



DEAG Deutsche Entertainment Aktiengesellschaft

QUARTERLY REPORT
AS OF 31/03/2018

// DEAG OVERVIEW

COMPANY PROFILE

DEAG Deutsche Entertainment AG is a leading entertainment service company and provider of Live Entertainment in Europe. With its Group companies, DEAG is present at seven locations in its core markets.

DEAG produces and profitably organises a broad range of events and concerts. As a Live Entertainment service company with an integrated business model DEAG has extensive expertise in the organisation, marketing and holding of events, as well as in ticket sales via its own ticketing platform 'MyTicket' for its own and third-party content. The highly scalable business model of MyTicket strengthens DEAG on its way to increasing profitability. DEAG promotes around 4,000 concerts and events a year and currently sells more than 5 million tickets, of which a steadily increasing share is sold via its high-turnover ticketing platform MyTicket.

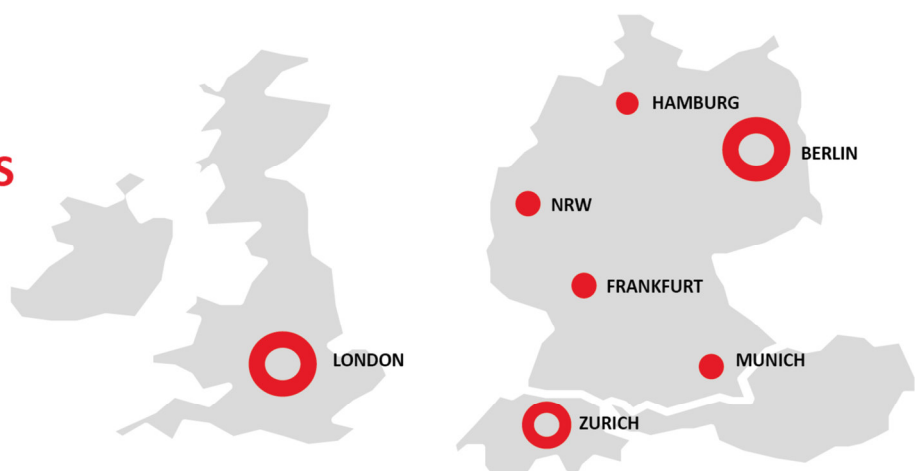
Founded in Berlin in 1978 and listed since 1998, DEAG's core businesses include Rock/Pop, Classics & Jazz, Family Entertainment and Arts+Exhibitions. The Family Entertainment and Arts+Exhibitions divisions in particular are of great importance to the further development of DEAG's own content. With its strong partner network, DEAG is excellently positioned in the market as an internationally active Live Entertainment service company.

DEAG shares (ISIN: DE000A0Z23G6 | WKN: A0Z23G | ERMK) are listed in the Prime Standard of the Frankfurt Stock Exchange, the quality segment of Deutsche Börse.

DEAG'S CORE MARKETS

CORE MARKETS

7 LOCATIONS
IN EUROPE



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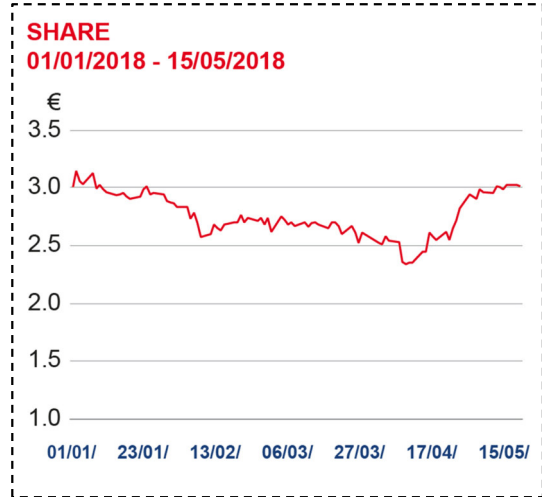
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// DEAG ON THE CAPITAL MARKET

DEAG - THE SHARE

The DEAG share was characterised by a downward trend in the first quarter of 2018, but was largely able to make up for the losses over the course of the second quarter. On 2 January 2018, the share started the current 2018 financial year at EUR 3.00. On 3 January 2018, the share reached its interim high of EUR 3.14. After that, the share price fell within the first quarter to its low of EUR 2.52 on 28 March 2018. Following another brief downward movement, the share price rose again significantly and reached the EUR 3 mark once again at the beginning of May.

