



DEAG Deutsche Entertainment Aktiengesellschaft  
**6-MONTH REPORT**  
**AS OF 30/06/2019**

# // DEAG OVERVIEW

## COMPANY PROFILE

DEAG Deutsche Entertainment AG (DEAG) is a leading entertainment service company and provider of Live Entertainment in Europe. With its Group companies, DEAG has been active in the areas of planning, organisation, marketing and holding of live events for over 40 years and is present at seven locations in its core markets of Germany, the United Kingdom and Switzerland.

DEAG produces and profitably organises a broad range of events and concerts. As an integrated entertainment Group, DEAG has extensive expertise in the planning, organisation, marketing and holding of events, as well as in ticket sales via its own ticketing platform "MyTicket" for its own content and third-party content. The highly scalable business model of MyTicket strengthens DEAG on its way to increasing profitability. DEAG promotes over 4,000 concerts and events a year and currently sells more than five million tickets, of which a steadily increasing share is sold via its high-turnover ticketing platform MyTicket. Considering its decades of experience in the entertainment industry, DEAG has a strong reputation and valuable ties to artists and sponsors.

Founded in Berlin in 1978 and listed on the stock exchange 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 | LOUD) are listed in the Prime Standard segment of the Frankfurt Stock Exchange, the quality segment of Deutsche Börse.

## DEAG'S CORE MARKETS



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# // LETTER TO THE SHAREHOLDERS

**LADIES AND GENTLEMEN,  
DEAR SHAREHOLDERS,**

Following a successful start to the new financial year, we have completed the first half of the year as planned in terms of sales and earnings. In the first half of 2019, we recorded sales of EUR 63.9 million after EUR 118.0 million the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 3.1 million compared with EUR 4.2 million the year before. The operating EBITDA margin was 4.9% after 3.6% in the previous year. The decline in sales is mainly due to seasonal postponements of individual events.

In the first half of 2019, DEAG can look back on very successful events in the Family Entertainment and Arts+Exhibitions divisions. The Family Entertainment formats “Disney on Ice” and “Thriller Live” of the Flying Music Group in the UK were a complete success in the first half of the year. “Disney on Ice” is now offered in six cities. The “Christmas Gardens” event is one of the most successful and highest-margin formats in the Arts+Exhibitions division. An expansion of the format to three more locations, including one location in another European country for the first time, is planned for the second half of the year. The highly successful “Harry Potter” exhibition at Filmpark Babelsberg in the Arts+Exhibitions division also deserves special mention. DEAG’s other divisions also performed well in the first half of the year. The sold-out concerts by Till Brönner and Joja Wendt at the Philharmonie Essen in February of this year were a complete success. The Russian soprano Anna Netrebko and her husband Yusif Eyvazov also gave their first joint concert in Switzerland in February. In the Rock/Pop division, DEAG organised shows and tours with the British rock band Muse, Kiss, Bryan Ferry and other great artists. Other highlights included for example the sold-out concert by Andreas Gabalier in the Munich Olympic Stadium with more than 75,000 people in attendance.

The events for the second half of the year will also provide further impetus for growth. Among other events, Ed Sheeran’s stadium shows await us as part of his “Divide” tour in the second half of the year. Overall, this tour is the most commercially successful tour of all time. The concerts of the Rock and Pop bands Böhse Onkelz, Foreigner, Stereophonics, Limp Bizkit and Toto will also contribute to DEAG’s sales and earnings in the second half of the year. During this period, DEAG will continue to pursue its organic growth in all divisions as planned by expanding its successful, profitable formats.

In this context, I am convinced that this year’s fourth quarter in particular will be one of the strongest fourth quarters in the company’s entire history. We can expect profitable event formats, especially in the Christmas business. The successful “Christmas Garden” format will now be offered in six locations in 2019, including other European countries for the first time. In addition, we will increase the number of our Christmas Circuses from two to three locations, as well as the number of successful Christmas Markets. Of particular significance is that DEAG will distribute tickets for these events almost exclusively via its MyTicket platform.

Overall, the proportion of our content distributed via our own ticketing platform MyTicket is growing steadily. Our ticketing business is benefiting above all from our organic growth and acquisitions. DEAG’s acquisition and integration strategy was continued in the first half of the financial year. We always invest in creativity and entrepreneurship. In 2019, we have already successfully completed a number of acquisitions in our core markets. Most recently, we acquired a majority interest in the MEWES Entertainment Group, which gives us an even broader position in the “Schlager und Volksmusik” segment. In this context, we are closely observing the possible effects of the current discussions in the UK about the announced Brexit. We have also secured the financing of our growth strategy through the 2018/ 2019 bond placement and the successful conversion of the 2016/2019 convertible bond.

In view of the successful start to the current quarter and the emerging growth opportunities, the Executive Board confirms its forecast for 2019 as a whole.

I would like to thank you for the trust you have placed in us and look forward to continuing on this path with you as our shareholders.

