach has proven successful. It is therefore considered unnecessary to change this practice. Consequently, the recommendations under C.1 cannot be followed either.

Recommendation C.2 GCGC 2019

(Age limit for members of the board of directors and specification in the declaration on corporate governance)

"*An age limit should be specified for members of the board of directors and specified in the corporate governance statement." (C.2)*

Your Family Entertainment AG does not currently comply with this recommendation. No age limit has been set for members of the Board of Directors. Age alone is not decisive for the performance, suitability and independence of a current or potential board member. The election of members of the Board of Directors 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.

Recommendation C. 1 Sentence 5, C. 6, C.7, C. 8, C. 10 and D. 4 GCGC 2019 (Independence of members of the board of directors and committees)

"According to recommendation C.1 sentence 5 GCGC 2019, the corporate governance statement should also report on what the board of directors considers to be an appropriate number of independent shareholder representatives and their names. According to Recommendation C.6 GCGC 2019, the board of directors 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 board of directors is considered independent if he or she is independent of the company and its management board and independent of any controlling shareholder.

According to Recommendation C.7 GCGC 2019, more than half of the shareholder representatives should be independent of the company and the management board.

According to GCGC 2019, a member of the board of directors 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 board of directors

- *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*.

Recommendation C.8 GCGC 2019 stipulates that if one or more of the indicators set out in Recommendation C.7 GCGC 2019 are met and the member of the board of directors in question is nevertheless deemed to be independent, this should be justified in the corporate governance statement.

The chair of the board of directors, the chair of the audit committee and of the committee dealing with management board remuneration should be independent according to recommendation C.10 DCGK 2019. The independence of the chair of the audit committee is then postulated once again by Recommendation D.4 DCGK 2019."

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

Recommendation C.6 (2) GCGC 2019 states that a member of the Board of Directors 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) GCGC 2019 contains a non-exhaustive list of cases in which independence is generally considered to exist.

All members of the Board of Directors have been members of the Board of Directors 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 2019, 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 Board of Directors 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 2019 on independence to be inappropriate and will continue to assess the independence of the members of its Board of Directors on the basis of the existing criteria.

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

Recommendation D.1 DGCK 2019 (Rules of procedure of board of directors)

“The board of directors should adopt rules of procedure and make them available on the company’s website.” (D.1)

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

Recommendations D.2, D.3, D.4, D.5 and D.11 GCGC 2019
(Formation of committees of the board of directors)

"The board of directors 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.2)

The board of directors should establish an audit committee which – unless another committee or the full board of directors is entrusted with this task – should deal in particular with auditing of the financial accounting, monitoring of the financial accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, auditing of the financial statements and compliance. The financial accounting comprises in particular the consolidated financial statements and the consolidated management report (including CSR reporting), financial information during the year and the separate financial statements in accordance with the HGB. (D.3)

The chair of the audit committee should have specialist knowledge and experience in the application of accounting principles and internal control procedures and be familiar with and independent of the auditing of the financial statements. The chair of the board of directors should not chair the audit committee. (D.4)

The board of directors should form a nomination committee composed exclusively of shareholder representatives which nominates suitable candidates for the board of directors as proposals to the annual general meeting for the election of members of the board of directors." (D.5)

"The audit committee should periodically assess the quality of the auditing." (D.11)

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

Recommendation D.13 GCGC 2019
(Assessment of the effectiveness of the board of directors' activities)

"The board of directors should regularly assess how effectively the board of directors as a whole and its committees perform their duties. In the corporate governance statement, the board of directors should report whether and how such self-assessment was conducted." (D.13)

The Board of Directors of Your Family Entertainment Aktiengesellschaft regularly assesses how effectively the Board of Directors as a whole is performing its duties. In deviation from the recommendation, however, the Board of Directors does not report in the corporate governance statement whether and how self-assessment has been carried out.

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

"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." (F.2)

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.

Recommendation F.3 GCGC 2019
(Information on business performance during the year)

"*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*." (F.3)

The Management Board and the Board of Directors are of the opinion that the publication of the annual financial report and the half-year financial report in conjunction with other publications of the company, such as press releases, corporate news and other mandatory publications, are adequate instruments 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.