In the course of the reporting period, the share price development was negative, which, with a closing price of EUR 2.61 at the end of the first quarter on 28 March 2018, corresponded to market capitalisation of EUR 48.0 million. After the end of the reporting period, the share price rose significantly and closed at EUR 3.01 on 15 May 2018.



CAPITAL MEASURES AND INVESTOR RELATIONS

Research experts at Hauck & Aufhäuser currently follow the DEAG share. The target price is currently EUR 5.00. Analyst studies are available on the DEAG website under Investor Relations/Research Comments.

We attach the greatest importance to the need for information on the capital market and meet the highest transparency requirements with our listing on the Prime Standard of the Frankfurt Stock Exchange. In addition to our legal obligations, we also undertook numerous other IR activities prior to publishing this report:

- Participation in two capital market conferences
- Numerous one-on-one meetings with investors in Germany and abroad
- Publication of two corporate news items and press releases

In order to meet our objectives and satisfy our shareholders and stakeholders, the Executive Board of DEAG plans to further intensify its investor relations activities on an ongoing basis. One goal is to become more visible on the capital market in the UK – in line with the positive operational development in that country. Therefore, the Executive Board is planning a secondary listing on the Alternative Investment Market (AIM) of the London Stock Exchange. In addition, DEAG will increasingly enter into dialogue with international investors by conducting roadshows and participating in capital market conferences.

Detailed information on investor relations can be found at www.deag.de/ir. DEAG Deutsche Entertainment AG constantly offers information on all current business developments here.