Sincerely yours,

Prof. Peter L.H. Schwenkow

# // DEAG ON THE CAPITAL MARKET

## 1.1 KEY SHARE DATA<sup>1</sup>

|   |                                 |
|---|---------------------------------|
| ISIN  | DE000A0Z23G6                    |
| WKN   | A0Z23G                          |
| Number of outstanding shares (28 June 2019) | 19,625,976                      |
| Price at end of quarter (28 June 2019)      | EUR 4.27                        |
| High (1 January – 28 June 2019)             | EUR 4.80                        |
| Low (1 January – 28 June 2019)              | EUR 2.99                        |
| Market capitalisation on 28 June 2019       | EUR 83.80 million               |
| Designated sponsor(s)                       | Hauck & Aufhäuser, Oddo Seydler |

## 1.2 PERFORMANCE OF THE DEAG SHARE

The DEAG share, (WKN/ISIN: A0Z23G | DE000A0Z23G6) Ticker (new): LOUD, started the year 2019 at a price of EUR 3.19. The share recorded its low of EUR 2.99 in the reporting period shortly thereafter on 4 January 2019. This was followed by a significant upward movement. The share reached its high of EUR 4.80 in the reporting period on 18 April 2019. The closing price at the end of the reporting period on 28 June 2019 was EUR 4.27. This corresponds to a market capitalisation of EUR 83.80 million.



## 1.3 PERFORMANCE OF THE DEAG BOND 2018/2023

The corporate bond issued in October 2018 (WKN/ISIN: A2NBF2 | DE000A2NBF25) to finance internal and external growth has since performed very well. By issuing the bond with an issue volume of EUR 20 million and the subsequent placement of EUR 5 million carried out in June 2019, the Group is securing its long-term financing so that it can continue to grow profitably in the future. The bearer bonds with a nominal value of EUR 1,000 each have a term of 5 years and an annual fixed interest rate of 6.00%. Since the beginning of 2019, the bond has been listed exclusively at prices well above 100%. At the end of the reporting period on 28 June 2019, the bond was listed at 105.30%.



<sup>1</sup> All quoted prices are XETRA closing prices.

### 1.4 INVESTOR RELATIONS

We attach the greatest importance to the need for information on the capital market and meet the highest transparency requirements with our listing in the Prime Standard of the Frankfurt Stock Exchange. Besides meeting our legal obligations, we also carried out a number of other IR activities prior to this publication in 2019.

- Participation in seven capital market conferences
- Numerous one-on-one meetings with investors at home and abroad
- Publication of 17 Corporate News and one ad hoc announcement

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. Furthermore, DEAG steps up dialogue with international investors in UK and USA by conducting roadshows and participating in capital market conferences.

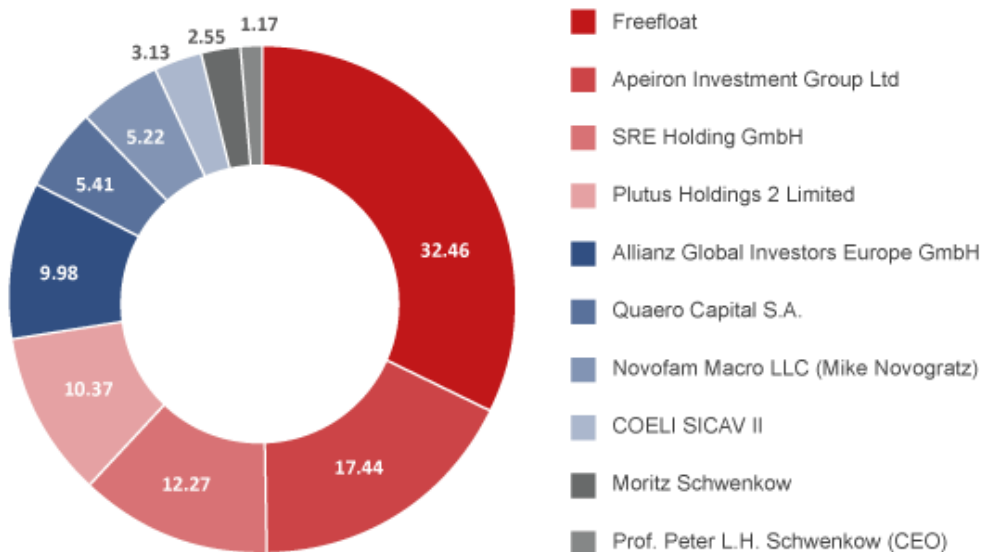
Detailed information on investor relations can be found at [www.deag.de/ir](http://www.deag.de/ir). DEAG Deutsche Entertainment AG constantly offers information on all current business developments here.

### 1.5 ANALYST ESTIMATES

Research experts at Hauck & Aufhäuser AG, Montega AG, Solventis Beteiligungen GmbH, Frankfurt Main Research AG and MainFirst Bank AG currently follow the DEAG share. The average target price is EUR 6.22. Analyst studies are available on the DEAG company website under Investor Relations/Research Comments.

| Institute                      | Recommendation | Target price | Date           |
|--------------------------------|----------------|--------------|----------------|
| Montega AG                     | Buy            | EUR 6.00     | 16 August 2019 |
| MainFirst Bank AG              | Outperform     | EUR 7.00     | 1 July 2019    |
| Hauck & Aufhäuser AG           | Buy            | EUR 7.50     | 27 June 2019   |
| FMR Frankfurt Main Research AG | Buy            | EUR 5.40     | 25 June 2019   |
| Solventis Beteiligungen GmbH   | Buy            | EUR 5.20     | 6 June 2019    |

### 1.6 SHAREHOLDER STRUCTURE <sup>2</sup>



As of: 29.08.2019 / in %

<sup>2</sup> Disclosures based on the most recent voting rights notification pursuant to Section 21/33 of the German Securities Trading Act (WpHG)

## 1.7 ANNUAL GENERAL MEETING

The Annual General Meeting of DEAG Deutsche Entertainment Aktiengesellschaft (DEAG) was held on 27 June 2019. The Annual General Meeting approved the management's proposals on all agenda items by a large majority. In particular, the Annual General Meeting discharged the Executive Board and Supervisory Board of DEAG for financial year 2018. Detailed information on the Annual General Meeting is available on the company's website under Investor Relations.

