



DEAG Deutsche Entertainment Aktiengesellschaft

QUARTERLY REPORT
AS OF 31/03/2017

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// DEAG ON THE CAPITAL MARKET

DEAG – THE SHARE

The DEAG share was characterized by a slight upward trend in the first quarter of 2017. On January 2, 2017, the share started trading at EUR 2.72 in the current fiscal year 2017. On January 5, 2017, the share closed at a closing price of EUR 2.70, but subsequently rose sharply again. The share reached its high in the reporting period of EUR 3.37 on February 13, 2017.

In the ongoing course of the period under review, the share price performance remained largely stable, with the exception of slight drops in price. At the end of the first quarter on March 31, 2017, the share price was at a closing price of EUR 3.25. This corresponded to market capitalization of EUR 53.2 million.



CAPITAL MEASURES AND INVESTOR RELATIONS

On May 22, 2017, DEAG Deutsche Entertainment Aktiengesellschaft (DEAG), Berlin, successfully placed its cash capital increase with subscription rights from authorized capital by issuing all 2,044,089 new shares. The period for the subscription of the new shares began on May 5, 2017, and ended on May 22, 2017. Gross proceeds from the issue were EUR 4,905,813.60. We intend to use the gross proceeds to finance the planned expansion of the business in the UK and to finance the further growth of the DEAG Group. Issuing 2,044,089 new bearer shares with a notional interest in the share capital of EUR 1.00 per share after registration in the commercial register has increased the company's share capital by EUR 2,044,089.00 from EUR 16,353,334.00 to EUR 18,397,423.00. The new shares are entitled to participate in profit from January 1, 2016.

The DEAG share is currently being followed by the research experts at Hauck & Aufhäuser. The average price target is EUR 5.00. Analyst studies are available on DEAG's website in the area of Investor Relations / Research Comments.

We attach great importance to the information requirements of the capital market and meet the highest transparency requirements by listing in the Prime Standard of the Frankfurt Stock Exchange. We carried out numerous other IR activities in addition to our statutory obligations in the first quarter of 2017:

- Participation in the DVFA Spring Conference 2017
- Numerous individual discussions with investors at home and abroad
- Publication of 3 corporate news and press releases

In order to meet our aspirations and those of our share- and stakeholders, the DEAG Executive Board is planning to intensify its investor relations activities on an ongoing basis. Among other topics, the goal is also to become more visible in the capital market in the UK, in line with the positive operating performance there. As a result, the Executive Board is planning to arrange for a second listing on the Alternative Investment Market of the London Stock Exchange. In addition, DEAG will also be intensifying its dialogue with international investors through roadshows and capital market conferences.