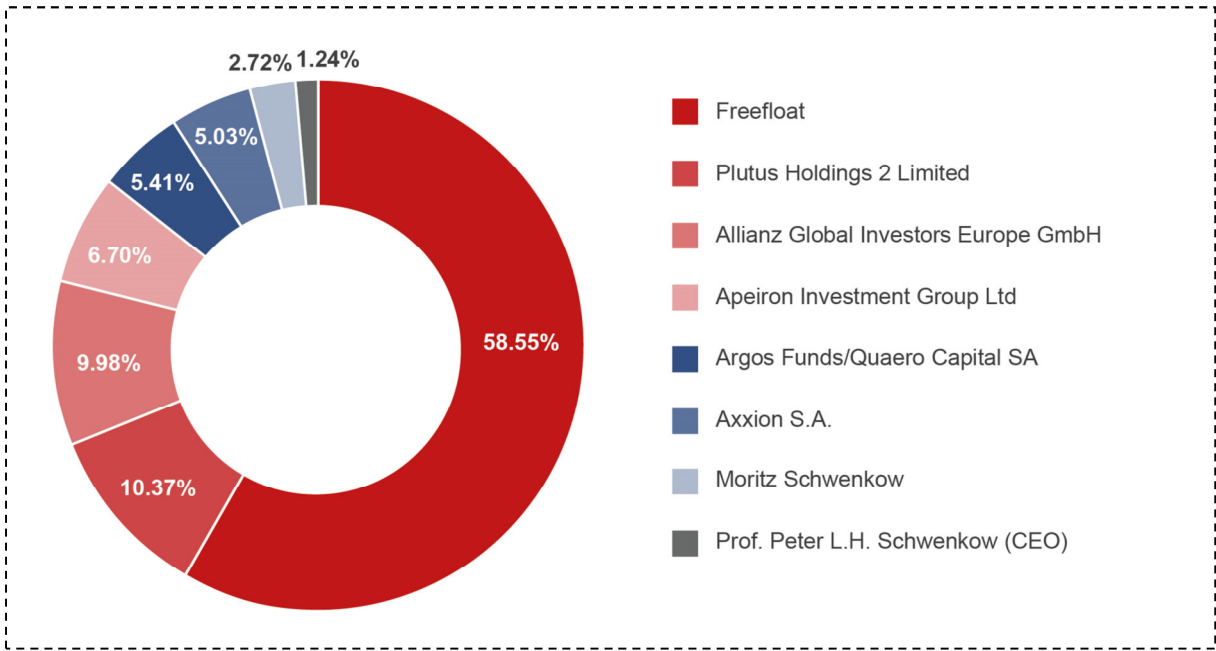
FINANCIAL CALENDAR

27 June 2018	Annual General Meeting (Berlin)
31 August 2018	Half-Year Report (6M)
4 September 2018	German Fall Conference (SCC) (Frankfurt/Main)
26 – 28 November 2018	EKF Deutsches Eigenkapitalforum (German Equity Forum) (Frankfurt/Main)
30 November 2018	Quarterly Report (9M)

KEY SHARE DATA

ISIN	DE000A0Z23G6
WKN	A0Z23G
Number of outstanding shares (29 March 2018)	18,397,423
Closing price for the quarter (29 March 2017)	EUR 2.61
High (1 January – 29 March 2018)	EUR 3.14
Low (1 January – 29 March 2018)	EUR 2.52
Market capitalisation on 29 March 2018	EUR 48.0 million
Designated sponsor(s)	Dero Bank AG (until 8 February 2018) / Hauck & Aufhäuser

SHAREHOLDER STRUCTURE*



*Disclosures based on the latest voting rights notification pursuant to Section 21/33 WpHG (Securities Trading Act) as of 3 May 2018

// GROUP MANAGEMENT REPORT

KEY OPERATIONAL DEVELOPMENTS

DEAG Deutsche Entertainment AG (DEAG) has gotten off to a successful start to the 2018 financial year. In the first quarter of 2018, sales of EUR 27.0 million were significantly above the previous year's level (previous year: EUR 19.3 million). All divisions of DEAG contributed to the positive development. The Flying Music Group acquired in August 2017 also contributed to this increase in sales. Earnings before interest and taxes (EBIT) also developed positively. After EUR 237 thousand in the first quarter of 2017, EBIT increased to EUR 340 thousand in the first quarter of 2018. This means that DEAG is profitable in the traditionally weakest quarter of the financial year, is fully on target for the 2018 financial year and is successfully continuing its focus on profitability.

Very successful Family Entertainment formats such as Disney on Ice and Flying Music's Thriller Live contributed to this positive development in the first quarter. With Till Brönner, Joja Wendt and Rolando Villazón, the Classics & Jazz division already featured a few highlights in the first quarter. The Rock/Pop segment started the 2018 financial year with top acts such as Toto, Sunrise Avenue, Eraser and Stereophonics while the Arts+Exhibition area, as in previous years, will focus on the Christmas business in the fourth quarter. There is a well-filled event pipeline for the strongly expected second quarter. Artists such as Ed Sheeran, Böhse Onkelz, Iron Maiden and the Foo Fighters will provide highlights in DEAG's calendar of events in the months ahead.

After a successful start of TimeRide GmbH in 2017, in which DEAG, together with its subsidiary handwerker promotion e. GmbH, holds an interest, the offer of Virtual Reality (VR) time travel will be expanded in 2018 and will also be offered in Berlin. Further time rides are already planned from the spring of 2019, and by 2020 up to 14 offers for over one million visitors per year are to be created in major European cities. A financing round was conducted in March 2018, the pre-money valuation of which represents an increase in value of over 80% compared to the date of DEAG's entry. DEAG secured itself ticket sales via the Group's own sales platform myticket.de. The ticketing business overall also developed positively.

Developments in the individual divisions in the first quarter of 2018 are in line with the Executive Board's expectations and lead to a confirmation of the Group's forecast for the full year 2018.

INCOME POSITION

The DEAG Group started financial year 2018 fully on target, posting sales of EUR 27.0 million. The acquisition of the Flying Music Group in August 2017 contributed to the expected increase in sales compared to the first quarter of 2017.

Gross profit of EUR 6.0 million (previous year: EUR 6.1 million) was achieved, which corresponds to a gross margin of 22 %.

EBIT for the first quarter was positive at EUR 0.34 million, a significant 44% increase over the same period last year. All divisions contributed to the positive sales and earnings development, even though the greatest growth was achieved in the Family Entertainment division with formats such as Disney on Ice and Thriller Live.

