



DEAG Deutsche Entertainment Aktiengesellschaft


**6-MONTH REPORT**  
**AS OF 30/06/2018**





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# // LETTER TO THE SHAREHOLDERS

**LADIES AND GENTLEMEN,  
DEAR SHAREHOLDERS,**

DEAG achieved significant sales and earnings growth in the first half of 2018. Sales amounted to EUR 118.0 million, which corresponds to an increase of 34.2% over last year's figure of EUR 87.9 million. EBIT amounted to EUR 8.1 million compared to EUR 2.2 million in the previous year. Adjusted for the effect of the acquisition of 49% of DEAG Classics AG and the sale of Raymond Gubbay Ltd. with a profit on deconsolidation of EUR 5.3 million, operating EBIT amounted to EUR 2.8 million after EUR 0.3 million in the same period of the previous year, taking into account the operating EBIT of the business unit Austria.

A number of event highlights contributed to this positive development. Our open-air events, rock/pop tours, classical events, theatre productions and events for the whole family as well as our ticketing business in our core markets were all successful in the first half of the year. On this basis and with the prospect of a well-filled event pipeline, our operations are very much on target for 2018 as a whole.

This positive development underscores the fact that DEAG's orientation is paying off. We want to continue to strengthen our Family Entertainment division and benefit from high-margin, high-turnover projects in all areas. We also have already taken steps in the first half of the year to successively reduce minority interests with the aim of increasing earnings per share attributable to DEAG shareholders. We acquired 49% of DEAG Classics AG, which works with artists like Anna Netrebko, Yusif Eyvazov, Rolando Villazón, Till Brönner, Joja Wendt and "The Piano Guys". We will benefit 100% from this success story in the future. A second step towards reducing minority interests was the buyback of 24.9% of the shares in mytic myticket AG ("MyTicket AG") from Starwatch Entertainment GmbH. We will hold 75.1% of MyTicket AG moving forward and intend to further expand DEAG's ticketing business. Our online sales platform MyTicket plays an important role in our orientation.

We also want to grow sustainably and continue strengthening our focus on our second home market, the United Kingdom. We therefore acquired the rights to the successful Scottish Festival "Belladrum", which sold out long in advance this year for the ninth time in a row. Belladrum has been firmly associated with our subsidiary Kilimanjaro for several years. For eight years, Kilimanjaro exclusively booked artists for the festival, which presents a program of national stars and local up-and-coming talents every year. Artists like the British indie rock bands Bastille and Catfish and the Bottlemen as well as the British singer Ed Sheeran have used the festival as a springboard for an international career and have been touring with Kilimanjaro ever since.

The company plans to issue a bond to finance its further development and to diversify its financing structure. DEAG has mandated IKB Deutsche Industriebank AG, Düsseldorf ("IKB") for this purpose.

We continue to expect sales growth of at least 20% and a disproportionate increase in EBIT of at least 40% for the current financial year 2018. We intend to continue to pursue our strategy of diversification, which has optimized not only our risk profile but also our earnings situation and profitability. With a well-filled pipeline of events and over 2 million tickets already sold, we have a solid basis for further development in the financial year. On this basis and in conjunction with attractive programs, the sustained focus on profitability and the increase in earnings per share through the reduction of minority interests, we believe we remain very well positioned for the future.

I would like to thank you for your confidence and look forward to continuing along this path with you as our shareholders.

Kind regards,

Prof. Peter L.H. Schwenkow

# // DEAG SHARE

## DEAG ON THE CAPITAL MARKET

DEAG shares began 2018 at a price of EUR 3.00. The price then fell to a low of EUR 2.34 in the reporting period on 11 April 2018, followed by a significant upward movement to a level of EUR 3.56, at which the share price closing at its high for the period under review on 29 June 2018. The upward trend subsequently continued, with the share price at EUR 3.80 on 1 August 2018.

The closing price of the share of EUR 3.56 on 29 June 2018 corresponded to market capitalisation of EUR 67.2 million.



## ANNUAL GENERAL MEETING

The Annual General Meeting of DEAG Deutsche Entertainment Aktiengesellschaft (DEAG) took place on 27 June 2018. The Annual General Meeting approved the proposals of the management by a very large majority for all items on the agenda. In particular, the Annual General Meeting discharged the Executive Board and Supervisory Board of DEAG for the past financial year 2017. Detailed information on the Annual General Meeting is available on the company's website under Investor Relations.