FINANCIAL CALENDAR

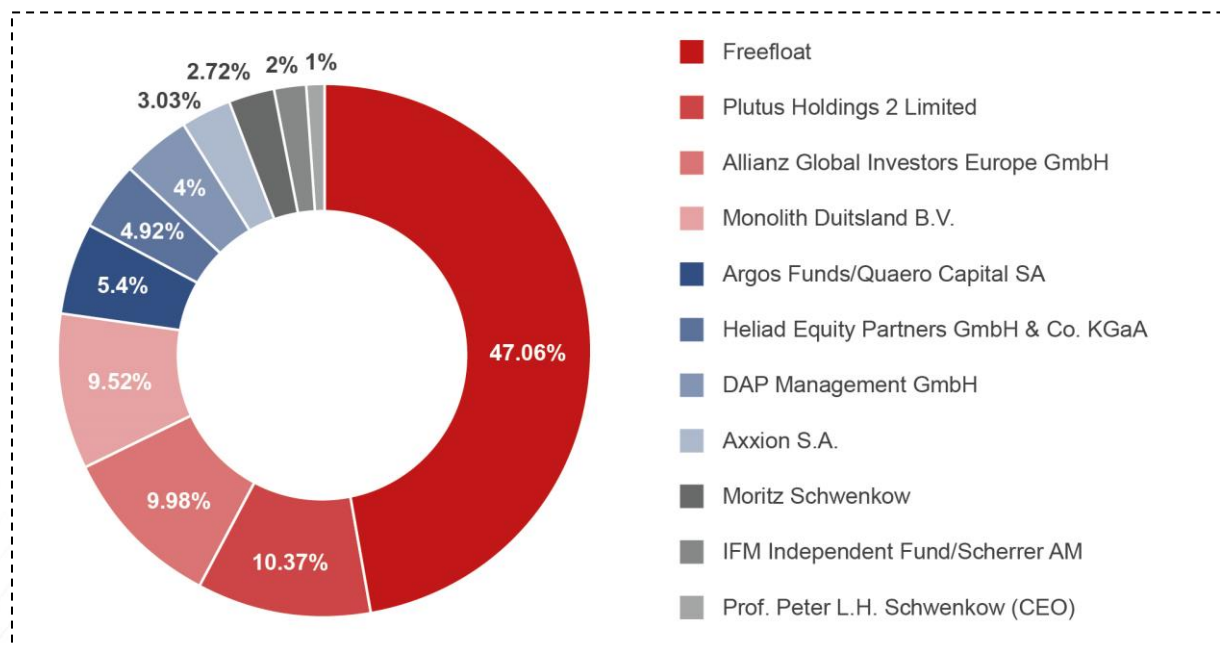
27/06/2017	Annual General Meeting
31/08/2017	Semi-annual financial report (6M)
05/09/2017	SCC – Small Cap Conference (Frankfurt/Main)
06/09/2017	ZKK – Zurich Capital Market Conference (Zurich, CH)
27/11/2017 – 29/11/2017	EKF – German Equity Forum (Frankfurt/Main)
30/11/2017	Group quarterly report (9M)
12/12/2017	MKK – Munich Capital Market Conference (Munich)

BASIC DATA

ISIN	DE000A0Z23G6
WKN	A0Z23G
Number of outstanding shares (31/03/2017)*	16,353,334
Year-end price (30/12/2016)**	EUR 2.81
High (01/01 – 31/03/2017)**	EUR 3.37
Low (01/01 – 31/03/2017)**	EUR 2.70
Market capitalization 31/03/2017	EUR 53.2 million
Designated sponsors	Dero Bank AG Hauck und Aufhäuser (since 19/07/2016)

*After the successful capital increase and the entry into the Commercial Register on May 24, 2017 the number of outstanding shares increased by 2,044,089 shares from 16,353,334 shares to 18,397,423 shares. **Closing price XETRA

SHAREHOLDER STRUCTURE



As of May 31, 2017

// GROUP MANAGEMENT REPORT

KEY OPERATIONAL DEVELOPMENTS

DEAG Deutsche Entertainment AG (DEAG) has gotten off to a successful start to fiscal year 2017. Sales of EUR 19.5 million in the first quarter of 2017, traditionally the weakest quarter of the year in the live entertainment industry, were in line with expectations (previous year: EUR 31.3 million). The seasonal difference in how sales were distributed is on the one hand due to the European Soccer Championship in the second quarter of 2016. This sports event resulted in higher sales in Q1 and Q4 in 2016. On the other hand, this is due to the lack of sales in the first quarter of 2017 following the sale of the event organizer Manfred Hertlein Veranstaltungen GmbH (Q1 2016: EUR 4.4 million). Thanks to very profitable business in the core markets and in the main business areas, the operating profit margins improved significantly compared to the previous year. Gross profit from sales amounted to EUR 6.1 million (previous year: EUR 6.7 million). This corresponds to an improved gross profit margin of 31.4% (previous year: 21.7%). Adjusted for the effects of the Jahrhunderthalle transaction, the operating result before interest and taxes for the first quarter of 2017 amounted to EUR 0.2 million, roughly equal to the previous year's level (EUR 0.6 million).

Very successful family entertainment programs such as Disney on Ice and Night of the Jumps also contributed to this profitable development in the first quarter. In the area of classics & jazz as well, we also had a few highlights, such as Till Brönner, Joja Wendt and David Garrett. The business of our two British companies Kilimanjaro and Raymond Gubbay also got off to a good start in 2017. The first three months of 2017 already included highlights such as the Classical Spectacular, the Sibirian Ballet Tour, Anton & Erin, Anderson, Rabin & Wakeman and Donny Osmond. In the rest of the year too, our UK companies will also be hosting high-profile live entertainment events such as The Piano Guys, Space Spectacular, as well as concerts from Razorlight, Marilyn Manson, Mary J. Blige and the Pet Shop Boys. The ticketing business continued to meet our expectations in the first quarter of 2017.