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

After taking tax expenses into account, the result from continuing operations amounted to EUR 0.0 million.

The result from discontinued operations mainly includes the result of the business division Austria (including Blue Moon Entertainment GmbH), which was discontinued last year.

ASSET AND FINANCIAL POSITION

Compared with the previous balance sheet date, the balance sheet total decreased slightly by EUR 1.9 million or 1.4% to EUR 130.1 million (31 Dec. 2017: EUR 132.0 million).

On the assets side, current assets decreased by EUR 1.7 million to EUR 81.7 million. The decrease was mainly due to trade receivables (EUR -11.6 million) and cash and cash equivalents (EUR -3.6 million). In contrast, advance payments made increased by EUR 13.1 million to EUR 24.1 million. Together with the further increase in deferred revenue of EUR 70.7 million, these balance sheet items are evidence of the promising future development and the very high level of funds already received from pre-sales, in particular for events and projects that will be realised in the further course of the financial year, primarily in the second and fourth quarter.

The changes in non-current assets relate primarily to scheduled amortisation of other intangible assets.

On the liabilities side, current liabilities in particular decreased by EUR 2.2 million. Within current liabilities, trade payables and provisions decreased significantly by a total of EUR 4.8 million. Both items had increased significantly as of 31 December 2017 due to the density of events in the final quarter.

Shareholders' equity after minority interests amounted to EUR 12.3 million at the end of the past quarter (EUR 9.5 million as of 31 March 2017). The equity ratio remained unchanged at 9%.

Cash and cash equivalents amounted to EUR 38.2 million after EUR 41.8 million as of 31 December 2017. Whereas the change from operating activities amounted to EUR - 4.8 million, cash flow from financing activities amounted to EUR 1.3 million.

DEVELOPMENT OF THE SEGMENTS

DEAG reports in an unchanged segment structure. This presents the activities of the Group clearly and accurately:

The touring business is reported in the **Live Touring segment** ("traveling business"). It include the activities of DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Wizard Promotions Konzertagentur (Frankfurt/Main), Grünland Family Entertainment (Berlin), Global Concerts Touring GmbH (Munich), Raymond Gubbay Ltd. (London, UK), the Kilimanjaro subgroup (London, UK), including the Flying Music Group and The Classical Company (Zurich, Switzerland).

The **Entertainment Services segment** ("stationary business") includes the regional business and the entire services 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), LiveGeist Entertainment GmbH (Frankfurt/Main) as well as mytic myticket (Berlin) and Kultur im Park GmbH (Berlin).

Segment performance at a glance:

LIVE TOURING

With sales revenues of EUR 22.3 million, EBIT of EUR 1.3 million was achieved. Very successful Family-Entertainment formats such as Disney on Ice and Flying Music’s Thriller Live contributed to the positive development in the first quarter. With Till Brönner, Joja Wendt and Rolando Villazón, the Classics & Jazz division already included a few highlights in the first quarter. The Rock/Pop division started financial year 2018 with top acts such as Toto, Sunrise Avenue, Eraser and Stereophonics, while the Arts+Exhibition segment, as in previous years, will focus on the Christmas business in the fourth quarter.

ENTERTAINMENT SERVICES

With sales of EUR 10.2 million, the performance is almost balanced and amounted to EUR - 0.3 million.

In the period under review, the local tour operators mainly participated in the Group’s own tour business.

Both segments will benefit from the expected positive development in the further course of the financial year. Highlights in the coming months will be in the areas of Rock/Pop in open air and arena concerts. The acts will include Ed Sheeran, Böhse Onkelz, Iron Maiden or the Foo Fighters. It is also becoming apparent that the Family Entertainment and Arts+Exhibition divisions, the latter in particular in the fourth quarter, will also play the strong role we had expected.

RISK AND OPPORTUNITY REPORT

For information on DEAG’s risks and opportunities, please refer to the Risk Report in the Combined Management Report and Group Management Report 2017 published in the Annual Report as of 31 December 2017 (p. 12 ff.).