## 1.8 FINANCIAL CALENDAR

|                       |  |
|-----------------------|--|
| 6 February 2019       | HIT   HAMBURG INVESTOR DAY<br>(Hamburg)                        |
| 29 March 2019         | 2018 Annual Financial Report                                   |
| 5 April 2019          | ESN MARKET SOLUTIONS FORUM<br>(Paris)                          |
| 7 May 2019            | GOLDMAN SACHS - EUROPEAN SMALL & MID CAP<br>SYMPOSIUM (London) |
| 8 May 2019            | MKK   MUNICH CAPITAL MARKET CONFERENCE<br>(Munich)             |
| 13 – 15 May 2019      | GERMAN SPRING CONFERENCE<br>(Frankfurt/Main)                   |
| 16 May 2019           | HAIB STOCKPICKER SUMMIT<br>(Madrid)                            |
| 28 May 2019           | MAINFIRST SMID<br>CAP CONFERENCE (Frankfurt/Main)              |
| 29 May 2019           | Quarterly Financial Statement (3M)                             |
| 27 June 2019          | Annual General Meeting<br>(Berlin)                             |
| 29 August 2019        | COMMERZBANK SECTOR CONFERENCE<br>(Frankfurt/Main)              |
| 30 August 2019        | Half-Year Financial Report (6M)                                |
| 2 – 3 September 2019  | GERMAN FALL CONFERENCE<br>(Frankfurt/Main)                     |
| 17 September 2019     | PRIOR CAPITAL MARKET CONFERENCE<br>(Frankfurt/Dreieich)        |
| 27 September 2019     | BAADER INVESTMENT CONFERENCE 2019<br>(Munich)                  |
| 25 – 27 November 2019 | EKF   GERMAN EQUITY FORUM<br>(Frankfurt/Main)                  |
| 29 November 2019      | Quarterly Financial Statement (9M)                             |

# // INTERIM GROUP MANAGEMENT REPORT

## SIGNIFICANT OPERATIONAL DEVELOPMENTS

Overall, the first half of the financial year has developed as planned. The course of business was characterised by the typical seasonality; the decline in sales is mainly attributable to the seasonal postponement of individual events.

This year, the Rock/Pop division will focus on the second half of the year. Nevertheless, in the first six months DEAG already recorded a number of top-class shows and tours, including the completely sold out concert by Andreas Gabalier in the Munich Olympic Stadium with over 75,000 visitors and the tour with the British Rock band Muse. In the second half of the year, we can look forward to the successful stadium shows by Ed Sheeran as part of his "Divide" tour, the most commercially successful tour of all time. In addition, there are the concerts of the Rock and Pop bands Böhsse Onkelz, Foreigner, Stereophonics, Limp Bizkit and Toto. Also, for the tenth time in a row, the completely sold out Scottish cult open air festival Belladrum was held at the beginning of August.

The sold-out concerts by Till Brönner and Joja Wendt and other world stars of classical music, such as Anna Netrebko, were a complete success in the Classics & Jazz division. Other event highlights await us in the second half of the year. Among others, the first and probably also the only open air concert by the star violinist Anne-Sophie Mutter at Königsplatz in Munich.

In the Family Entertainment division, successful formats such as "Disney on Ice" and "Thriller Live" by the Flying Music Group in the UK contributed to our growth. "Disney on Ice" is now offered in six cities and celebrated its premiere in the TUI Arena in Hanover at the beginning of March 2019.

In the Arts+Exhibitions division, the "Christmas Gardens" were once again very popular, attracting over 350,000 guests in Berlin, Dresden and Stuttgart throughout the 2018/2019 season. The very successful "Harry Potter" exhibition at Filmpark Babelsberg, which attracted over 300,000 visitors from October 2018 to March 2019, was another highlight. The new "TimeRide" format, in which visitors can take a virtual journey back in time, also enjoyed great popularity in the first half of 2019.

For 2019, the signs are pointing to significant organic growth in all business segments. For instance, the successful "TimeRide" format will be expanded from one to five locations. The successful "Christmas Garden" format will be offered in six locations after three in 2019, including other European countries for the first time. In addition, the Group is increasing the number of its Christmas Circuses from two to three locations. Of particular significance is the fact that DEAG will distribute more than half a million tickets for these events almost exclusively via its MyTicket platform. Overall, DEAG expects 2019 to be one of the strongest fourth quarter in the company's history.