In view of the good start to the second quarter and the well-filled event pipeline, DEAG will also be offering high-caliber, high-turnover and high-margin events in the quarters to come. These include, among others, the open air event "Matapaloz" at Hockenheimring that is likely to attract 70,000 visitors, top acts such as Iron Maiden, Anna Netrebko and Aerosmith and the German tour of The Rolling Stones that is already sold-out. The Family Entertainment division will continue the strong growth of the previous quarters. The very successful, in-house Christmas Gardens are also being extended to other locations due to the positive response. For 2017, DEAG expects around 830,000 visitors at seven locations. In addition, the company's own ticket sales through the online sales platforms MyTicket will contribute to the sustained improvement in profitability.

EARNINGS POSITION

The DEAG group has started fiscal year 2017 as planned with sales of EUR 19.5 million. The anticipated drop in sales results from the seasonal structure of the events in the current fiscal year, with a focus on the second and fourth quarters, as well as the loss of the sales of Manfred Hertlein Veranstaltungen GmbH (EUR 4.4 million) as a result of its sale and deconsolidation on January 31, 2017.

Gross profit of EUR 6.1 million was generated (previous year: EUR 6.8 million), which corresponds to a gross margin of 31% (previous year: 22%).

EBIT for the first quarter was positive at EUR 0.15 million. The EBIT of the previous year is characterized by the result of the Jahrhunderthalle transaction, with the result of the comparable period of EUR 5.8 million resulting from the sale of the 49% stake in the Jahrhunderthalle in Frankfurt/Main in March 2016. The balance sheet of the transaction was re-examined as of December 31, 2016, and reassessed by expert opinions.

The financial result remains unchanged at EUR -0.2 million. It mainly includes interest income.

After taking into account tax expenses, earnings from continuing operations amounted to EUR -0.2 million.

The result from discontinued operations contains the results of the discontinued business segment of the music production / label division.

ASSET AND FINANCIAL POSITION

The balance sheet total has decreased slightly by EUR 1.2 million compared to the previous balance sheet date 1.1% to EUR 106.2 million (December 31, 2016: EUR 107.4 million).

On the assets side, current assets rose by EUR 1.7 million to EUR 64.6 million. The increase is due to the increase in down payments made (EUR +6.7 million) as well as reduced cash and cash equivalents (EUR 3.7 million).

The changes in long-term assets primarily relate to the disposal of goodwill as well as artist relations in connection with the deconsolidation of Manfred Hertlein Veranstaltungen GmbH reported under other intangible assets.

On the liabilities side, equity in particular fell by EUR -1.2 million. Within current liabilities, trade payables and accruals fell sharply by a total of EUR 10.0 million. Both positions had significantly increased as of December 31, 2016, due to the event density in the final quarter. Despite the deconsolidation of Manfred Hertlein Veranstaltungen GmbH, the increase in the revenue cut-off item to EUR 47.9 million was remarkable and gratifying. This includes the pre-sale fees for events and projects received as of the balance sheet date, which will be realized in the course of the fiscal year.

Equity attributable to non-controlling interest amounted to EUR 9.5 million at the end of the previous quarter (EUR 10.7 million as of December 31, 2016). The equity ratio is 9% (December 31, 2016: 10%).

The financial fund is EUR 24.7 million after EUR 28.4 million as of December 31, 2016. While the change from operating activities amounted to EUR -5.9 million, cash inflows of EUR 1.9 million and EUR 0.2 million were incurred for investing and financing activities.

DEVELOPMENT OF THE SEGMENTS

DEAG reports in an unchanged segment structure. This reflects the Group's activities correctly and clearly:

The tour business is shown in the Live Touring segment ("traveling business"). This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- und Künstleragentur (Berlin), Manfred Hertlein Veranstaltungen GmbH until January 31, 2017 (Würzburg), Wizard Promotions Konzertagentur (Frankfurt/Main), Grünland Family Entertainment (Berlin), Raymond Gubbay (London, UK), the Kilimanjaro subgroup (London, UK) and The Classical Company (Zurich, Switzerland).