FORECAST REPORT

Based on the course of business to date and the strong second quarter that is emerging, the Executive Board is looking forward to 2018 and confirms its forecast of sales growth of at least 20% and a disproportionate increase in EBIT of at least 40%.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current assumptions and forecasts made by DEAG’s management. Such statements are subject to risks and uncertainties. These and other factors could cause the results, financial position, developments or performance of the company to differ materially from the estimates given here. The company assumes no obligation to update these forward-looking statements or to conform them to future events or developments.

// CONSOLIDATED BALANCE SHEET

TOTAL ASSETS

	Interim Report 2018 as at 31.03.2018 <u>in EUR '000</u>	Annual Report 2017 as at 31.12.2017 <u>in EUR '000</u>	Interim Report 2017 as at 31.03.2017 <u>in EUR '000</u>
Liquid funds	38.225	41.816	24.673
Trade receivables	14.337	25.926	14.381
Down Payments	24.069	10.949	19.568
Income tax receivables	917	1.178	1.065
Inventories	103	120	63
Other current financial assets	1.893	1.824	3.072
Other current non-financial assets	2.182	1.636	1.783
Current assets	81.726	83.449	64.605
Goodwill	26.256	26.321	23.503
Other intangible assets	8.469	8.719	6.595
Tangible fixed assets	2.397	2.459	948
Investment properties	5.340	5.340	5.340
Investments	766	706	272
According to the equity method accounted financial assets	1.460	1.366	2.383
Loans to associated companies	1.221	1.221	1.221
Down Payments	231	95	-
Other long-term financial assets	1.529	1.542	1.050
Deferred tax assets	722	762	309
Long-term assets	48.391	48.531	41.621
Total assets	130.117	131.980	106.226

TOTAL LIABILITIES AND EQUITY

	Interim Report 2018 as at 31.03.2018 <u>in EUR '000</u>	Annual Report 2017 per 31.12.2017 <u>in EUR '000</u>	Interim Report 2017 as at 31.03.2017 <u>in EUR '000</u>
Bank loans payable	17.952	16.884	17.976
Trade accounts payable	7.577	10.457	9.037
Accruals	4.943	6.810	4.639
Convertible bond	1.363	1.350	-
Sales accruals and deferrals	70.661	67.642	47.864
Income tax liabilities	805	638	979
Other current financial liabilities	4.598	4.242	3.822
Other current non-financial liabilities	2.574	4.703	5.021
Current liabilities	110.473	112.726	89.338
Accruals	-	-	55
Convertible bond	4.185	4.145	5.415
Bank loans payable	766	31	50
Other long-term liabilities	314	309	464
Deferred taxes	2.120	2.151	1.388
Long-term liabilities	7.385	6.636	7.372
Share capital	18.396	18.396	16.352
Capital reserve	42.508	42.508	40.081
Accumulated deficit	-54.495	-54.078	-52.255
Accumulated other income	608	638	1.393
Equity attributable to DEAG shareholders	7.017	7.464	5.571
Equity attributable to non-controlling interest	5.242	5.154	3.945
Equity	12.259	12.618	9.516
Total liabilities and equity	130.117	131.980	106.226

// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP PROFIT AND LOSS ACCOUNTING

	Interim Report I/2018	Interim Report I/2017 *
	01.01.2018 -31.03.2018	01.01.2017 -31.03.2017
	<u>in EUR '000</u>	<u>in EUR '000</u>
Sales	26.968	19.331
Cost of sales	-20.929	-13.184
Gross profit	6.039	6.147
Distribution costs	-2.746	-2.922
Administration costs	-3.040	-3.145
Other operating income / expenses	87	157
Operating income (EBIT)	340	237
Interest income and expenses	-277	-236
Earnings from affiliated companies	56	-6
Financial result	-221	-242
Result before taxes	119	-5
Income taxes	-145	-74
Group result after taxes from continued operations	-26	-79
Group result after taxes from discontinued operations	-76	-88
Group result after taxes	-102	-167
thereof attributable to non-controlling interest	315	294
thereof attributable to DEAG share- holders		
(Group result)	-417	-461
Earnings per share in EUR (diluted/undiluted)		
from continued operations	-0,02	-0,02
from continued and discontinued operations	-0,02	-0,03
Average no. of shares outstanding (undiluted)	18.099.380	16.352.719

