



DEAG Deutsche Entertainment Aktiengesellschaft

**6-MONTH REPORT**  
**AS OF 30/06/2017**

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# // LETTER TO THE SHAREHOLDERS

**DEAR LADIES AND GENTLEMEN,  
DEAR SHAREHOLDERS,**

In the first half of 2017, DEAG managed to record a positive course of business as we had expected. Excluding the previous year's sales of Manfred Hertlein Veranstaltungen GmbH, which was sold in the first quarter of 2017, the solely organic sales growth in the first half of the year was at a comparable level of 33% and before consolidation even nearly 40%. Successful events from all areas of DEAG in the core markets as well as ticket sales via our own sales channel MyTicket made a major contribution to this. In the first half of the year, Disney on Ice, TINI (Violetta), Classical Spectacular, Kew the Music with James, Live at Chelsea with Ludovico Einaudi, Ed Sheeran, David Garrett, Craig David, Aerosmith, Iron Maiden, KISS, the open air events "Matapaloz" at Hockenheimring and Till Brönner drew large audiences.

The significant increase in sales also had an effect on profitability. Operating profit before interest and taxes improved significantly to EUR 0.3 million in the first half of 2017, compared to EUR -3.6 million the previous year, adjusted for the earnings effect in connection with the Jahrhunderthalle transaction.

Our strong growth in the first half of the year confirms once again that DEAG has adopted the right strategy. We will benefit from the well-filled event pipeline of events that generate high sales and margins in the second half of the year as well. The already sold out Rolling Stones concerts or the performance of Anna Netrebko & Yusif Eyvazov at the Waldbühne Berlin are examples of this. With attractive content and newly established formats, we intend to continue to grow in the area of Family Entertainment and see promising growth opportunities for the future. At the end of the year, promising Christmas events are still on the agenda. In particular, the Christmas Garden events in the area of Arts + Exhibitions will be expanded from three cities last year to six in 2017 and to 10 cities in 2018 due to the positive response from visitors. More than half a million visitors are expected in 2017. In addition, the company's own ticket sales via our online sales platform MyTicket will contribute to the sustained improvement in profitability.

In view of the positive business trend in the first half of the year and the traditionally strong fourth quarter, we continue to expect sustained high sales that will be slightly higher than last year as well as EBIT in the medium to upper single-digit million euro range.

We will continue to pursue our diversified range in the areas of Family Entertainment, Rock/Pop, Classics & Jazz and Arts + Exhibitions and MyTicket. We are already optimistic about the coming financial year 2018. The pre-sales for our events are quite promising. With the recent acquisition of the British event promoter Flying Music Group, we have laid yet another important milestone and successfully continued our strategy of profitable growth in the international environment. This will help us to make better use of the opportunities for growth in our second home market Great Britain. We therefore expect significant growth momentum from the UK business in 2018. With the future sales contribution of the Flying Music Group, the DEAG Group's sales in the UK are expected to increase to more than EUR 100 million in 2018.

I would like to thank you for your trust and am delighted to have you accompany us on this path as our shareholders.