Recommendation G.1 GCGC 2019 (Specification of the remuneration system)

"The remuneration system should specify in particular

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

(G.1)

In deviation from Recommendation G.1, the Board of Directors of Your Family Entertainment AG has not provided for a maximum remuneration in the new remuneration system for the Management Board to be established in 2021, which was approved by the Annual General Meeting of June 29, 2021, as the Board of Directors does not consider this to be conducive to positive business development. The Management

Board should participate appropriately in the success of the company. A long-term variable remuneration component is not included directly in the new remuneration system for the Management Board; the Management Board is measured against the achievement of annual targets and receives variable remuneration accordingly. These targets are based exclusively on financial performance criteria, measured by corresponding financial performance indicators; the financial performance criterion and its achievement correlate directly with the variable remuneration, while the bonus and the qualitative performance component provided for are limited in amount. However, by linking variable remuneration to the development of sales and earnings, the Board of Directors takes account of the statutory requirement for sustainable and long-term development to the extent that the Management Board is incentivized to broaden the company’s sales base and thus contribute to the financial stability of the company.

Recommendation G.6 GCGC 2019

(Variable remuneration based on long-term targets)

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

As already explained under G.1, the new remuneration system for the Management Board set up in 2021 and approved by the Annual General Meeting of June 29, 2021 does not differentiate between short-term and long-term targets. Your Family Entertainment Aktiengesellschaft does not therefore follow this recommendation.

Recommendation G.7 GCGC 2019 (Specification of performance criteria)

"*The board of directors should determine the performance criteria for all variable remuneration components for each member of the management board for the upcoming fiscal year, which should be based primarily on strategic objectives, in addition to operational ones*. *The board of directors should determine the extent to which the individual targets of specific management board members or the overall targets for all management board members should be definitive*." (G.7)

Your Family Entertainment AG did not follow this recommendation, as it was not deemed necessary because the Management Board comprised only one person. The remuneration for the new Management Board member from 2020 was based on the existing Management Board Agreement. The Board of Directors has agreed a qualitative performance component with strategic objectives in favor of the new Management Board member.

The new remuneration system for the Management Board drawn up by the Board of Directors in 2021 and approved by the Annual General Meeting of June 29, 2021 provides for the variable remuneration components to be made dependent on the achievement of certain target criteria.

Recommendation G.10 GCGC 2019
(Share-based variable remuneration components)

"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." (G.10)

The new remuneration system for the Management Board drawn up by the Board of Directors in 2021 and approved by the Annual General Meeting of June 29, 2021 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.

Recommendation G.11 GCGC 2019
(Withholding or reclaiming variable remuneration)

"The board of directors 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." (G.11)

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.

Recommendation G.13 GCGC 2019 (severance payment cap)

"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." (G.13)

Ordinary termination before expiry of the contract is excluded on both sides and therefore no severance payment cap of max. two years’ compensation has been agreed. 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.

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

For the reasons for deviation from the recommendations listed above, see the explanations under No. 1.

Munich, November 2021

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

Dr. Stefan Piëch (Managing Director/CEO)

Bernd Wendeln (Managing Director/COO)

In April 2022, the following update was made to the Declaration of Conformity of the Management Board and Board of Directors of Your Family Entertainment AG with the German Corporate Governance Code in accordance with Section 161 AktG:

The Management Board and Board of Directors of Your Family Entertainment AG last issued a Declaration of Conformity with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of the Code dated December 16, 2019 in November 2021. As part of the remuneration report to be prepared for the first time in accordance with Section 162 AktG for the 2021 fiscal year, benefits promised or granted to a Management Board member by a third party must also be disclosed. In connection with the appointment to the Management Board, the shareholder F&M Film & Medien Beteiligungs GmbH ("F&M") granted Management Board member 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 Mr. Wendeln in the period from June 1, 2021 to April 30, 2024. The purchase option then expires without replacement. This option agreement will also be disclosed in the remuneration report for the first time in the 2021 fiscal year, with corresponding disclosures for previous years. Even though Your Family Entertainment AG itself is not a party to the aforementioned option agreement, the