The Entertainment Services segment ("stationary business") shows the regional business as well as the entire service business. This includes the activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Concert Concept (Berlin), Grandezza Entertainment (Berlin), River Concerts (Berlin) and Elbklassik (Hamburg), handwerker promotion e. gmbh (Unna), Blue Moon Entertainment GmbH (Vienna, Austria), LiveGeist Entertainment GmbH (Frankfurt a.M.) and mytic myticket (Berlin).

An explanation of the development of the segments follows:

LIVE TOURING

Revenues of EUR 15.2 million generated EBIT of EUR 1.2 million. Among the highlights in the first quarter were the tours and shows with, among others, Anton & Erin, Sibirian Ballet Tour as well as the family entertainment formats Disney on Ice and Night of the Jumps.

ENTERTAINMENT SERVICES

With sales of EUR 9.9 million, the performance is balanced and amounts to EUR 0.4 million.

In the period under review, the local organizers mainly participated in the company’s tour business.

In the course of the fiscal year, both segments will benefit from the expected development. Highlights in the coming months will be in the areas of Rock/Pop, Classical Music and German-language open air and arena concerts with, among others, Ed Sheeran, The Rolling Stones and Die Toten Hosen. It is also expected that the Family Entertainment segment will play a strong role as well.

RISK AND OPPORTUNITY REPORT

On the risks and opportunities of DEAG, we refer you to the Risk Report in the 2016 summarized Management Report and the Group Management Report (page 11 ff.) which was published in the Annual Report as of December 31, 2016.

FORECAST REPORT

Based on the business development to date and the apparent strong second quarter the Executive Board is optimistic about the future course of the business in 2017 and confirms its forecast. Furthermore, DEAG is currently in advanced negotiations with another event organizer based in the UK. DEAG has laid the financial foundation for further growth with the capital increase that was fully placed in May 2017.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current assumptions and forecasts made by DEAG management. Such statements are subject to risks and uncertainties. These and other factors could lead to material differences between the results, financial position, development and performance of the company and the estimates made here. The company does not assume any obligation to update these forward-looking statements or adapt them to future events and developments.

// CONSOLIDATED BALANCE SHEET

TOTAL ASSETS

in EUR '000	2017 as at 31/03/2017	2016 as at 31/12/2016	2016 as at 31/03/2016
Liquid Funds	24,673	28,378	28,238
Trade receivables	14,381	15,312	8,856
Down Payments	19,568	12,905	18,217
Income tax receivables	1,065	1,031	2,439
Inventories	63	64	140
Other current financial assets	3,072	2,796	3,277
Other current non-financial assets	1,783	2,455	3,213
Current assets	64,605	62,941	64,380
Goodwill	23,503	24,117	24,021*
Other intangible assets	6,595	7,909	8,901
Tangible fixed assets	948	1,046	799
Investment properties	5,340	5,340	5,340*
Investments	272	279	71
Loans to associated companies	1,221	1,209	-
According to the equity method accounted financial assets	2,383	2,367	2,712
Other long-term financial assets	1,050	1,863	176
Deferred tax assets	309	308	169
Long-term assets	41,621	44,438	42,189
Total Assets	106,226	107,379	106,569

* Adjustment previous year pursuant to IAS 8.42 (see note 57, Annual Report 2016)