## INVESTOR RELATIONS

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

We attach the highest importance to the information needs of the capital market and meet the highest transparency requirements with our listing in the Prime Standard of the Frankfurt Stock Exchange. Besides legal obligations, we conducted numerous other IR activities up to the time of publication:

- Participation in three capital market conferences
- Numerous individual discussions with investors in Germany and abroad
- Publication of eight corporate news and press releases

In order to meet our expectations and those of our shareholders and stakeholders, the DEAG Executive Board plans to continue intensifying its investor relations activities. DEAG will also intensify its dialogue with international investors at roadshows and capital market conferences.

Detailed information on investor relations can be found at [www.deag.de/ir](http://www.deag.de/ir). DEAG Deutsche Entertainment AG provides ongoing information here on all current business developments.

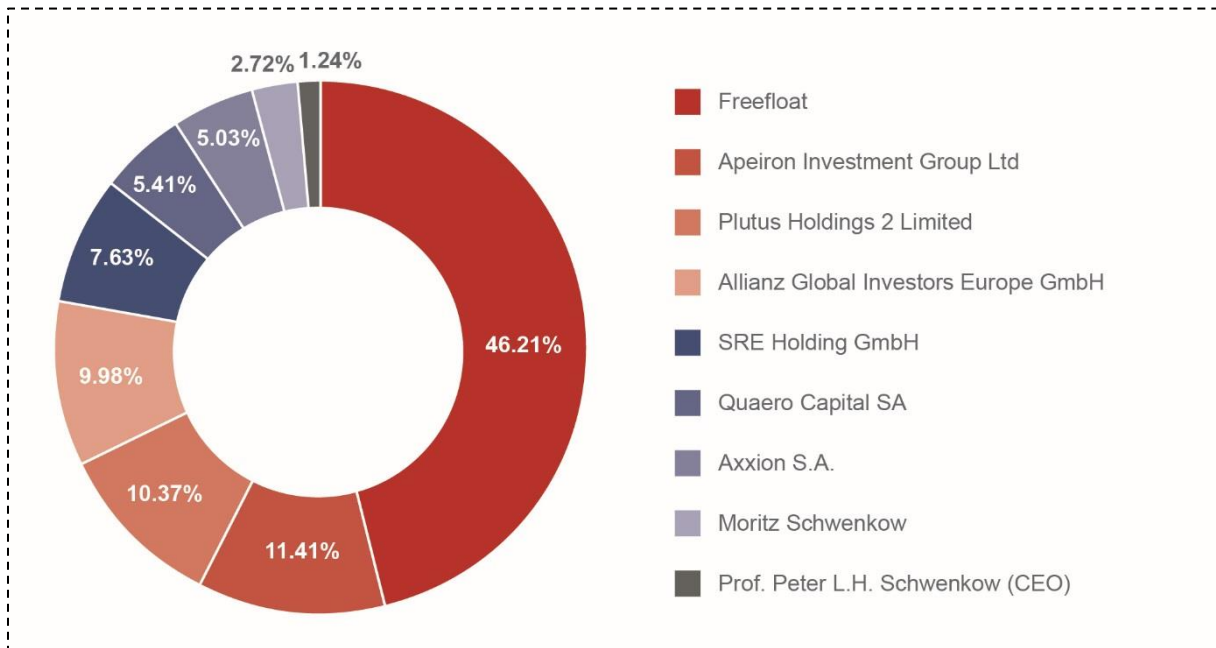
## FINANCIAL CALENDAR

3 - 4 September 2018	Fall Conference (SCC) (Frankfurt/Main)
26 - 28 November 2018	EKF   German Equity Forum (Frankfurt/Main)
30 November 2018	Group Quarterly Report (9M)
12 December 2018	MKK   Munich Capital Market Conference (Munich)

**KEY SHARE DATA**

ISIN	DE000A0Z23G6
WKN	A0Z23G
Number of outstanding shares (29 June 2018)	18,397,423
Quarterly closing price (29 June 2018)	EUR 3.56
High (1 January - 29 June 2018)	EUR 3.56
Low (1 January - 29 June 2018)	EUR 2.34
Market capitalisation 29 June 2018	EUR 67.2 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

As of 20 August 2018



# // INTERIM GROUP MANAGEMENT REPORT

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# // INTERIM GROUP MANAGEMENT REPORT

## SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The market environment for DEAG Deutsche Entertainment AG (hereinafter DEAG) developed positively overall in the first half of 2018. The German economy has continued its upward trend, with the German Institute for Economic Research in Berlin (DIW) forecasting economic growth in Germany of 2.4% for 2018, while declining growth of 1.9% is expected for 2019. The DIW expects the UK economy to grow by 1.4% in 2018 and GDP to grow slightly to 1.5% in 2019. The economists from Berlin expect economic growth in the eurozone to rise by 2.3% in the gross domestic product in 2018 and to slow to 1.8% in 2019.