DEAG is increasingly distributing more of its events, especially its own formats, via its own MyTicket ticketing platform. In order to make even better use of the potential of the ticketing business in the future, DEAG has held 100% of the company since the turn of the year. DEAG has also been working with the Swiss ticketing software provider SecuTix since July 2019. SecuTix will enable the latest technologies, such as blockchain and dynamic pricing, to be used in the future in order to be able to act in a customer-oriented manner and prevent the secondary market from forming. In addition, DEAG is saving considerable costs by switching its provider.



**EARNINGS POSITION**

DEAG generated sales of EUR 63.9 million as planned in the first six months (previous year: EUR 118.0 million). The business development reflects the typical seasonality in the live entertainment industry; the decline in sales is mainly due to the postponement of certain events. For example, the 12 stadium shows with Ed Sheeran in the UK took place in the second quarter of 2018. In commercial terms, his “Divide” tour ranks as the most successful tour of all time. The 6 Ed Sheeran concerts organised by DEAG in 2019 will all take place in the third quarter. Yet other concerts will also be held in July and August and not in May or June as in the prior-year. In addition, a sales contribution in the amount of EUR 6.5 million from Raymond Gubbay Limited (RGL Ltd.), which was deconsolidated as of 30 June 2018, is included in the comparative period.

Gross profit of EUR 13.6 million was achieved (previous year: EUR 18.6 million), which equates to a significant increase in the gross margin from 16% to 21%.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the first half of the year amounted to EUR 3.1 million (previous year: EUR 9.5 million). Adjusted for the one-time effect from the strategic sale of RGL Ltd. with a deconsolidation gain of EUR 5.3 million, EBITDA for the prior-year period was EUR 3.9 million. The operating EBITDA margin rose from 3.6% in the previous year to 4.9%. The margin increased as a result of the improved ticketing business and a more profitable product mix as well as a change in leasing accounting in accordance with IFRS 16.

EBIT for the first half of the year amounted to EUR 1.3 million compared with EUR 2.8 million in the same period of the previous year.

The financial result now amounted to EUR -2.0 million after EUR -1.4 million in previous year. It essentially includes the interest result of EUR -1.8 million (previous year: EUR -1.3 million). The change of interest result is mainly caused by the borrowing of funds and the change in lease accounting.

After taking tax expenses into account, income from continuing operations amounted to EUR -1.4 million (previous year on a comparable basis: EUR +0.6 million).

Consolidated net income attributable to DEAG shareholders amounted to EUR -2.4 million, compared with EUR 4.7 million and EUR -0.6 million on a comparable basis.

**DEVELOPMENT OF THE SEGMENTS**

DEAG reports using an unchanged segment structure. This reflects the Group’s activities accurately and clearly:

The **Live Touring** segment (“touring business”) includes the activities of the companies DEAG Classics (Berlin), The Classical Company (Zurich, Switzerland), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Wizard Promotions Konzertagentur (Frankfurt/Main), Grünland Family Entertainment (Berlin), Global Concerts Touring GmbH (Munich), I-Motion GmbH Events & Communication (Mülheim-Kärlich) and the sub-group Kilimanjaro (London, UK), including the activities of the Flying Music Group.

The **Entertainment Services** segment (“stationary business”) includes regional business as well as the entire services business. This includes the activities of the AIO Group (Glattpark, Switzerland) with Live Music Production SA and Live Music Entertainment SA, Global Concerts (Munich), Concert Concept (Berlin), C<sup>2</sup> Concerts GmbH (Stuttgart), Grandezza Entertainment (Berlin), River Concerts (Berlin) and Elbklassik (Hamburg), handwerker promotion e. gmbh (Unna) and 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 development at a glance:

### **Live Touring**

With segment sales of EUR 39.4 million (previous year: EUR 82.7 million), EBITDA amounted to EUR 3.5 million (previous year: EUR 10.8 million). The decline in sales is mainly due to the seasonal postponement of individual high volume events. For example, the 12 stadium shows with Ed Sheeran in the UK took place in the second quarter of 2018. In commercial terms, his “Divide” tour ranks as the most successful tour of all time. The 6 Ed Sheeran concerts organised by DEAG in 2019 fall into the third quarter. Yet other concerts will also be held in July and August with Rock and Pop bands such as Böhse Onkelz, Foreigner, Stereophonics, Limp Bizkit and Toto. EBITDA in the prior-year period was impacted by the deconsolidation gain of EUR 5.3 million. EBITDA in the prior-year period was impacted by the deconsolidation gain of EUR 5.3 million in connection with the strategic sale of Raymond Gubbay Ltd.

### **Entertainment Services**

Segment sales amounted to EUR 29.5 million after EUR 39.2 million the previous year. EBITDA increased disproportionately from EUR 0.8 million to EUR 1.8 million. The local tour operators in particular benefited from the Group’s own tour business.

Both segments will benefit from the expected positive development in the further course of the financial year. Open air concerts, tours, the profitable event formats in the Christmas business as well as ticketing will contribute towards this.

This assumption is mainly based on organic expansion of the business. By expanding successful, profitable formats in all business segments, DEAG is continuing its organic growth as planned in the second half of the year. Among other initiatives, the successful “TimeRide” format will be expanded from one to five locations. The successful “Christmas Garden” format will also be offered in six locations in 2019 after three, including one location in another European country for the first time. In addition, the Group is increasing the number of its Christmas Circuses from two to three locations. Of particular significance is the fact that DEAG will distribute more than half a million tickets for these events almost exclusively via its MyTicket platform.