Management Board member Bernd Wendeln has a right on the basis of this agreement with F&M that is similar to share-based remuneration. For this reason, the Declaration of Conformity is to be updated as a precautionary measure. The Management Board and Board of Directors of Your Family Entertainment AG therefore declare in accordance with Section 161 (1) AktG:

Recommendation G.7 GCGC 2019 (Specification of performance criteria)

"The board of directors should determine the performance criteria for all variable remuneration components for each member of the management board for the upcoming fiscal year, which should be based primarily on strategic objectives, in addition to operational ones. The board of directors should determine the extent to which the individual targets of specific management board members or the overall targets for all management board members should be definitive." (G.7)

Your Family Entertainment AG did not follow this recommendation, as it was not deemed necessary because the Management Board comprised only one person. The remuneration for the new Management Board member from 2020 was based on the existing Management Board Agreement. The Board of Directors has agreed a qualitative performance component with strategic objectives in favor of the new Management Board member. The new remuneration system for the Management Board drawn up by the Board of Directors in 2021 and approved by the Annual General Meeting of June 29, 2021 provides for the variable remuneration components to be made dependent on the achievement of certain target criteria.

The option granted to Management Board member Bernd Wendeln by agreement dated May 8, 2020 to acquire 350,000 shares in Your Family Entertainment AG from F&M is not linked to the achievement of certain performance criteria. To this extent, the Declaration of Conformity is therefore updated with regard to the recommendation under G.7 GCGC 2019.

Recommendation G.10 GCGC 2019

(Share-based variable remuneration components)

"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." (G.10)

The new remuneration system for the Management Board drawn up by the Board of Directors in 2021 and approved by the Annual General Meeting of June 29, 2021 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. To this extent, the Declaration of Conformity is therefore updated with regard to the recommendation under G.10 GCGC 2019.

Recommendation G.11 GCGC 2019
(Withholding or reclaiming variable remuneration)

"The board of directors 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." (G.11)

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.

To this extent, the Declaration of Conformity is therefore updated with regard to the recommendation under G.11 GCGC 2019.

Munich, April 2022

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

Dr. Stefan Piëch (Managing Director/CEO)

Bernd Wendeln (Managing Director/COO)

The Declaration and its update are published on the company's website (www.yfe.tv) under 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 29, 2021, and the resolution adopted by the Annual General Meeting of June 29, 2021 pursuant to Section 113(3) AktG on the remuneration of the members of the Board of Directors will be made publicly available on the company's website (www.yfe.tv) under the heading Investor Relations. The remuneration report and the auditor's report pursuant to Section 162 AktG will also be made publicly available at the same internet address.

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

Our shareholders exercise their rights in the Annual General Meeting.

The Annual General Meeting is convened in the form and at the time stipulated by law, stating the agenda.

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

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

3.2 Board of Directors

The main function of the Board of Directors is to advise and monitor the Management Board.

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

The Board of Directors of Your Family Entertainment Aktiengesellschaft currently has a full complement of three members, all of whom are male. The current members of the Board of Directors 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 Board of Directors before this time without increasing the number of members of the Board of Directors. The Board of Directors does not consider it appropriate to increase the number of members to six, especially taking into account the size of the company. The Board of Directors will, however, give due consideration to women for future vacancies on the Board of Directors as part of its candidate nominations.

In addition to the reimbursement of their expenses to which the value added tax due on their remuneration must be added, the members of the Board of Directors receive a fixed fee payable at the end of the fiscal year amounting to €10,000.00 for each individual member, twice that amount for the Chair, and 1.5 times that amount for the Deputy Chair.

3.3 Management Board

As the public company's executive body, the Management Board manages the company's affairs and is bound, under the provisions of the German Stock Corporation Act, by the interests and the business principles of the company. It reports regularly, promptly and comprehensively to the Board of Directors on all significant issues relating to business development, corporate strategy and potential risks.

The remuneration of the Management Board is partly performance-related and partly fixed.