Kind regards,  
Prof. Peter L.H. Schwenkow



**FINANCIAL CALENDAR**

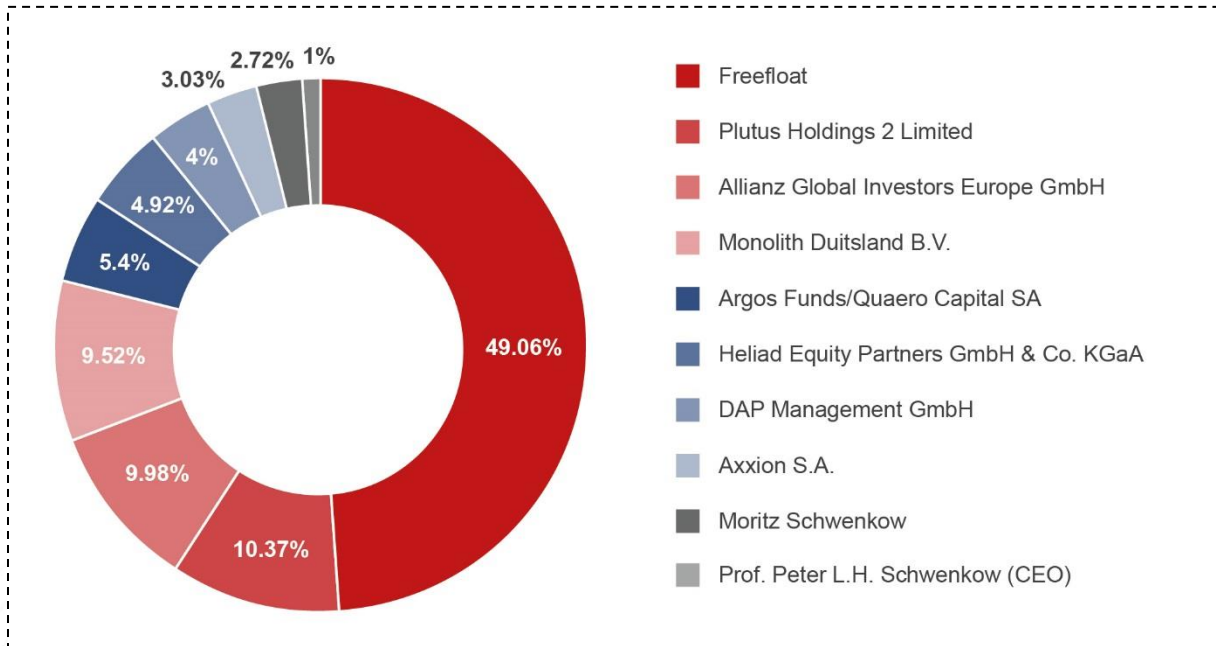
05/09/2017	SCC - Small Cap Conference (Frankfurt a. M.)
06/09/2017	ZKK – Zurich Capital Market Conference (Zurich, CH)
27/11/2017 – 29/11/2017	EKF – German Equity Forum (Frankfurt/Main)
30/11/2017	Group quarterly report (9M)
12/12/2017	MKK – Munich Capital Market Conference (Munich)

**BASIC DATA**

ISIN	DE000A0Z23G6
WKN	A0Z23G
Number of outstanding shares (30/06/2017)*	18,397,423
Period-end price (30/06/2017)**	EUR 2.50
High (01/01- 30/06/2017)**	EUR 3.37
Low (01/01- 30/06/2017)**	EUR 2.43
Market capitalisation 30/06/2017	EUR 46.0 million
Designated sponsors	Dero Bank AG; Hauck und Aufhäuser

\* After the successful capital increase and entry into the commercial register, the number of outstanding shares increased by 2,044,089 shares from 16,353,334 shares to 18,397,423 shares as of 24/05/2017. \*\* Closing price on XETRA

**SHAREHOLDER STRUCTURE**



As of: 29/08/2017



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# // INTERIM GROUP MANAGEMENT REPORT

## SIGNIFICANT EVENTS IN THE REPORTING PERIOD

The market environment developed positively for DEAG Deutsche Entertainment AG (hereinafter DEAG) in the first half of 2017. The German economy has continued its upward trend; therefore that the German Institute for Economic Research in Berlin (DIW) forecasts economic growth of 1.5% in Germany in 2017, while a growth rate of even 1.7% is expected for 2018. In addition, the DIW expects the UK to grow by 1.4% in 2017 and a slight increase in GDP growth to 1.3% in 2018. For economic growth in the euro zone, the economists from Berlin expect a rise of 1.9% in the gross domestic product in 2017 and 1.6% in 2018.

For the German media and entertainment industry, the auditing firm PricewaterhouseCoopers (PwC) expects average annual growth of 2.1%, which will be supported in particular by increasing advertising revenues and rising consumer spending. The market environment in Great Britain, DEAG's second home market, is also looking positive. According to a PwC study from early June 2016, the entertainment and media market in the United Kingdom is expected to grow by 3% annually from 2016 to 2020. As a result, PwC predicts that the United Kingdom will overtake Germany in this market in 2017 and thus become the largest market in the EMEA (Europe, Arabia and Africa) economic region.