In addition to the very successful Kiel Christmas Village, Wuppertal and Hamburg will also be added to the programme this winter.

Besides organic growth, DEAG is also forging ahead with its acquisition and integration strategy. The Group already successfully completed four transactions in Switzerland and Germany in 2019. Most recently with the majority holding in the MEWES Entertainment Group in order to position itself even more broadly in the “Schlager and Volksmusik” segment. In the second half of the year, the company plans to make further acquisitions to strengthen both the portfolio and the existing added value.

## **ASSET POSITION**

The balance sheet total has increased by EUR 15.5 million or 11.6% to EUR 148.5 million (31 December 2018: EUR 133.0 million).

Current assets increased slightly by EUR 1.3 million compared with 31 December 2018. This is mainly due to the increase in payments made (EUR +8.9 million) and other current financial assets (EUR +5.2 million). The latter include the EUR 5.0 million increase from the placement of the 2018/2023 bond. This was offset by a decline in cash and cash equivalents of EUR 11.2 million due to the balance sheet date.

The increase in non-current assets by EUR 14.2 million to EUR 83.2 million relates to goodwill and other intangible assets in connection with the acquisitions made in the reporting period.

Current liabilities increased by EUR 6.3 million to EUR 84.7 million compared with 31 December 2018, in particular due to the increase in contractual liabilities (EUR +7.2 million) and liabilities to banks (EUR +4.1 million).

Non-current liabilities increased by EUR 3.9 million to EUR 43.5 million (31 December 2018: EUR 39.6 million). They mainly relate to leasing liabilities and the bond 2018/2023, which was increased by the top-up amount (EUR 5 million) compared with 31 December 2018.

Equity increased by EUR 5.3 million to EUR 20.2 million due to the full conversion of the convertible bond 2016/2019 with a nominal value of EUR 4.3 million. The equity ratio is therefore 13.6 % after 11.2 % on 31 December 2018.

## **FINANCIAL POSITION**

The cash outflow before changes in net current assets amounted to EUR 4.3 million, compared with a cash inflow of EUR 26.2 million in the prior-year period. This is mainly due to the change in provisions. While these increased significantly in the prior-year period due to the large-volume events not yet invoiced, provisions declined in the reporting period.

The cash outflow from operating activities (total) amounted to EUR 10.4 million compared with EUR 18.2 million in the same period of the previous year, mainly due to the change in the advance payment balance. While the change in the comparable period was EUR -54.0 million, it was only EUR -1.8 million in the reporting period.

The cash outflow from investing activities of EUR 1.1 million (30 June 2018: cash inflow of EUR 5.7 million) was mainly influenced by the acquisitions made in the second quarter (majority shareholdings in C<sup>2</sup>, I-Motion and LMP/LME). In the comparative period, the strategic sale of RGL Ltd. and the first-time consolidation of the Jahrhunderthalle as of 1 January 2018 had a significant impact.

The cash inflow from financing activities amounted to EUR 0.5 million following cash outflow of EUR 7.7 million in the same period of the previous year. The balance from the raising and repayment of financial liabilities (EUR +3.7 million), less payments to lessors (EUR -1.5 million), payments to minority interests (EUR -1.2 million) and interest (EUR -0.5 million) in particular had an impact here.

As a result, cash and cash equivalents decreased by EUR 11.2 million to EUR 25.2 million in the reporting period.

## **RISK AND OPPORTUNITY REPORT**

There have been no material changes since the Risk and Opportunity Report was published in the 2018 Combined Management and Group Management Report (p. 33 et seq.) in the Annual Report as of 31 December 2018.

## **FORECAST REPORT**

In view of the successful start to the current quarter and the emerging growth opportunities, the Executive Board confirms its forecast for 2019 as a whole.

Due to the nature of DEAG’s business activities as the parent company, its future development is closely linked to that of the Group. For this reason, reference is made to the above forecast of the Group, which also represents management’s expectations with regard to the development of the parent company.

## **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 may cause the results, financial position, developments or performance of the company to differ materially from the estimates made here. The company assumes no liability whatsoever to update such forward-looking statements or to conform them to future events or developments.

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# // CONSOLIDATED BALANCE SHEET

## TOTAL ASSETS

|   | 2019<br>30.06.2019    | 2018<br>31.12.2018    | 2018<br>30.06.2018    |
|---|-----------------------|-----------------------|-----------------------|
|   | <u>in EUR '000</u>    | <u>in EUR '000</u>    | <u>in EUR '000</u>    |
| <b>Current assets</b>                                     |                       |                       |                       |
| Liquid funds  | 25,223                | 36,427                | 21,669                |
| Trade receivables   | 7,473                 | 10,289                | 11,052                |
| Down payments   | 18,208                | 9,357                 | 25,618                |
| Income tax receivables                                    | 3,280                 | 2,180                 | 963                   |
| Inventories   | 348                   | 74                    | 103                   |
| Other current financial assets                            | 8,049                 | 2,886                 | 3,278                 |
| Other current non-financial assets                        | 2,623                 | 2,692                 | 2,920                 |
| <b>Current assets</b>                                     | <u><b>65,204</b></u>  | <u><b>63,905</b></u>  | <u><b>65,603</b></u>  |
|   |                       |                       |                       |
| Goodwill  | 28,911                | 23,915                | 23,646                |
| Other intangible assets                                   | 22,667                | 13,203                | 6,704                 |
| Tangible fixed assets                                     | 18,907                | 19,409                | 15,037                |
| Investment properties                                     | 5,625                 | 5,625                 | 5,340                 |
| Investments   | 2,457                 | 1,899                 | 820                   |
| According to the equity method accounted financial assets | 1,161                 | 1,182                 | 1,324                 |
| Down payments   | 5                     | 4                     | 223                   |
| Other long-term financial assets                          | 2,487                 | 2,545                 | 1,484                 |
| Deferred tax assets                                       | 1,029                 | 1,294                 | 707                   |
| <b>Long-term assets</b>                                   | <u><b>83,249</b></u>  | <u><b>69,076</b></u>  | <u><b>55,285</b></u>  |
|   |                       |                       |                       |
| <b>Total assets</b>                                       | <u><b>148,453</b></u> | <u><b>132,981</b></u> | <u><b>120,888</b></u> |