The auditing firm PricewaterhouseCoopers (PwC) expects the German media and entertainment sector to grow by 3.2% in 2018. Average annual growth of 2.4% is expected until 2021, driven in particular by increasing advertising revenues and rising consumer spending. The market environment in the UK, DEAG's second home market, is also developing positively. According to the "UK Entertainment and Media Outlook 2018", the UK entertainment and media market is expected to grow by 3% annually from 2018 to 2022. Digital offerings in particular, such as Virtual Reality (VR), are expected to show the greatest growth, but out-of-home offerings such as concerts and other entertainment events are also expected to see average annual growth of 3.9% to around USD 44.9 billion.

In operational terms, the development of sales and earnings in the first half of the year and especially in the second quarter was driven by the very successful open-air season to date. With events such as Ed Sheeran, the Matapaloz Festival, the Foo Fighters, Iron Maiden and Andreas Gabalier, the first half of the year included a number of event highlights.

The positive development in the first half of DEAG's 40th anniversary year underscores the effectiveness of its strategic orientation. The Family Entertainment division is to be further strengthened, with high-margin and high-revenue projects in all business divisions to further support its development. In the course of the first half of the year, DEAG introduced a series of measures to gradually reduce minority interests with the aim of increasing earnings per share attributable to DEAG shareholders. In this context, 49% of the shares in DEAG Classics AG were acquired, which means that DEAG has acquired 100% of this company. The shares were acquired from Sony Music Entertainment International Limited. In return for an additional payment of EUR 10.6 million, DEAG Classics AG sold its shares in Raymond Gubbay Limited to Sony Music Entertainment International Limited. The increase in shares in mytic myticket AG to 75.1% through the acquisition of 24.9% of the shares in Starwatch Entertainment GmbH is also in line with the strategy of successively reducing minority interests. DEAG's ticketing business is to be further expanded in this context.

The net proceeds from the transactions were used to finance internal and external growth and should continue to support internal and external growth projects. In order to further strengthen its footprint in its second home market Great Britain, DEAG acquired the Belladrum Festival in Scotland via its subsidiary Kilimanjaro Live Limited at the end of the second quarter. Belladrum is an established festival in Scotland that has been successfully associated with Kilimanjaro for some time. Artists like the British indie rock bands "Bastille" and "Catfish and the Bottlemen" as well as the British singer Ed Sheeran have already used the stage there as a springboard and have been touring with Kilimanjaro ever since. The successful TimeRide format, in which DEAG has held a stake since September 2017 and holds the rights for exclusive ticket distribution via Myticket, is also set to grow further. TimeRide expects around 100,000 visitors in Cologne for 2018 as a whole and plans to establish the service in Berlin starting in the fall of 2018.

With a well-filled pipeline of events and over 2 million tickets already sold, DEAG has a solid basis for further development in financial year 2018.

## INCOME POSITION

In the first half of 2018, DEAG generated sales of EUR 118.0 million after EUR 87.9 million in the same period of the previous year. This equates to an increase of EUR 30.1 million or 34.2%. This figure also includes EUR 4.0 million sales from the operation of the Jahrhunderthalle in Frankfurt/Main, whose activities have now been fully consolidated. The sale of the company's shares in Raymond Gubbay Limited had no significant impact on how sales developed during the reporting period.

Gross profit on sales amounted to EUR 18.6 million (previous year: EUR 15.1 million), which corresponds to a gross margin of 16 %.

EBIT for the first quarter was positive at EUR 8.1 million und was more than significantly increased by 263 % compared to the same period of the previous year. Adjusted for the sale of Raymond Gubbay Limited with a profit on deconsolidation of EUR 5.3 million, EBIT amounted to EUR 2.8 million (previous year: EUR 2.2 million) or EUR 0.3 million in the same period of the previous year, taking into account the business unit Austria.

All divisions contributed to the positive sales and earnings development, even though the greatest growth was achieved in the rock/pop division due to the very successful open-air season so far. Furthermore, the activities from the operation of the Jahrhunderthalle had a positive effect as planned.

The financial result now amounts to EUR -1.4 million after EUR -0.3 million in the previous year. It essentially includes net interest income. The increase is mainly due to the recognition of a finance lease in connection with the operation of the Jahrhunderthalle in Frankfurt/Main, according to which the lease payment to the owner was divided into an interest and a repayment portion.

After taking tax expenses into account, the result from continuing operations amounted to EUR 5.9 million (previous year: EUR 1.7 million).

The result from discontinued operations mainly includes the result of the Austrian division (incl. Blue Moon Entertainment GmbH), which was discontinued last year. The previous year's figures in the income statement were adjusted accordingly.

Net income attributable to DEAG shareholders increased by EUR 5.6 million to EUR 4.7 million. This corresponds to earnings per share of 26 cents after 6 cents per share the previous year.