The business activities in DEAG's core markets have developed very positively across the board. In view of the very good ticket sales for the top events in 2017, DEAG already managed to record a few highlights in its event program in the first half of 2017. These included the open air event "Matapaloz" at Hockenheimring, which was attended by more than 100,000 fans. Top acts at this event were, besides Papa Roach and Slayer, the Böhse Onkelz. The Germany tour of the Rolling Stones which is already sold out has turned out to be a spectator magnet and met the expectations for ticket sales and earnings.

The Aerosmith, Iron Maiden and KISS concerts were yet other successful events during the reporting period. The following event highlights are expected for the second half of the year: Tokio Hotel, Rag'n'Bone Man, Anna Netrebko & Yusif Eyvazov, Rolando Villazón, Andrea Bocelli, Till Brönner, Joja Wendt and Diana Krall.

The fact that DEAG offers attractive entertainment content was also evident in the Family Entertainment segment in the first half of the year. The Disney on Ice format, which relives the popular Disney stories on ice, was one such success. In the Family Entertainment segment, the company continues to see above-average growth opportunities for the future thanks to its attractive content and newly established formats. DEAG can benefit from a broad and reliable target audience, internationalisation through licensing models, and rising ticket sales, especially in exclusive distribution via the ticketing platform.

The Group's own ticketing platform MyTicket developed as we had expected in the course of the first half of 2017. Profitability at the Group level is to be further strengthened through the sustained integration of high margin ticket sales into the business model.



## INCOME POSITION

DEAG posted sales of EUR 90.2 million in the first half of 2017, compared to EUR 78.9 million in the same period of the previous year. This equates to an increase of EUR 11.3 million or 14.4%. On a comparable basis, in other words excluding the previous year's sales of Manfred Hertlein Veranstaltungs GmbH (EUR 10.9 million), which was sold at the beginning of 2017, organic sales growth amounted to 33% in the first half of the year alone. Successful events from all areas of DEAG as well as ticket sales via the company's own sales channel MyTicket contributed to the increase in sales. In the first half of the year, Disney on Ice, TINi (Violetta), Classical Spectacular, Kew the Music with James, Live at Chelsea with Ludovico Einaudi, Ed Sheeran, David Garrett, Craig David, Aerosmith, Iron Maiden, KISS and the open air events "Matapaloz" at Hockenheimring and Till Brönner all drew large audiences.

EBIT improved significantly by EUR 3.9 million to EUR 0.3 million after EUR -3.6 million last year (adjusted for the effect on the results of the Jahrhunderthalle transaction). Excluding this adjustment, EBIT was EUR 2.2 million. The greatly improved operating profitability resulted mainly from the profitable tour business and massively reduced sales costs.

The financial result declined due to higher interest expenses compared to the reference period. These mainly relate to working capital loans and project financing.

After taking taxes on income and earnings (EUR 0.2 million) into account, the after-tax profit from continuing operations is almost balanced and amounts to EUR -0.2 million. At the end of the comparative period, this figure (adjusted for the effect on earnings in conjunction with the Jahrhunderthalle transaction) was still EUR -3.4 million.

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

## 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 Veranstaltungs GmbH (Würzburg) until 31 January 2017, 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/Main) and mytic myticket (Berlin).

Here an explanation of how the segments developed:

### LIVE TOURING

Revenue generated by the segment rose by 22.4% to EUR 61.2 million. EBIT was disproportionately higher than the sales trend. It amounted to EUR 4.4 million after EUR 0.5 million last year. In particular, tours in Germany and Great Britain contributed to the extremely good segment performance. In the first half of the year, Disney on Ice, TINi (Violetta), Classical Spectacular, Kew the Music with James, Live at Chelsea with Ludovico Einaudi, Ed Sheeran, David Garrett, Craig David, Aerosmith, Iron Maiden, KISS and Till Brönner all drew large audiences.