## TOTAL LIABILITIES AND EQUITY

|   | <b>2019</b><br><b>30.06.2019</b><br><u>in EUR '000</u> | <b>2018</b><br><b>31.12.2018</b><br><u>in EUR '000</u> | <b>2018</b><br><b>30.06.2018</b><br><u>in EUR '000</u> |
|---|--|--|--|
| Bank loans payable                              | 14,166   | 10,101   | 10,398   |
| Trade accounts payable                          | 11,039   | 11,866   | 11,851   |
| Accruals  | 3,699  | 8,257  | 29,328   |
| Convertible bond                                | -  | 4,300  | 4,300  |
| Contract liabilities                            | 41,893   | 34,658   | 28,412   |
| Income tax liabilities                          | 1,645  | 1,021  | 1,142  |
| Other current financial liabilities             | 7,611  | 3,705  | 3,488  |
| Other current non-financial liabilities         | 4,664  | 4,527  | 2,654  |
| <b>Current liabilities</b>                      | <b>84,717</b>  | <b>78,435</b>  | <b>91,573</b>  |
| Accruals  | 239  | 238  | 160  |
| Bond  | 23,918   | 18,921   | -  |
| Bank loans payable                              | 1,167  | 1,500  | 1,840  |
| Contract liabilities                            | -  | 181  | -  |
| Other long-term financial liabilities           | 14,640   | 15,467   | 10,441   |
| Deferred taxes                                  | 3,563  | 3,291  | 1,697  |
| <b>Long-term liabilities</b>                    | <b>43,527</b>  | <b>39,598</b>  | <b>14,138</b>  |
| Share capital                                   | 19,625 *   | 18,396   | 18,396   |
| Capital reserve                                 | 45,579 **  | 42,508   | 42,508   |
| Retained earnings                               | -466   | -466   | -  |
| Accumulated deficit                             | -54,524  | -52,107  | -50,034  |
| Accumulated other income                        | 1,578  | 1,563  | 1,423  |
| <b>Equity attributable to DEAG shareholders</b> | <b>11,792</b>  | <b>9,894</b>   | <b>12,293</b>  |
| Equity attributable to non-controlling interest | 8,417  | 5,054  | 2,884  |
| <b>Equity</b>                                   | <b>20,209</b>  | <b>14,948</b>  | <b>15,177</b>  |
| <b>Total liabilities and equity</b>             | <b>148,453</b>   | <b>132,981</b>   | <b>120,888</b>   |

\* including 571,420 new shares from the mandatory conversion of the convertible bond

\*\* including 1,429 EUR'000 from the mandatory conversion of the convertible bond