TOTAL LIABILITIES AND EQUITY

in EUR '000	2017 as at 31/03/2017	2016 as at 31/12/2016	2016 as at 31/03/2016
Bank loans payable	17,976	16,353	13,500
Trade accounts payable	9,037	13,554	8,028
Accruals	4,639	10,171	6,893
Sales accruals and deferrals	47,864	37,310	41,735
Income tax liabilities	979	944	872
Other current financial liabilities	3,822	3,673	6,118
Other current non-financial liabilities	5,021	6,837	4,812
Current liabilities	89,338	88,842	81,958
Accruals	55	227	261
Convertible bond	5,415	5,388	-
Bank loans payable	50	100	628
Other long-term financial liabilities	464	464	963
Deferred taxes	1,388	1,641	2,002
Long-term liabilities	7,372	7,820	3,854
Share capital	16,352	16,352	16,352
Capital reserve	40,081	40,081	39,944
Accumulated deficit	-52,255	-51,845	-42,510*
Accumulated other income	1,393	1,403	1,629
Equity attributable to DEAG shareholders	5,571	5,991	15,415
Equity attributable to non-controlling interest	3,945	4,726	5,342
Equity	9,516	10,717	20,757
Total liabilities and equity	106,226	107,379	106,569

*Adjustment previous year pursuant to IAS 8.42 (see note 57, Annual Report 2016)

// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED PROFIT AND LOSS STATEMENT

in EUR '000	01/01/2017- 31/03/2017	01/01/2016- 31/03/2016
Sales	19,453	31,344
Cost of Sales	-13,347	-24,547
Gross profit	6,106	6,797
Distribution costs	-2,955	-3,943
Administration costs	-3,165	-3,099
Other operating income / expenses	161	6,656*
Operating result (EBIT)	147	6,411
Interest income and expenses	-236	-99
Result from investments and participations	-	20*
Earnings from affiliated companies	-6	-136
Financial result	-242	-215
Result before taxes	-95	6,196
Income taxes	-74	-36
Group result after taxes from continued operations	-169	6,160
Group result after taxes from discontinued operations	2	-89
Group result after taxes	-167	6,071
thereof attributable to non-controlling interest	294	312
thereof attributable to DEAG shareholders (Group result)	-461	5,759
Earnings per share in EUR (undiluted/diluted)		
from continued operations	-0.03	0.36
from continued and discontinued operations	-0.03	0.35
Average no. of shares outstanding (undiluted/diluted)	16,352,719	16,352,719

*Adjustment previous year pursuant to IAS 8.42 (see note 57, Annual Report 2016)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR '000	I/2017	I/2016
Group result after taxes	-167	6,071
Other result		
(+/-) Differences from exchange rates (independent foreign units)	-2	-305
Amounts as may be reclassified in future periods in the profit and loss account	-2	-305
Total result	-169	5,766
Thereof attributable to		
Non-controlling interest	299	452
DEAG shareholders	-468	5,314

// ABBREVIATED CONSOLIDATED STATEMENT OF CASH FLOW

in EUR '000	01/01/2017 - 31/03/2017	01/01/2016- 31/03/2016
Group result after taxes from continued operations	-169	6,160*
Depreciation and amortisation	351	358
Change in accruals	-5,736	-1,823
Changes not affecting payments	-104	-5,246*
Deferred taxes	-254	-141
Earnings from affiliated companies	6	136
Cash flow before changes in net current assets	-5,906	-556
Net interest income	236	99
Change in working capital	-111	-4,897
Net cash from operating activities from continued operations	-5,781	-5,354
Cash in-/outflow from operating activities from discontinued operations	2	-82
Net cash from operating activities (total)	-5,779	-5,436
Net cash from investment activities (total)	1,868	6,771
Net cash from financial activities (total)	213	1,292
Change in liquidity	-3,698	2,627
Effects of exchange rates	-7	-104
Cash and cash equivalents at beginning of period	28,378	25,805
Cash and cash equivalents at end of period	24,673	28,328

*Adjustment previous year pursuant to IAS 8.42 (see note 57, Annual Report 2016)

// CHANGES IN CONSOLIDATED EQUITY

in EUR '000	As of 31/03/2016	Change 01/01/2016- 31/03/2016	As of 31/12/2015
Share capital	16,352	-	16,352
Capital reserve	39,944	-	39,944
Accumulated deficit	-42,510*	5,759*	-48,269*
Accumulated other income	1,629	-446	2,075
Equity attributable to DEAG shareholders	15,415	5,313	10,102
Equity attributable to non-controlling interest	5,342	-579	5,921
Equity	20,757	4,734	16,023