* Adjustment previous year (see note 40, Annual Report 2017)

Consolidated Statement of Comprehensive Income

from 01.01.2018 to 31.03.2018	I/2018 - in TEUR -	I/2017 - in TEUR -
Group result after taxes	-102	-167
Other result		
(+/-) Differences from exchange rates (independent foreign units)	-16	-2
(+/-) Deferred taxes on the other result	-	-
Total recognized directly in other comprehensive income	-16	-2
Total result	-118	-169
Thereof attributable to		
Non-controlling interest	327	299
DEAG Shareholders	-445	-468

// ABBREVIATED STATEMENT OF CASH FLOW

	01.01.2018 -31.03.2018	01.01.2017 -31.03.2017
	<u>in EUR '000</u>	<u>in EUR '000</u>
Result from continued operations	-26	-79 *
Depreciation and amortisation	451	345 *
Change in accruals	-1.885	-5.736
Changes not affecting payments	12	-104
Deferred taxes (net)	9	-254
Result from valuation of affiliated companies	-56	6
Cash flow	-1.495	-5.822
Net interest income	277	236
Change in working capital	-3.551	-111
Net cash from operating activities from continued operations	-4.769	-5.697
Net cash from operating activities from discontinued operations	-76	-82 *
Net cash from operating activities (total)	-4.845	-5.779
Net cash from investment activities from continued operations	-53	1.868
Net cash from financial activities (total)	1.346	213
equivalents	-3.552	-3.698
Effects of exchange rates	-39	-7
Cash and cash equivalents at beginning of Period	41.816	28.378
Cash and cash equivalents at end of period	38.225	24.673

* Adjustment previous year (see note 40, Annual Report 2017)

// DEVELOPMENT OF EQUITY WITHIN THE GROUP

	Balance as at 31.12.2016 <u>in EUR '000</u>	Changes 01.01.2017 -31.03.2017 <u>in EUR '000</u>	Balance as at 31.03.2017 <u>in EUR '000</u>
Share capital	16.352	-	16.352
Capital reserve	40.081	-	40.081
Accumulated deficit	-51.845	-410	-52.255
Accumulated other income	1.403	-10	1.393
Equity attributable to DEAG shareholders	5.991	-420	5.571
Equity attributable to non-controlling interest	4.726	-781	3.945
Equity	10.717	-1.201	9.516
	Balance as at	Changes	Balance as at
	31.12.2017	01.01.2018	31.03.2018
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	18.396	-	18.396
Capital reserve	42.508	-	42.508
Accumulated deficit	-54.078	-417	-54.495
Accumulated other income	638	-30	608
Equity attributable to DEAG shareholders	7.464	-447	7.017
Equity attributable to non-controlling interest	5.154	88	5.242
Equity	12.618	-359	12.259

// CONDENSED NOTES

NOTES PURSUANT TO IAS 34

This quarterly financial report, consisting of the Consolidated Balance Sheet, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Statement of Changes in Equity and select explanatory notes, has been prepared in accordance with IAS 34 and the applicable provisions of the Securities Trading Act (WpHG).

The consolidated interim financial statements as of 31 March 2018 do not contain all the disclosures and information presented in the context of complete annual financial statements. We recommend that you read the quarterly financial report together with the consolidated financial statements as of 31 December 2017.

The accounting, consolidation, currency translation and valuation principles applied in the consolidated financial statements as of 31 December 2017 have been retained unchanged. Please refer to the Notes to the 2017 Consolidated Financial Statements (pages 43-57) published in the Annual Report.

This report is unaudited. An audit review has also not taken place.

OTHER DISCLOSURES

Further explanatory notes required by IAS 34.15ff are not relevant, of subordinate importance or there have been no material changes since 31 December 2017.

Berlin, 29 May 2018

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board



Prof. Peter L. H. Schwenkow



Christian Diekmann



Detlef Kornett



Ralph Quellmalz

// LEGAL NOTICE

// EDITING AND COORDINATION

DEAG Deutsche Entertainment AG
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// FURTHER INFORMATION

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All financial reports and other current information on DEAG can also be found on the Internet at www.deag.de/ir

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