**ENTERTAINMENT SERVICES**

Development in the Entertainment Services segment was also encouraging. Sales rose by 18.4% to EUR 41.8 million. EBIT improved by 33.3% to EUR -1.2 million.

In the reporting period, local organisers generally participated in the tour business.

Through the rest of the financial year, both segments are expected to benefit from the positive development and well-filled event pipeline with strong sales and high-margin events. The Rolling Stones concerts that are already sold out and the Anna Netrebko & Yusif Eyvazov performance at the Waldbühne in Berlin are examples of this. Promising Christmas events later in the year round off the agenda. The Christmas Garden programs in the Arts + Exhibitions division will be expanded from three cities last year to six in 2017 and 10 in 2018 in response to positive visitor feedback. More than half a million visitors are expected in 2017.

**ASSET POSITION**

The balance sheet total declined by EUR 24.2 million in the previous reporting period to EUR 83.2 million (31 December 2016: EUR 107.4 million). The sale of Manfred Hertlein Veranstaltungen GmbH in early 2017 was a significant factor (EUR 9.8 million) in the drop in the balance sheet total. In addition, there were various pre-sales that can distort the balance sheet items cash and cash equivalents, advance payments and payments received, in particular, as of the balance sheet date. For this reason, tours booked immediately after the reporting period, such as Ed Sheeran, are not taken into account.

On the assets side, current assets decreased by EUR 21.2 million to EUR 41.7 million. This decrease relates to cash and cash equivalents (EUR -13.2 million) as well as reduced trade receivables (EUR -4.2 million) and advance payments (EUR -3.0 million).

The changes in non-current assets primarily relate to the disposal of goodwill and other intangible assets as part of the change in the scope of consolidation and the scheduled depreciation of fixed assets.

Besides provisions (EUR -6.0 million), the liabilities side saw reductions particularly in deferred revenue (EUR -18.1 million). This figure should significantly rebound in the third and fourth quarters in light of the traditionally strong fourth quarter and advance sales for 2018's tours and shows.

At the end of the previous quarter, shareholder equity after minority interests amounted to EUR 13.8 million (EUR 10.7 million as of 31 December 2016). This corresponds to an increase in the equity ratio by about 7 percentage points to 17%.

The increase in equity resulted from the successful cash capital increase carried out in May 2017 with subscription rights from authorised capital by issuing all 2,044,089 new shares. The net issuing yield was approximately EUR 4.9 million.

The company's share capital 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 calculated share in the share capital of EUR 1.00 per share with entry in the commercial register on 24 May 2017.

## **FINANCIAL POSITION**

In the reporting period, liquidity decreased to EUR 15.2 million. While the change from operating activities in the continuing business area amounted to EUR -19.8 million, financing activities generated a cash inflow of EUR 4.8 million. This figure includes the cash inflow from the cash capital increase.

## **RISK AND OPPORTUNITY REPORT**

There were no material changes to the risk report of the combined management and Group management report 2016 (p. 22) published in the annual report from 31/12/2016.

## **FORECAST REPORT**

In view of the positive business development in the first half of the year, with the traditionally strong fourth quarter yet to come, the Executive Board is exceptionally optimistic about the continuing business trend in 2017 and expects the full-year forecast to be reached. DEAG has been able to secure high sales and high margin events for the second half of the year, already achieving promising advance sales. These include Anna Netrebko & Yusif Eyvazov's concert at the Waldbühne in Berlin and the sold-out Rolling Stones Germany tour. There are also various Christmas events that traditionally make the closing quarter the year's best for sales and earnings. DEAG expects more than half a million visitors in six locations at its own Christmas Garden events.

In view of these positive signs and the successful acquisition of the Flying Music Group, which will ensure further growth impulses in the UK business, the Executive Board expects sustained high sales slightly higher than in the previous year as well as EBIT in the medium to upper single-digit million euro range.