## DEVELOPMENT OF THE SEGMENTS

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

The **Live Touring segment** reports on the tour business. This includes 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 sub-group Kilimanjaro (London, UK) including the Flying Music Group and The Classical Company (Zurich, Switzerland).

The **Entertainment Services segment** ("stationary business") includes regional business and the entire service business. These include the activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Concert Concept (Berlin), Grandezza Entertainment (Berlin), River Concerts (Berlin), Elbklassik (Hamburg), handwerker promotion e. gmbh (Unna), LiveGeist Entertainment GmbH (Frankfurt/Main), Kultur- und Kongresszentrum Jahrhunderthalle GmbH (Frankfurt/Main) as well as mytic myticket (Berlin) and Kultur im Park GmbH (Berlin).

Segment performance at a glance:

### Live Touring

With sales revenue of EUR 82.7 million before consolidation, the segment achieved EBIT of EUR 10.0 million. This means that sales revenues and EBIT were EUR 21.5 million and EUR 5.6 million, respectively, significantly higher than in the same period of the previous year. This positive development was due in particular to growth in the rock/pop division as a result of the very successful open-air season to date. With events such as Ed Sheeran, the Matapaloz Festival, the Foo Fighters, Iron Maiden and Andreas Gabalier, the first half of the year offered a series of event highlights in this area. This development will continue in the third quarter with the Belladrum



Festival, which took place at the end of August and sold out once again. In the area Family Entertainment and Arts+Exhibitions, the focus will be on the Christmas business in the fourth quarter as in previous years. Segment performance also benefited from the deconsolidation gain in connection with the sale of the shares in Raymond Gubbay Ltd.

**Entertainment Services**

Revenues of the segment before consolidation amounted to EUR 39.2 million (previous year: EUR 38.5 million) and are thus at the level of the comparable period of the previous year. EBIT is almost balanced and amounted to EUR 0.2 million (previous year: EUR 0.7 million). Revenues include EUR 4.0 million from the operation of the Jahrhunderthalle in Frankfurt/Main, whose activities are now fully consolidated. The company made a positive contribution to EBIT including interest expenses for the finance lease.

The local tour operators mainly participated in the Group's own tour business in the period under review.

Both segments will benefit from the expected positive development in the further course of the financial year. With a well-filled pipeline of events and more than 2 million tickets already sold, DEAG has a solid basis for further development in financial year 2018, with the Family Entertainment and Arts+Exhibitions divisions in particular. The latter is expected to play a particularly strong role in the fourth quarter. In particular, the Christmas Garden formats will be expanded from 1 last year to 3 in 2018 due to the positive response from visitors in Germany.

**ASSETS POSITION**

Compared to the previous balance sheet date, the balance sheet total decreased by EUR 11.1 million or 8.4% to EUR 120.9 million (31 December 2017: EUR 132.0 million).

The main changes are due on the one hand from the addition of the assets and debts of Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt/Main, in particular from the contract for operating the event hall classified as a finance lease, and on the other hand from the disposal of assets, liabilities and minority interests in the deconsolidated company Raymond Gubbay Ltd.

On the assets side, current assets decreased by EUR 17.8 million to EUR 65.6 million. This decrease is mainly related to liquid funds (EUR - 20.1 million) and trade receivables (EUR - 14.9 million). In contrast, advance payments made increased by EUR 14.7 million to EUR 25.6 million. Together with the deferred revenue of EUR 28.4 million, which was EUR 9.2 million higher compared to 30 June 2017, these balance sheet items are evidence of the promising future development and the very high level of funds already received from pre-sales, particularly for events and projects, which will be realised mainly in the fourth quarter in the further course of the financial year.

The changes in non-current assets mainly relate to additions and disposals in connection with the change in the scope of consolidation and scheduled depreciation of other intangible assets.

On the liabilities and equity side, current liabilities decreased significantly by EUR -21.2 million. In addition to deferred revenue, the changes relate in particular to liabilities to banks. Provisions for accrued expenses in connection with events in the second quarter increased as of the reporting date. Furthermore, the carrying amount of the convertible bond increased after a partial amount of EUR 1.4 million was repaid as of 30 June 2018 due to the reclassification of the outstanding portion of long-term liabilities.

Besides the reclassification of the convertible bond and an increase in liabilities to banks (EUR 1.8 million), the change in non-current liabilities mainly relates to the recognition of the lease liability (EUR 10.1 million).

At the end of the past quarter, equity after minority interests totalled EUR 15.2 million (31 December 2017: EUR 12.6 million). The equity ratio increased by 31% and now amounts to 13%.