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

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

Until 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 Board of Directors 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 Board of Directors 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 Board of Directors 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, which allows the Board of Directors to redefine the target figure for the proportion of women.

In this context, the Board of Directors adopted the following resolution:

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 Board of Directors 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 Board of Directors

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

3.5 Transparency

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

Information is also published by means of press releases and ad-hoc announcements. All announcements and releases are available on the internet.

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 have been prepared solely in accordance with the provisions of the German Commercial Code (HGB). After preparation by the Management Board, the annual financial statements are reviewed by the auditor and the Board of Directors and then adopted by the Board of Directors.

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

It was agreed with the auditors that the Chair of the Board of Directors 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 immediately reports to the Chair of the Board of Directors on any major issues and events that emerge during the audit and are pertinent to the role of the Board of Directors.

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. Through active risk management, it should be possible to detect risks earlier and limit them and, at the same time, make use of entrepreneurial opportunities.

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

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

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

The central instrument of risk management at Your Family Entertainment AG is regular discussions between the Management Board and the 2nd management level in order to identify risks in good time, assess them and, if necessary, take countermeasures and 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.

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 Board of Directors must determine target ratios for the percentage of women on the Board of Directors and the Management Board and, at the same time, set deadlines for attaining these ratios.

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

Target figure for the proportion of women on the Board of Directors

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 Board of Directors of Your Family Entertainment Aktiengesellschaft is comprised solely of three shareholder representatives elected by the Annual General Meeting.

The Board of Directors 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 Board of Directors, the Board of Directors believes that, in addition to company and industry-specific characteristics, the availability of suitable, qualified female candidates to serve on the Board of Directors with the required experience in management positions must also be taken into account.

The current members of the Board of Directors 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 Board of Directors would therefore not be feasible by the aforementioned date without expanding the Board of Directors. The Board of Directors 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 Board of Directors stipulated below, the Board of Directors will, however, give due to consideration to women for future vacancies on the Board of Directors in the context of its candidate nominations.

This being the case, the Board of Directors has adopted the following resolution:

The target ratio for the percentage of women to be appointed to the Board of Directors 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 Board of Directors and the Management Board held intensive discussions and exchanged views on the proposal to nominate new candidates for the Board of Directors as of the date of the Annual General Meeting. In determining the target for the proportion of women on the Board of Directors, the Board of Directors believes that, in addition to company and industry-specific characteristics, the availability of suitable, qualified female candidates to serve on the Board of Directors with the required experience in management positions must also be taken into account. As a result, the Board of Directors resolved to propose to the Annual General Meeting which decides on the election of members of the Board of Directors 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 Board of Directors, 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 Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors to redefine the target for the proportion of women.

In this context, the Board of Directors adopted the following resolution:

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 Board of Directors 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 10,457,730 no-par-value shares with a proportional amount of the share capital of €1.00. As of December 31, 2021, the share capital thus amounts to €10,457,730.00. The shares are registered shares. They are fully paid up.

2. Direct or indirect shareholdings in the capital

As of December 31, 2021, F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, holds 38.22% of the share capital, Genius Brands International Inc., Carson City, Nevada, USA, has a direct holding of 28.69% of the share capital, and in addition, 38.21% of the voting rights of F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, are indirectly attributable to it. The Holler Foundation, Munich, Germany held 13.06% of the share capital of Your Family Entertainment Aktiengesellschaft as of December 31, 2021.

Furthermore, Dr. Stefan Piëch, Vienna, holds a direct interest of 1.45% and an indirect interest of 38.22% in the capital of Your Family Entertainment AG via the aforementioned F&M Film und Medien Beteiligungs GmbH, so that a total of 39.67% of the share capital is directly and indirectly attributable to Dr. Piëch.

3. Holders of shares with special rights

As of December 31, 2021, there are no shares with special rights.

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

As of December 31, 2021, there is no control of voting rights.

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 Authorized capital 2021

The Annual General Meeting of June 29, 2021 resolved to cancel the Authorized Capital 2016, simultaneously approving new authorized capital (Authorized Capital 2021).