# // CONSOLIDATED INCOME STATEMENT

|  | 01.04.2019<br>30.06.2019 | 01.04.2018<br>30.06.2018 | 01.01.2019<br>30.06.2019 | 01.01.2018<br>30.06.2018 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | <u>in EUR '000</u>       | <u>in EUR '000</u>       | <u>in EUR '000</u>       | <u>in EUR '000</u>       |
| Sales  | 38,455                   | 91,019                   | 63,921                   | 117,987                  |
| Cost of revenues   | -31,401                  | -78,444                  | -50,366                  | -99,373                  |
| <b>Gross profit</b>  | <b><u>7,054</u></b>      | <b><u>12,575</u></b>     | <b><u>13,555</u></b>     | <b><u>18,614</u></b>     |
| Distribution costs   | -3,212                   | -6,231                   | -6,083                   | -8,977                   |
| Administration costs   | -2,835                   | -5,051                   | -6,688                   | -8,091                   |
| Other operating income / expenses  | 217                      | 6,455                    | 475                      | 6,542                    |
| <b>Operating result (EBIT)</b>   | <b><u>1,224</u></b>      | <b><u>7,748</u></b>      | <b><u>1,259</u></b>      | <b><u>8,088</u></b>      |
| Interest income and expenses   | -863                     | -1,011                   | -1,781                   | -1,288                   |
| Result from investments  | 0                        | 5                        | -2                       | 5                        |
| Income shares in companies accounted for<br>using the equity method        | -186                     | -127                     | -237                     | -71                      |
| <b>Financial result</b>  | <b><u>-1,049</u></b>     | <b><u>-1,133</u></b>     | <b><u>-2,020</u></b>     | <b><u>-1,354</u></b>     |
| <b>Result before taxes</b>   | <b><u>175</u></b>        | <b><u>6,615</u></b>      | <b><u>-761</u></b>       | <b><u>6,734</u></b>      |
| Income taxes   | -523                     | -659                     | -593                     | -804                     |
| <b>Result after taxes from continued operations</b>                        | <b><u>-348</u></b>       | <b><u>5,956</u></b>      | <b><u>-1,354</u></b>     | <b><u>5,930</u></b>      |
| <b>Result after taxes from discontinued operations</b>                     | <b>-11</b>               | <b>-18</b>               | <b>-12</b>               | <b>-94</b>               |
| <b>Group result after taxes</b>  | <b><u>-359</u></b>       | <b><u>5,938</u></b>      | <b><u>-1,366</u></b>     | <b><u>5,836</u></b>      |
| thereof attributable to non-controlling interest                           | 703                      | 839                      | 1,051                    | 1,154                    |
| <b>  thereof attributable to DEAG shareholders</b>                         | <b><u>-1,062</u></b>     | <b><u>5,099</u></b>      | <b><u>-2,417</u></b>     | <b><u>4,682</u></b>      |
| <b>(Group result)</b>  | <b><u>-1,062</u></b>     | <b><u>5,099</u></b>      | <b><u>-2,417</u></b>     | <b><u>4,682</u></b>      |
| Earnings per share in EUR (diluted/undiluted)<br>from continued operations | -0,06                    | 0,28                     | -0,13                    | 0,26                     |
| from continued and discontinued operations                                 | -0,06                    | 0,28                     | -0,13                    | 0,25                     |
| Average no. of shares outstanding (undiluted)                              | 19,053,326               | 18,396,808               | 18,558,658               | 18,396,808               |

## // CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | II/2019            | II/2018            | 01.01.-30.06.19    | 01.01.-30.06.18    |
|---|--------------------|--------------------|--------------------|--------------------|
| <u>from 01.01.2019 to 30.06.2019</u>  | <u>in EUR '000</u> | <u>in EUR '000</u> | <u>in EUR '000</u> | <u>in EUR '000</u> |
| <b>Group result after taxes</b>   | -359               | 5,938              | -1,366             | 5,836              |
| <b>Other result</b>   |                    |                    |                    |                    |
| (+/-) Differences from exchange rates (independent foreign units)               | -82                | 801                | -139               | 785                |
| Amounts as may be reclassified in future periods in the profit and loss account | -82                | 801                | -139               | 785                |
| <b>Total result</b>   | -441               | 6,739              | -1,505             | 6,621              |
| <b>Thereof attributable to</b>  |                    |                    |                    |                    |
| Non-controlling interest  | 809                | 826                | 1,070              | 1,153              |
| DEAG Shareholders   | -1,250             | 5,913              | -2,575             | 5,468              |



## // CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|  | 01.01.2019<br>-30.06.2019 | 01.01.2018<br>-30.06.2018 |
|--|---------------------------|---------------------------|
|  | <u>in EUR '000</u>        | <u>in EUR '000</u>        |
| <b>Result from continued operations</b>                              | <b>-1,354</b>             | <b>5,930</b>              |
| Depreciation and amortisation  | 1,850                     | 1,432                     |
| Change in accruals   | -5,259                    | 22,498                    |
| Changes not affecting payments                                       | -222                      | 1,629                     |
| Result of change in scope of consolidation                           | -                         | -5,295                    |
| Deferred taxes (net)   | 476                       | -96                       |
| Result from valuation of affiliated companies                        | 237                       | 71                        |
| <b>Cash flow</b>   | <b>-4,272</b>             | <b>26,169</b>             |
| Net interest income  | 1,781                     | 677                       |
| Change in working capital  | -7,903                    | -45,027                   |
| <b>Net cash from operating activities from continued operations</b>  | <b>-10,394</b>            | <b>-18,181</b>            |
| Net cash from operating activities from discontinued operations      | -12                       | -94                       |
| <b>Net cash from operating activities (total)</b>                    | <b>-10,406</b>            | <b>-18,275</b>            |
| <b>Net cash from investment activities from continued operations</b> | <b>-1,064</b>             | <b>5,707</b>              |
| <b>Net cash from financial activities (total)</b>                    | <b>504</b>                | <b>-7,687</b>             |
| <b>equivalents</b>   | <b>-10,966</b>            | <b>-20,255</b>            |
| Effects of exchange rates  | -238                      | 108                       |
| <b>Cash and cash equivalents at beginning of Period</b>              | <b>36,427</b>             | <b>41,816</b>             |
| <b>Cash and cash equivalents at end of period</b>                    | <b>25,223</b>             | <b>21,669</b>             |