## **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.



FLYING MUSIC GROUP

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# // CONSOLIDATED BALANCE SHEET

## ASSETS

	Interim Report	Annual Report	Interim Report
	2017	2016	2016
	30.06.2017	31.12.2016	30.06.2016
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Liquid funds	15.180	28.378	23.063
Trade receivables	11.068	15.312	18.061
Down Payments	9.865	12.905	16.436
Income tax receivables	1.098	1.031	2.072
Inventories	64	64	124
Other current financial assets	1.836	2.796	2.846
Other current non-financial assets	2.626	2.455	2.263
<b>Current assets</b>	<b>41.737</b>	<b>62.941</b>	<b>64.865</b>
Goodwill	23.502	24.117	24.021 *
Other intangible assets	6.272	7.909	8.587
Tangible fixed assets	932	1.046	733
Investment properties	5.340	5.340	5.340 *
Investments	265	279	132
Loans to associated companies	1.209	1.209	0
According to the equity method accounted financial assets	2.576	2.367	2.884
Other long-term financial assets	1.038	1.863	1.998
Deferred tax assets	301	308	367
<b>Long-term assets</b>	<b>41.435</b>	<b>44.438</b>	<b>44.062</b>
<b>Total assets</b>	<b>83.172</b>	<b>107.379</b>	<b>108.927</b>

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

## LIABILITIES

	Interim Report	Annual Report	Interim Report
	2017	2016	2016
	per	per	per
	30.06.2017	31.12.2016	30.06.2016
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Bank loans payable	17.690	16.353	17.491
Trade accounts payable	13.777	13.554	10.956
Accruals	4.188	10.171	7.057
Sales accruals and deferrals	19.250	37.310	42.868
Income tax liabilities	664	944	342
Other current financial liabilities	3.189	3.673	6.378
Other current non-financial liabilities	3.380	6.837	3.392
<b>Current liabilities</b>	<b>62.138</b>	<b>88.842</b>	<b>88.484</b>
Accruals	54	227	270
Convertible bond	5.441	5.388	777
Bank loans payable	-	100	638
Other long-term financial liabilities	452	464	632
Deferred taxes	1.295	1.641	1.918
<b>Long-term liabilities</b>	<b>7.242</b>	<b>7.820</b>	<b>4.235</b>
Share capital	18.396	16.352	16.352
Capital reserve	42.508	40.081	39.964
Accumulated deficit	-52.674	-51.845	-46.253 *
Accumulated other income	1.347	1.403	1.656
<b>Equity attributable to DEAG shareholders</b>	<b>9.577</b>	<b>5.991</b>	<b>11.719</b>
Equity attributable to non-controlling interest	4.215	4.726	4.489
<b>Equity</b>	<b>13.792</b>	<b>10.717</b>	<b>16.208</b>
<b>Total liabilities and equity</b>	<b>83.172</b>	<b>107.379</b>	<b>108.927</b>