**FINANCIAL POSITION**

Cash and cash equivalents decreased by EUR 20.2 million to EUR 21.7 million in the reporting period. While the change from ongoing business activities of continuing operations was at nearly the same level as last year at EUR -18.2 million (previous year: EUR -17.9 million), at EUR 5.7 million, investment activities accounted for a significantly higher inflow than in the same period of last year (EUR 1.8 million). This mainly includes the balance of the inflow of funds in connection with the sale of the shares in Raymond Gubbay Ltd. and the outflow of funds due to the disposal of liquid funds from the change in the scope of consolidation. The cash outflow from financing

activities relates in particular to the repayment of current financial liabilities to banks and the pro rata repayment of the convertible bond. On 30 June 2018, DEAG had cash and cash equivalents and unutilized credit lines with banks amounting to EUR 30.7 million at its disposal.

**RISK AND OPPORTUNITY REPORT**

There were no material changes to the risk report of the combined management and Group management report 2017 (p. 23) published in the annual report from 31/12/2017.

**FORECAST REPORT**

The Executive Board is looking forward to the further course of business in 2018 and continues to assume that the forecast for the year as a whole will be achieved.

The Executive Board continues to plan to strengthen the Family Entertainment business division and to benefit from projects with strong margins and sales in all business divisions. The focus in terms of business development continues to be on profitability. In addition, measures were taken in the first half of the year to successively reduce minority interests with the objective of increasing the earnings per share attributable to DEAG shareholders. Taking these strategic guidelines into account, further internal and external growth of the company is planned.

Against this background, the Executive Board continues to expect sales growth of at least 20% with 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 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.



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## // CONSOLIDATED BALANCE SHEET

### AKTIVA

	Interim Report	Annual Report	Interim Report
	2018	2017	2017
	30.06.2018	31.12.2017	30.06.2017
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Liquid funds	21.669	41.816	15.180
Trade receivables	11.052	25.926	11.068
Down Payments	25.618	10.949	9.865
Income tax receivables	963	1.178	1.098
Inventories	103	120	64
Other current financial assets	3.278	1.824	1.836
Other current non-financial assets	2.920	1.636	2.626
<b>Current assets</b>	<b>65.603</b>	<b>83.449</b>	<b>41.737</b>
Goodwill	23.646	26.321	23.502
Other intangible assets	6.704	8.719	6.272
Tangible fixed assets	4.751	2.459	932
Finance Lease Assets	10.286	-	-
Investment properties	5.340	5.340	5.340
Investments	820	706	265
According to the equity method accounted financial assets	1.324	1.366	2.576
Loans to associated companies	223	95	
Down Payments	-	1.221	1.209
Other long-term financial assets	1.484	1.542	1.038
Deferred tax assets	707	762	301
<b>Long-term assets</b>	<b>55.285</b>	<b>48.531</b>	<b>41.435</b>
<b>Total assets</b>	<b>120.888</b>	<b>131.980</b>	<b>83.172</b>



**PASSIVA**

	<b>Interim Report</b>	<b>Annual Report</b>	<b>Interim Report</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>30.06.2018</b>	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b><u>in EUR '000</u></b>	<b><u>in EUR '000</u></b>	<b><u>in EUR '000</u></b>
Bank loans payable	10.398	16.884	17.690
Trade accounts payable	11.851	10.457	13.777
Accruals	29.328	6.810	4.188
Convertible bond	4.300	1.350	-
Sales accruals and deferrals	28.412	67.642	19.250
Income tax liabilities	1.142	638	664
Other current financial liabilities	3.488	4.242	3.189
Other current non-financial liabilities	2.654	4.703	3.380
<b>Current liabilities</b>	<b><u>91.573</u></b>	<b><u>112.726</u></b>	<b><u>62.138</u></b>
Accruals	160	-	54
Convertible bond	-	4.145	5.441
Bank loans payable	1.840	31	-
Finance lease liability	10.131	-	-
Other long-term liabilities	310	309	452
Deferred taxes	1.697	2.151	1.295
<b>Long-term liabilities</b>	<b><u>14.138</u></b>	<b><u>6.636</u></b>	<b><u>7.242</u></b>
Share capital	18.396	18.396	18.396
Capital reserve	42.508	42.508	42.508
Accumulated deficit	-50.034	-54.078	-52.674
Accumulated other income	1.423	638	1.347
<b>Equity attributable to DEAG shareholders</b>	<b><u>12.293</u></b>	<b><u>7.464</u></b>	<b><u>9.577</u></b>
Equity attributable to non-controlling interest	2.884	5.154	4.215
<b>Equity</b>	<b><u>15.177</u></b>	<b><u>12.618</u></b>	<b><u>13.792</u></b>
<b>Total liabilities and equity</b>	<b><u>120.888</u></b>	<b><u>131.980</u></b>	<b><u>83.172</u></b>

# // CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## CONSOLIDATED INCOME STATEMENT

	Interim Report II/2018	Interim Report II/2017	6 Month Report	6 Month Report
	01.04.2018 30.06.2018	01.04.2017 30.06.2017 *	01.01.2018 30.06.2018	01.01.2017 30.06.2017 *
	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Sales	91.019	68.578	117.987	87.909
Cost of sales	-78.444	-59.658	-99.373	-72.842
<b>Gross profit</b>	<b>12.575</b>	<b>8.920</b>	<b>18.614</b>	<b>15.067</b>
Distribution costs	-6.231	-4.708	-8.977	-7.630
Administration costs	-5.051	-2.965	-8.091	-6.110
Other operating income / expenses	6.455	744	6.542	901
<b>Operating result (EBIT)</b>	<b>7.748</b>	<b>1.991</b>	<b>8.088</b>	<b>2.228</b>
Interest income and expenses	-1.011	-267	-1.288	-503
Result from investments and participations	5	1	5	1
Earnings from affiliated companies	-127	221	-71	215
<b>Financial result</b>	<b>-1.133</b>	<b>-45</b>	<b>-1.354</b>	<b>-287</b>
<b>Result before taxes</b>	<b>6.615</b>	<b>1.946</b>	<b>6.734</b>	<b>1.941</b>
Income taxes	-659	-157	-804	-231
<b>Result after taxes from continued operations</b>	<b>5.956</b>	<b>1.789</b>	<b>5.930</b>	<b>1.710</b>
<b>Result after taxes from discontinued operations</b>	<b>-18</b>	<b>-1.816</b>	<b>-94</b>	<b>-1.904</b>
<b>Result after taxes</b>	<b>5.938</b>	<b>-27</b>	<b>5.836</b>	<b>-194</b>
Minority interests	839	392	1.154	686
<b>Group result</b>	<b>5.099</b>	<b>-419</b>	<b>4.682</b>	<b>-880</b>
Earnings per share in EUR (undiluted)				
from continued operations	0,28	0,08	0,26	0,06
from continued and discontinued operations	0,28	-0,02	0,25	-0,05
Average no. of shares outstanding (undiluted)	18.396.193	17.205.680	18.396.193	16.781.250

\* Adjustments previous year according to IFRS 5.34 (see note 40, Annual Report 2017)





## // CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Interim Report	Interim Report
	01.01.2018 -30.06.2018	01.01.2017 -30.06.2017
	<u>in EUR '000</u>	<u>in EUR '000</u>
<b>Result from continued operations</b>	<b>5.930</b>	<b>1.710 *</b>
Depreciation and amortisation	1.432	657 *
Change in accruals	22.498	-6.217
Changes not affecting payments	1.629	-148
Result of scope of consolidation	-5.295	-
Deferred taxes (net)	-96	-339
Result from valuation of affiliated companies	71	-215
<b>Cash flow</b>	<b>26.169</b>	<b>-4.552</b>
Net interest income	677	503
Change in working capital	-45.027	-13.876
<b>Net cash from operating activities from continued operations</b>	<b>-18.181</b>	<b>-17.925</b>
Net cash from operating activities from discontinued operations	-94	-1.891 *
<b>Net cash from operating activities (total)</b>	<b>-18.275</b>	<b>-19.816</b>
<b>Net cash from investment activities from continued operations</b>	<b>5.707</b>	<b>1.753</b>
<b>Net cash from financial activities (total)</b>	<b>-7.687</b>	<b>4.833</b>
<b>equivalents</b>	<b>-20.255</b>	<b>-13.230</b>
Effects of exchange rates	108	32
<b>Cash and cash equivalents at beginning of Period</b>	<b>41.816</b>	<b>28.378</b>
<b>Cash and cash equivalents at end of period</b>	<b>21.669</b>	<b>15.180</b>

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



## // CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	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><u>10.717</u></b>	<b><u>3.075</u></b>	<b><u>13.792</u></b>

	31.12.2017	01.01.2018- 30.06.2018	30.06.2018
	<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	4.044	- 50.034
Accumulated other income	638	785	1.423
<b>Equity attributable to DEAG shareholders</b>	<b>7.464</b>	<b>4.829</b>	<b>12.293</b>
Equity attributable to non- controlling interest	5.154	- 2.270	2.884
<b>Equity</b>	<b><u>12.618</u></b>	<b><u>2.559</u></b>	<b><u>15.177</u></b>

## **SELECTED EXPLANATORY NOTES**

### **NOTES PURSUANT TO IAS 34**

These interim Consolidated Financial Statements, consisting of the Consolidated Balance Sheet, Consolidated Profit and Loss Statement, Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Cash Flow, Condensed Statement of Changes in Consolidated Equity, and selected explanatory notes, have been prepared in accordance with the IFRSs of the IASB, as adopted by the European Union, as well as the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB, and the applicable provisions of the German Securities Trading Act (WpHG).