## // CONSOLIDATED STATEMENT OF THE DEVELOPMENT OF EQUITY WITHIN THE GROUP

|   | 31.12.2017           | 01.01.2018-<br>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> |
|   | <b>31.12.2018</b>    | <b>01.01.2019-<br/>30.06.2019</b> | <b>30.06.2019</b>    |
|   | <u>in EUR '000</u>   | <u>in EUR '000</u>                | <u>in EUR '000</u>   |
| Share capital                                   | 18,396               | 1,229 *                           | 19,625               |
| Capital reserve                                 | 42,508               | 3,071 **                          | 45,579               |
| Retained earnings                               | - 466                | -                                 | - 466                |
| Accumulated deficit                             | - 52,107             | - 2,417                           | - 54,524             |
| Accumulated other income                        | 1,563                | 15                                | 1,578                |
| <b>Equity attributable to DEAG shareholders</b> | <b>9,894</b>         | <b>1,898</b>                      | <b>11,792</b>        |
| Equity attributable to non-controlling interest | 5,054                | 3,363                             | 8,417                |
| <b>Equity</b>                                   | <b><u>14,948</u></b> | <b><u>5,261</u></b>               | <b><u>20,209</u></b> |

\* including 571,420 new shares from the mandatory conversion of the convertible bond

\*\* including 1,429 EUR'000 from the mandatory conversion of the convertible bond

# // NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTES PURSUANT TO IAS 34

These Interim Consolidated Financial Statements, comprising the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and select explanatory notes, have been prepared in accordance with the IFRSs of the IASB applicable to interim financial reporting as adopted by the European Union, the Interpretations of the IFRS Interpretations Committee (IFRS IC) endorsed by the IASB and the applicable provisions of the WpHG.

The Interim Consolidated Financial Statements as of 30 June 2019 do not contain all the disclosures and information presented in a complete set of financial statements. It is advisable to read the Interim Consolidated Financial Statements together with the Consolidated Financial Statements as of 31 December 2018.

The accounting, consolidation, currency translation, accounting and valuation principles applied in the Consolidated Financial Statements as of 31 December 2018 were essentially retained. Please refer to the Notes to the 2018 Consolidated Financial Statements printed in the Annual Report (pages 51-66).

For select segment information (IAS 34.16A), please refer to the “Development of the Segments” section of the Interim Group Management Report.

The Interim Consolidated Financial Statements are unaudited, nor did an audit review take place.

## CHANGES IN THE SCOPE OF CONSOLIDATION

As the parent company, DEAG includes those companies in which the control concept is fulfilled in the Consolidated Interim Financial Statements. Companies founded, acquired or disposed of during the first half of the year are included from the date of formation, acquisition or disposal.

The following changes to the scope of consolidation took place in the reporting period:

In June 2019, DEAG acquired 51% of the shares in C<sup>2</sup> CONCERTS GmbH, a successful local promoter for over 20 years in Baden-Wuerttemberg, via its subsidiary Concert Concept.

In June 2019, DEAG also acquired a 50.1% majority stake in I-Motion GmbH Events & Communication, one of Germany’s largest electronic music broadcasters, through its subsidiary DEAG Concerts.

In June 2019, DEAG acquired a majority stake in the group of companies of promoter and event organiser Michael Drieberg via its wholly owned Swiss subsidiary AIO Group AG. AIO acquired 60% of Live Music Production S.A. (LMP) and 51% of Live Music Entertainment S.A. (LME).

The purchase price allocations had not yet been completed as of 30 June 2019, as investigations are still pending with regard to the closing balance sheets and the acquired intangible assets. Information required in accordance with IFRS 3 will be made after finalizing the purchase price allocations.

## EQUITY

At the end of the reporting period, the convertible bond 2016/2019 (ISIN DE000A2AAX86) with a total nominal amount of EUR 4,300,000.00 had been fully converted into new no-par value ordinary bearer shares of DEAG. On the basis of the conversion ratio defined in the bond terms, this corresponds to 1,228,553 shares. Accordingly, the number of shares increased to 19,625,976 as of 30 June 2019.

**SUPPLEMENTARY REPORT**

On 24 June 2019, DEAG announced that it would increase the bond 2018/2023 by EUR 5 million by way of a subsequent placement. The amount was received by DEAG on 2 July 2019.

On 19 August 2019, DEAG acquired a majority stake of 51% in MEWES Entertainment Group GmbH via its subsidiary DEAG Concerts. This will further expand the Schlager and Volksmusik segment.

In the opinion of the Executive Board, no other significant events occurred after the end of the reporting period on 30 June 2019 that could have a significant impact on DEAG's net assets, financial position and results of operations.

**OTHER INFORMATION**

The Annual General Meeting of DEAG was held on 27 June 2019. The shareholders granted discharge to the Executive Board and Supervisory Board for the past financial year and elected the auditor for the current financial year. All resolutions, in particular regarding the increase in Authorised Capital by up to 50% and Conditional Capital by up to 10% for a stock option programme for the Executive Board, Managing Directors and executives, 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 secondary importance and have not changed significantly since 31 December 2018.

Berlin, 30 August 2019

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board



Prof. Peter L. H. Schwenkow



Christian Diekmann



Detlef Kornett



Roman Velke

# // DECLARATION BY THE STATUTORY REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Berlin, 30 August 2019

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board



Prof. Peter L. H. Schwenkow



Christian Diekmann



Detlef Kornett



Roman Velke

## **DATE AND APPROVAL FOR PUBLICATION**

The Executive Board of DEAG (headquarters: Potsdamer Straße 58 in 10785 Berlin) approved these Interim Consolidated Financial Statements and the Interim Group Management Report on 30 August 2019.

## // 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 current information on DEAG are also available on the Internet at [www.deag.de/ir](http://www.deag.de/ir)

### // PHOTOS

Cover: Klaus Zakowski

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