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

# // CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## CONSOLIDATED PROFIT AND LOSS STATEMENT

	Interim Report II/2017	Interim Report II/2016	6 Month Report 01.01.2017 30.06.2017	6 Month Report 01.01.2016 30.06.2016
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Sales	70.763	47.524	90.216	78.868
Cost of sales	-63.039	-41.967	-76.386	-66.514
<b>Gross profit</b>	<b>7.724</b>	<b>5.557</b>	<b>13.830</b>	<b>12.354</b>
Distribution costs	-5.066	-6.938	-8.021	-10.881
Administration costs	-3.214	-3.512	-6.379	-6.611
Other operating income / expenses	741	674	902	7.330 *
<b>Operating income (EBIT)</b>	<b>185</b>	<b>-4.219</b>	<b>332</b>	<b>2.192</b>
Interest income and expenses	-267	-263	-503	-362
Result from investments	1	14	1	34 *
Income shares in companies accounted for using the equity method	221	383	215	247
<b>Financial result</b>	<b>-45</b>	<b>134</b>	<b>-287</b>	<b>-81</b>
<b>Result before taxes (EBT)</b>	<b>140</b>	<b>-4.085</b>	<b>45</b>	<b>2.111</b>
Income taxes	-156	357	-230	321
<b>Group result from continued operations after taxes</b>	<b>-16</b>	<b>-3.728</b>	<b>-185</b>	<b>2.432</b>
<b>Group result from discontinued operations after taxes</b>	<b>-11</b>	<b>-327</b>	<b>-9</b>	<b>-416</b>
<b>Group result after taxes</b>	<b>-27</b>	<b>-4.055</b>	<b>-194</b>	<b>2.016</b>
thereof attributable to non-controlling interest	392	-526	686	-214
<b>thereof attributable to DEAG shareholders (Group result)</b>	<b>-419</b>	<b>-3.529</b>	<b>-880</b>	<b>2.230</b>
<b>Earnings per share in EUR (undiluted)</b>				
from continued operations	-0,02	-0,20	-0,05	0,16
from continued and discontinued operations	-0,02	-0,02	-0,05	0,14
Average no. of shares outstanding (undiluted)	17.205.680	16.352.719	16.781.250	16.352.719



<b>Consolidated Statement of Comprehensive Income</b>	<b>II/2017</b>	<b>II/2016</b>	<b>01.01.-30.06.17</b>	<b>01.01.-30.06.16</b>
<u>from 01.01.2017 to 30.06.2017</u>	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Group result after taxes	-27	-4.055	-194	2.016
Other result				
(+/-) Differences from exchange rates (independent foreign units)	-171	-937	-173	-1.242
(+/-) Deferred taxes on the other total result	-	-	-	-
Amounts as may be reclassified in future periods in	-171	-937	-173	-1.242
Total result	-198	-4.992	-367	774
<b>Thereof attributable to</b>				
Non-controlling interest	270	-1.277	569	-825
DEAG Shareholders	-468	-3.715	-936	1.599

## // ABBREVIATED CONSOLIDATED STATEMENT OF CASH FLOW

	Interim Report	Interim Report
	01.01.2017 -30.06.2017	01.01.2016 -30.06.2016
	<u>in EUR '000</u>	<u>in EUR '000</u>
<b>Result from continued operations</b>	<b>-185</b>	<b>2.432 *</b>
Depreciation and amortisation	670	734
Change in accruals	-6.217	-1.650
Changes not affecting payments	-148	-6.236 *
Deferred taxes (net)	-339	-423
Result from valuation of affiliated companies	-215	-247
<b>Cash flow</b>	<b>-6.434</b>	<b>-5.390</b>
Net interest income	503	362
Change in working capital	-13.876	574
<b>Net cash from operating activities from continued operations</b>	<b>-19.807</b>	<b>-4.454</b>
Net cash from operating activities from discontinued operations	-9	-416
<b>Net cash from operating activities (total)</b>	<b>-19.816</b>	<b>-4.870</b>
<b>Net cash from investment activities from continued operations</b>	<b>1.753</b>	<b>-81</b>
<b>Net cash from financial activities (total)</b>	<b>4.833</b>	<b>2.925</b>
<b>Changes in cash and cash equivalents</b>	<b>-13.230</b>	<b>-2.026</b>
Effects of exchange rates	32	-716
<b>Cash and cash equivalents at beginning of Period</b>	<b>28.378</b>	<b>25.805</b>
<b>Cash and cash equivalents at end of period</b>	<b>15.180</b>	<b>23.063</b>

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

## // CHANGES IN CONSOLIDATED EQUITY

	Balance as at		Changes		Balance as at	
	31.12.2015		01.01.2016- 30.06.2016		30.06.2016	
	<u>in EUR '000</u>		<u>in EUR '000</u>		<u>in EUR '000</u>	
Share capital		16.352		-		16.352
Capital reserve		39.944		20		39.964
Accumulated deficit	-	48.269	*	2.016	* -	46.253
Accumulated other income / loss		2.075	-	419		1.656
<b>Equity attributable to DEAG shareholders</b>		<b>10.102</b>		<b>1.617</b>		<b>11.719</b>
Equity attributable to non-controlling interest		5.921	-	1.432		4.489
<b>Equity</b>		<b>16.023</b>		<b>185</b>		<b>16.208</b>