The consolidated interim financial statements as of 30 June 2018 do not contain all the disclosures and information presented in a complete set of annual financial statements. These interim Consolidated Financial Statements should therefore be read in conjunction with the Consolidated Financial Statements for the period ending 31 December 2017.

The accounting, consolidation, currency translation and valuation principles applied in the Consolidated Financial Statements as of 31 December 2017 were essentially retained. Please refer to the Notes to the 2017 Consolidated Financial Statements (pages 38-57) published in the Annual Report.

Changes in significant accounting policies resulted from the first-time application of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers.”

IFRS 15 contains new accounting standards for revenue recognition in connection with revenue from contracts with customers. The Group’s business models in the segments were examined as part of contract analysis. The new standard for revenue recognition has no effect on revenue recognition, as the vast majority of revenue in the consolidated financial statements is recognised as a result of routine transactions (revenue recognition at the time the power of disposal is transferred). There are no agreements in the Group that regulate several services within one contract or within several contracts (multi-element arrangements). Sales revenues were broken down according to segment-specific categories in accordance with IFRS 15 and are presented in the Interim Group Management Report.

IFRS 9 replaces the provisions of IAS 39, which relates to the recognition and measurement of financial assets and liabilities. IFRS 9 provides for a uniform approach to the classification and measurement of financial assets and liabilities, which is generally based on the company’s business model and the cash flows of the financial instrument. In addition, IFRS 9 includes a new impairment model according to which not only losses already incurred but also expected losses must be recognized, as well as new regulations for hedge accounting. The first-time application of IFRS 9 as of 1 January 2018 resulted in only minor changes in the classification and measurement of financial assets and liabilities. In accordance with the transitional provisions of IFRS 9, the comparative figures are not adjusted retrospectively.

The examination of the effects of the application of IFRS 16 on the consolidated financial statements is almost complete. Due to the accounting treatment of assets and liabilities in the lessee’s balance sheet as required by IFRS 16, an increase in total assets is expected at the time of initial application. As a result of the amendments to IFRS 16, depreciation and interest expenses will subsequently be recorded in the income statement instead of leasing expenses – with a correspondingly positive effect on EBITDA and EBIT. No final assessments of the effects and their quantification have yet been made. With regard to the above amendment, no decision has been made yet on the applicable transitional method.

Please refer to the “Development of the Segments” section of the Interim Group Management Report for selected information on the segments (IAS 34.16A).

These interim Consolidated Financial Statements have not been audited. An auditor’s review took place.

**CHANGES IN THE SCOPE OF CONSOLIDATION**

In the consolidated interim financial statements, DEAG as the parent company includes those companies for which the control concept is fulfilled. Companies founded, acquired or sold during the first half of the year are included from the date of formation, the date of acquisition or up to the date of disposal.

The scope of consolidation changed as follows in the period under review:

Since 1 January 2018, DEAG has had the final right to approve the annual budget of Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt/Main. The control concept in accordance with IFRS 10.7 is thus fulfilled. Kultur- und Kongresszentrum Jahrhunderthalle GmbH, previously reported as an associated company, is now fully consolidated in the DEAG Group and 51.0 % of the equity shares are attributed to non-controlling shareholders. In this context, the assets and liabilities to be acquired and significant contractual relationships were analysed with regard to the accounting, consolidation and valuation principles to be applied. Accordingly, a non-cash population without corporate quality was acquired, so that the difference (EUR - 49 thousand) was allocated to the acquired assets in accordance with the relative fair values. Furthermore, a contract for the operation of the Jahrhunderthalle was classified as a finance lease and the asset and lease liability were recognised with an addition value of EUR 10,687 thousand.

On 26 June 2018, DEAG acquired 49% of the shares in DEAG Classics AG from Sony Music Entertainment Germany GmbH and thus holds 100% of DEAG Classics AG including its holding in The Classical Company AG (Switzerland) in the future. As part of the transaction, DEAG Classics AG sold its shares in the British company Raymond Gubbay Limited to Sony Music Entertainment International Limited. As a result, the assets (EUR 11,845 thousand), liabilities (EUR 3,698 thousand) and third-party share (EUR 3,232 thousand) of the company sold were deconsolidated. The assets disposed of include goodwill in the amount of EUR 2,790 thousand.

For further information on the effects of changes in the scope of consolidation, please refer to the "Earnings position section of the interim Group Management Report.