In this respect, the following resolution was adopted:

1. The Management Board is authorized, with the consent of the Board of Directors, to increase the share capital of the company on one or more occasions on or before June 28, 2026, by a total of up to EUR 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**). 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 Board of Directors, to exclude shareholders' subscription rights:

   a) 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 Board of Directors, to determine the further details of the capital increase and its implementation. The Board of Directors 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.

2. 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 Board of Directors, to increase the share capital of the company on one or more occasions on or before June 28, 2026, by a total of up to EUR 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). 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 Board of Directors, to exclude shareholders' subscription rights:
>
> a) 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 Board of Directors, the Management Board is authorized to determine further details of the capital increase and its implementation. The Board of Directors 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 2021 and the corresponding amendment to the Articles of Association

The Annual General Meeting of June 29, 2021 adopted the following resolution:

1. The Management Board is authorized, with the approval of the Board of Directors, to issue bearer convertible bonds (hereinafter also referred to as “bonds”) with a total nominal value of up to €7,500,000.00 and a maximum term of 20 years on one or more occasions up to June 28, 2026 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 €2,654,936.00 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 Board of Directors, 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,

aa) 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;

bb) 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;

cc) 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 respective terms and conditions of the convertible bonds may also stipulate that, in the event of conversion being exercised, the company shall not grant shares in the company to the person entitled to conversion, but shall pay the equivalent value in cash. 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 Board of Directors, 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 is conditionally increased by up to €2,654,936.00 by issuing up to 2,654,936 new no-par value registered shares (Conditional Capital 2021). 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 29, 2021 exercise their conversion rights or the conversion obligations under such bonds are fulfilled by June 28, 2026 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 Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorized to adjust the version of the Articles of Association in accordance with the utilization of the conditional capital.

3. Section 4(4) of the Articles of Association is amended to read as follows:

> "(4) The share capital has been conditionally increased by up to €2,654,936.00 with the issue of up to 2,654,936 new no-par-value registered share certificates (conditional capital 2021)." 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 29, 2021 exercise their conversion rights or the conversion obligations under such bonds are fulfilled by June 28, 2026 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 Board of Directors, to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorized to amend the wording of the Articles of Association in accordance with the respective utilization of the conditional capital."

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. Dependency Report

The Management Board has prepared the report on Your Family Entertainment AG's relationships with affiliated companies (Dependency Report) for the fiscal year 2021 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 22, 2022

Your Family Entertainment AG

The Management Board

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

7. 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 statements of Your Family Entertainment AG, Munich, comprising the balance sheet as of December 31, 2021, and the income statement, cash flow statement and statement of changes in equity for the fiscal year
1. January 2021 to December 31, 2021 and the notes on the financial statements, including a description of the accounting policies. We have also audited the management report of Your Family Entertainment AG for the fiscal year from
2. January 2021 to December 31, 2021. In accordance with German legal requirements, we have not audited the content of the corporate governance statement contained in Section F of 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, 2021 and of its profit situation for the fiscal year from January 1, 2021 to December 31, 2021 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 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 law 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, 2021 to December 31, 2021. 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
- Going concern

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 purchased film assets and other rights amounting to EUR 16.9 million, representing around 96% 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. In order to address this risk, we analyzed management's assumptions and estimations, conducting the following auditing activities, among others, in the process:

   - We have reviewed the methodology used to perform the impairment tests and assessed the determination of the weighted average cost of capital.

   - We are convinced that, overall, the future cash inflows based on the assessments and the discount rate applied form an appropriate basis for the impairment tests for 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 Board of Directors.
   - 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.

   - In addition, 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.

Going concern

The Management Board has prepared the annual financial statements in accordance with Section 252(1) No. 2 HGB from the perspective of a going concern. We have satisfied ourselves that these conditions are met. The following aspects were of particular importance:

- In March 2022, the company exercised its conversion right in respect of the convertible bond 2020/2022. On completion of the conversion, the company's share capital increased by EUR 2,573,800 to EUR 13,031,530. The new shares were created and delivered as of March 9, 2022. The company's liabilities are thus reduced by €4,375k, while equity increases by €2,574k.