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

	Balance as at		Changes		Balance as at	
	31.12.2016		01.01.2017- 30.06.2017		30.06.2017	
	<u>in EUR '000</u>		<u>in EUR '000</u>		<u>in EUR '000</u>	
Share capital		16.352		2.044		18.396
Capital reserve		40.081		2.427		42.508
Accumulated deficit	-	51.845	-	829	-	52.674
Accumulated other income / loss		1.403	-	56		1.347
<b>Equity attributable to DEAG shareholders</b>		<b>5.991</b>		<b>3.586</b>		<b>9.577</b>
Equity attributable to non-controlling interest		4.726	-	511		4.215
<b>Equity</b>		<b>10.717</b>		<b>3.075</b>		<b>13.792</b>



## **SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

### **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 30 June 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 31 December 2016.

The accounting, consolidation, currency translation and valuation principles applied in the consolidated financial statements as of 31 December 2016 were also used in this report in an unchanged manner. Please refer to the 2016 consolidated notes to the Annual Report (pp. 38-57).

This report has not been audited. No auditor's review took place either.

### **CHANGES TO 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 13 February 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 23 May 2017, DEAG successfully placed its cash capital increase with subscription rights from authorised 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 5 May 2017 and ended on 22 May 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 on 26 May 2017. The new shares are entitled to participate in profit from 1 January 2016.

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

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

**SUPPLEMENTARY REPORT**

On 18 August 2017, DEAG acquired 60% of the shares of the British promoter Flying Music Group Holding Ltd through its British subsidiary Kilimanjaro Holdings Ltd. The purchase price of around GBP 5.0 million could possibly later increase, depending on the future business development until 2019. In financial year 2016/2017, the Flying Music Group, which has been profitable since its founding, generated sales of around EUR 20 million.

The Executive Board is aware of no significant events after the end of the reporting period of 30 June 2017 that could have had a significant impact on DEAG's earnings, assets and financial position.

**OTHER DISCLOSURES**

On 30 January 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.

DEAG's Annual General Meeting took place on 27 June 2017. The company's shareholders re-elected the Supervisory Board for another term of office. The Supervisory Board now comprises Chairman Mr. Wolf-Dieter Gramatke, Deputy Chairman Mr. Michael Busch and member Prof. Dr. Katja Nettesheim. In addition, the shareholders granted the Executive Board and the Supervisory Board discharge for the past financial year and elected the auditor for the current financial year. All resolutions were passed by a large majority. Detailed information on the Annual General Meeting is available on the company website in the Investor Relations section.

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

## // STATEMENT BY LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the accounting principles used for interim financial reporting, the interim consolidated financial statements give a true and fair view of net assets, the financial position and Group operating results. The interim group management report including business results and the situation of the Group is presented in such a way as to give a true and fair view of the Group and the principal opportunities and risks associated with its expected development in the remaining financial year.

Berlin, 31 August 2017

DEAG Deutsche Entertainment Aktiengesellschaft

Executive Board



Prof. Peter L. H. Schwenkow



Christian Diekmann



Detlef Kornett



Ralph Quellmalz

### **TIME AND RELEASE OF PUBLICATION**

The Executive Board of DEAG (headquarters: Potsdamer Straße 58 in 10785 Berlin) has approved the Interim Consolidated Financial Statements and the Interim Group Management Report as of 31 August 2017.

# // LEGAL NOTICE

## // EDITING AND COORDINATION

DEAG Deutsche Entertainment AG  
cometis AG

## // FURTHER INFORMATION

For analysts and investors

Investor Relations: [deag@cometis.de](mailto:deag@cometis.de)

This interim report and other current information on DEAG are also available on the Internet at [www.deag.de/ir](http://www.deag.de/ir)

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