**DISCONTINUED OPERATIONS**

Earnings after taxes from discontinued operations in the reporting year of EUR 94 thousand (previous year: EUR 1,904 thousand) mainly include the Austrian division, which comprises Blue Moon Entertainment GmbH. DEAG Music accounted for EUR 9 thousand (previous year: EUR 10 thousand). Both divisions are allocated to the Entertainment Services segment.

The results of the discontinued operations are broken down as follows:

<b>in EUR '000</b>	<b>01.01.- 30.06. 2018</b>	<b>01.01.- 30.06. 2017</b>
Sales	23	3.287
Cost of sales	-43	-4.531
<b>Gross profit</b>	<b>-20</b>	<b>-1.244</b>
Distribution costs	-1	-390
Administration costs	-59	-270
Other operating income	0	0
Other operating expensens	-6	0
<b>Operating result (EBIT)</b>	<b>-94</b>	<b>-1.904</b>
Financial result	0	0
<b>Result before taxes</b>	<b>-94</b>	<b>-1.904</b>
<b>Result after taxes from discontinued operations</b>	<b>-94</b>	<b>-1.904</b>

Earnings after taxes from discontinued operations are attributable exclusively to the shareholders of the parent company.



**SUPPLEMENTARY REPORT**

On 2 July 2018, DEAG repurchased 24.9% of the shares in mytic myticket AG ("MyTicket AG") from Starwatch Entertainment GmbH and increased its stake in the company to 75.1%. The remaining 24.9% of the shares continue to be held by Axel Springer SE.

DEAG has acquired 100% of the renowned Belladrum Festival in Scotland via its 51% subsidiary Kilimanjaro Live Limited, based in London, with effect from 23 July 2018 and has signed a long-term lease agreement ensuring exclusive access to the festival site and infrastructure.

Belladrum is an established festival in Scotland. It has always been sold out since 2009. Last year, 17,000 visitors flocked to the festival in the highlands of Inverness. Its geographical location and regional roots make it so special for music fans. Kilimanjaro has been successfully associated with the festival for some time. Over the last eight years, the British organiser has exclusively booked artists for the festival, which presents a program of local up-and-coming talents and national stars every year. Artists like the British indie rock bands Bastille and Catfish and the Bottlemen as well as the British singer Ed Sheeran have already used the stage there as a springboard and have been touring with Kilimanjaro ever since.

In the Executive Board's view, there were no other significant events after the end of the reporting period as of 30 June 2018 that could have a significant impact on DEAG's earnings position, net assets and financial position.

**OTHER DISCLOSURES**

DEAG's Ordinary Annual General Meeting was held on 27 June 2018. The company's shareholders discharged the Executive Board and Supervisory Board 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's website under Investor Relations.

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, 31 August 2018

DEAG Deutsche Entertainment Aktiengesellschaft

Executive Board



Prof. Peter L. H. Schwenkow



Christian Diekmann



Detlef Kornett



Ralph Quellmalz

# // REVIEW REPORT

To DEAG Deutsche Entertainment Aktiengesellschaft, Berlin:

We have reviewed the condensed interim consolidated financial statements - comprising the consolidated balance sheet, the consolidated income statement and the consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity, and selected explanatory notes together with the interim group management report of DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, for the period from 1 January 2018 to 30 June 2018 which are part of the half-year financial report pursuant to Sec. 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German Generally Accepted Standards for the review of financial statements promulgated by the by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material aspects in accordance with IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Berlin, 31 August 2018

Mazars GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Udo Heckeler  
German Certified Public Auditor  
Wirtschaftsprüfer

David Reinhard  
German Certified Public Auditor  
Wirtschaftsprüfer

## // 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 2018

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 2018.



## // LEGAL NOTICE

### // EDITING AND COORDINATION

DEAG Deutsche Entertainment Aktiengesellschaft  
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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Cover: Klaus Zakowski

### DEAG DEUTSCHE ENTERTAINMENT AKTIENGESELLSCHAFT

Potsdamer Straße 58  
10785 Berlin

Phone: +49 (0) 30 810 75-0

Fax: +49 (0) 30 810 75-519

[info@deag.de](mailto:info@deag.de)

[www.deag.de](http://www.deag.de)

A large outdoor concert at night. The stage is illuminated with bright lights, and a massive crowd of people is gathered in front of it. The background shows a dark forest.

## **DEAG DEUTSCHE ENTERTAINMENT AKTIENGESELLSCHAFT**

Potsdamer Straße 58  
10785 Berlin

Phone.: +49 (0) 30 810 75 0

Fax: +49 (0) 30 810 75 519

[info@deag.de](mailto:info@deag.de)  
[www.deag.de](http://www.deag.de)