- On March 23, 2022, the Management Board resolved, with the approval of the Board of Directors, to increase the company's share capital by up to EUR 2,004,850 from currently EUR 13,031,530 to up to EUR 15,036,380 by issuing up to 2,004,850 new registered no-par value shares against cash contributions, making partial use of the existing Authorized Capital 2021. Shareholders will be granted subscription rights at a subscription price per new share of EUR 3.00 during the subscription period from April 6, 2022 to April 27, 2022.
- On April 5, 2022, the Management Board resolved, with the approval of the Board of Directors, to issue a convertible bond on the basis of the authorization resolution of the Annual General Meeting of June 29, 2021 (Convertible Bond 2022/2027). The total nominal amount of the convertible bond of up to EUR 7,239,730 is divided into up to 1,447,946 bearer bonds with equal rights and a nominal amount of EUR 5.00 each (partial bonds). Shareholders were offered rights to subscribe to these partial bonds at a ratio of 18:2 for exercise in the period from April 11, 2022 to April 27, 2022.

- The Management Board has prepared a 24-month liquidity plan, i.e. from April 1, 2022 to March 31, 2024. This liquidity planning is valid and has no loopholes.

Other information

The legal representatives are responsible for the other information:

- "Declaration of the company's management pursuant to Section 289f HGB" in the management report,

- “Responsibility statement / Balance Sheet Oath” in the annual report,
- “Foreword by the Management Board” in the annual report,
- “About Your Family Entertainment AG” in the annual report and
- “The share” in the annual report

The Board of Directors is responsible for the following other information. The other

Information includes:

- “Report of the Board of Directors” 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 the context of our audit, we have an obligation to read the other information and to assess whether the other information

- differs significantly from the annual financial statements, the management report or the findings of our audit or
- otherwise appears to be a material misrepresentation.

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

The legal representatives are responsible for preparing the annual financial statements, 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 annual financial statements without any material misrepresentations, either intentional or unintentional.
In preparing the financial statements, the legal representatives are responsible for assessing the company’s ability to continue as a going concern. 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. Furthermore, the legal representatives are responsible for the arrangements and measures (systems) that they have determined are necessary to enable the preparation of a management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the management report.
The Board of Directors 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, either intentional or unintentional, 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 infringements of regulations 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, 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. The risk of failing to detect material misrepresentations is higher in the case of infringements of regulations than in the case of errors, as infringements can involve fraudulent collaboration, 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 overall representation, structure and content of the annual financial statements, 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 the safeguardsthat have been put in place to address them.

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 attached file [4C58E3449078B005C4243806753AF651A6EA543C7FEDA2E9119ADDBE016FDAE 7] 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 attached file 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, 2021 to December 31, 2021 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 (10.2021))*. 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 quality assurance system of the *IDW Quality Assurance Standards: Requirements for quality assurance in the practice of public accountants (IDW QS 1)*.

Responsibility of the legal representatives and the Board of Directors 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 company’s legal representatives are also responsible for submitting the ESEF documents, together with the auditor’s report and the attached audited annual financial statements, audited management report and any other documents to be disclosed, to the operator of the Federal Gazette.

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

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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 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 29, 2021. We were engaged by the Board of Directors on March 7, 2022. 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. The annual financial statements and management report converted to the ESEF format - including the versions to be published in the Federal Gazette - 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 Carola Schindler.

Munich, April 25, 2022

Baker Tilly GmbH & Co. KG
Auditors
(Düsseldorf)

signed Abel Auditor	signed Schindler Auditor

8. 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 22, 2022

Your Family Entertainment AG
The Management Board

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

9. Financial calendar

➢ 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

10. IMPRINT / CONTACT

Your Family Entertainment AG
Tuerkenstrasse 87
80799 Munich
Germany
Phone: +49 89 997271-0
Email: info@yfe.tv

Contact:
Michael Huber
CFO / Authorized Representative

Internet: www.yfe.tv
www.rictv.de
www.fixundfoxi.tv

www.facebook.com/fixundfoxitv
www.facebook.com/RiCtvde