* Adjustment previous year pursuant to IAS 8.42 (see note 57, Annual Report 2016)

in EUR '000	As of 31/03/2017	Change 01/01/2017- 31/03/2017	As of 31/12/2016
Share capital	16,352	-	16,352
Capital reserve	40,081	-	40,081
Accumulated deficit	-52,255	-410	-51,845
Accumulated other income	1,393	-10	1,403
Equity attributable to DEAG shareholders	5,571	-420	5,991
Equity attributable to non-controlling interest	3,945	-781	4,726
Equity	9,516	-1,201	10,717

// ABBREVIATED NOTES

EXPLANATORY NOTES PURSUANT TO IAS 34

This quarterly financial report consisting of the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, changes in equity and selected additional disclosures was prepared in accordance with IAS 34 and the applicable provisions of the German Securities Trading Act (WpHG).

The consolidated interim statement as of March 31, 2017, does not include all the disclosures and information that would be presented in the full annual financial statements. The quarterly financial report should be read in conjunction with the consolidated financial statements from December 31, 2016.

The accounting, consolidation, currency translation and valuation principles applied in the consolidated financial statements as of December 31, 2016, were also used in this report in an unchanged manner. Please refer to the 2016 consolidated notes to the Annual Report (pp. 37-54).

This report has not been audited.

CHANGES IN THE SCOPE OF CONSOLIDATION

In the consolidated interim financial statements, DEAG, as the parent company, includes those companies in which the control concept is met. Companies that were established, acquired or sold during the first half-year were included from the date of establishment, the date of acquisition or until the date of sale.

The following change in the scope of consolidation took place in the period under review:

On February 13, 2017, DEAG sold its stake in Manfred Hertlein Veranstaltungen GmbH based in Würzburg (Live Touring segment), which it held through GOLD Entertainment GmbH, which is operated jointly with Sony Music. The purchase price has already been paid. The company contributed to the Group in 2016 with assets of approx. EUR 10.1 million, revenues of approx. EUR 21.3 million and EBIT of EUR 0.2 million.

EQUITY

On May 23, 2017, DEAG successfully placed its cash capital increase with subscription rights from authorized capital by issuing all of the 2,044,089 new shares offered.

Gross issue proceeds were EUR 4,905,813.60. DEAG intends to use gross proceeds to finance the planned expansion of the business in the UK and the further growth of the DEAG Group.

The deadline for subscription to the new shares began on May 5, 2017, and ended on May 22, 2017. New shares not issued by the end of the subscription offer were sold to qualified investors in the Federal Republic of Germany and in selected countries excluding the United States of America and outside Canada, Japan and Australia as part of a private placement. The placement price was the purchase price.

The share capital of the company has thus increased by EUR 2,044,089.00 from EUR 16,353,334.00 to EUR 18,397,423.00 by issuing 2,044,089 new bearer shares with a notional share in the share capital of EUR 1.00 per share after registration in the commercial register. The new shares are entitled to participate in profit from January 1, 2016.

The new shares are admitted to trading in the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange without a prospectus and are included in trading as of May 26, 2017.

The capital increase was accompanied by Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt/Main, as the sole Lead Manager.

OTHER DISCLOSURES

On January 30, 2017, Axel Springer SE and Starwatch Entertainment GmbH increased their shares in mytic myticket AG by 4.9% to 24.9% each. DEAG holds more than 50% of the shares. The increase was linked to the expansion of ticketing activities to Austria through its own platform myticket.at.

Further explanatory notes required by IAS 34.15ff are either irrelevant, of minor importance or there have been no significant changes since December 31, 2016.

Berlin, May 31, 2017

DEAG Deutsche Entertainment Aktiengesellschaft

Executive Board



Prof. Peter L. H. Schwenkow



Christian Diekmann



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// LEGAL NOTICE

// EDITING AND COORDINATION

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// FURTHER INFORMATION

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This quarterly financial report and other current information on DEAG are also available on the Internet at www.deag.de/ir

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A large outdoor concert at night. The stage is illuminated with blue and white lights. A large crowd of people is visible in the foreground, filling the lower half of the frame. The background shows a city skyline with buildings and lights. The overall atmosphere is vibrant and energetic.

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