DEAG entertainment GROUP

2020

ANNUAL FINANCIAL REPORT

DEAG Deutsche Entertainment Aktiengesellschaft

DEAG OVERVIEW

COMPANY PROFILE

DEAG Deutsche Entertainment AG (DEAG) is a leading entertainment service company and provider of live entertainment in Europe. DEAG is present with its Group companies in 13 locations in its core markets of Germany, the UK, Switzerland, Ireland and Denmark. As a live entertainment service provider with an integrated business model, DEAG has extensive expertise in the conception, organization, marketing and holding of events.

Founded in Berlin in 1978, DEAG‘s core businesses today include Rock/Pop, Classics & Jazz, Family Entertainment, Arts+Exhibitions and Ticketing. Family Entertainment and Arts+Exhibitions in particular are of great importance to the further development of DEAG‘s own content.

In 2019, more than 5 million tickets were sold for over 4,000 events - a continuously growing proportion of which were sold via the group‘s own e-commerce platforms „MyTicket“ and „Gigantic.com“ for its own and third-party content.

With its strong partner network, DEAG is excellently positioned in the market as an internationally active Live Entertainment service company.

DEAG‘S CORE MARKETS

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LETTER TO THE SHAREHOLDERS

LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

DEAG looks back on an unusual and difficult financial year 2020. We initially started the year well and according to plan and had a successful first quarter. In fact, the majority of DEAG's physical and live events in financial year 2020 were held between January and March. Since March 2020, however, DEAG's operational business as well as that of the live entertainment industry worldwide has been severely affected by the COVID-19 pandemic. Thousands of events had to be cancelled or postponed as a result of the pandemic. Our entire industry has been under a de facto occupational ban for a year now. Despite the uncertainties caused by the pandemic, we have managed to set course for the long-term growth of the company as well as for achieving important strategic goals. We have further strengthened our ticketing platforms, continued our successful buy & build strategy and shown ourselves to be comparatively resilient to the pandemic overall in 2020.

DEAG responded quickly to the changing market conditions and developed innovative new COVID-19-compliant event formats that included extensive hygiene and distancing rules. Among these were "Stage Drive Kulturbühne" in Frankfurt/Main and "BW-Bank Kulturwasen" in Stuttgart with over 80,000 visitors, for example. At these two open air formats, visitors were able to watch concerts, comedy performances, readings or film screenings from their cars or from COVID-19-compatible lounges. DEAG also realised its first livestream event, the electric music festival "NATURE ONE" that was streamed by 4.5 million users. Although our new event formats were great successes, they were not able to compensate for the massive drop in revenue the COVID-19 pandemic has caused.

Despite the pandemic, we continued our international expansion course by entering the Irish market and by founding the joint venture „Singular Artists" and entering the Irish market and also expanded our activities and presence in Scandinavia by acquiring the Danish promoter and international producer CSB Island Entertainment ApS after the end of the reporting period in January 2021.

Our Group-owned ticketing platforms myticket.de, myticket.at, myticket.co.uk and Gigantic.com for own and third-party content are handling an increasing share of ticket sales for events. We have added additional features to MyTicket that make it even easier to comply with COVID-19 requirements when purchasing tickets. An intelligent seating plan with "Organic Social Distancing" enables the best possible capacity utilisation while complying with all hygiene and distance rules. In addition, there are new functions for holder and purchaser personalisation of tickets, so that in the event of an infection incident, complete contact tracking of visitors is made possible. The increasing importance of the ticketing business is also underpinned by the appointment of Moritz Schwenkow to the Executive Board to serve as Chief Ticketing Officer (CTO) of DEAG.

In the Arts+Exhibitions division, our Christmas Garden attracted a total of 950,000 visitors at six locations in the 2019/2020 season, which ran until mid-January 2020. 200,000 of these visitors attended the first Christmas Garden outside Germany, in Madrid. We had planned to expand the format to 12 locations for the 2020/2021 season and have already seen high demand for tickets, in some cases significantly exceeding our own expectations as well as the previous year's demand. However, the developments surrounding the pandemic and the measures taken by the German government to contain it meant that, with the exception of the UK, the Christmas Gardens could not have been held with sufficient planning certainty and economically successfully. Accordingly, the events were not held. The expansion of the Christmas Garden to at least 15 locations in five countries is planned for 2021.

In the Family Entertainment division, successful formats such as "Disney on Ice" are part of our portfolio. Since the beginning of 2020, visitors have been able to experience the Disney stars on ice in Düsseldorf, Stuttgart and Geneva.

We remain true to our musical roots despite the development of new formats and organised concerts in the Rock/Pop and Classics & Jazz business areas with Papa Roach, the Stereophonics, Anna Netrebko and Till Brönner, among others, in 2020.

As part of our full insurance coverage, we received funds of EUR 16.4 million from our insurance company for events cancelled and rescheduled due to force majeure. Another EUR 7.1 million in insurance reimbursements are in the process of being settled. In addition, DEAG has received a commitment from the German state development bank KfW for a loan of EUR 25 million and has applied for and taken advantage of development programmes in all national markets. We intend to submit further applications, some of which could not yet be submitted due to the complex funding conditions that have not yet been finalised. In addition, we have massively reduced our overhead costs by 30%. All of this was the basis for our comparatively robust resistance to the pandemic in the reporting period. Revenues, including insurance reimbursements, amounted to around EUR 50.0 million in 2020, compared to EUR 185.2 million the previous year. EBITDA amounted to EUR 9.0 million, down from EUR 14.1 million in 2019.

We have an intact business model and a strong financial position, as well as a very well-filled event pipeline. After the transition year of 2021, we expect business to return to nearly full normality in 2022. Based on more than EUR 100 million in contracted revenue shifted to 2021 and the established successful formats, DEAG is well positioned to return to its pre-crisis level once the pandemic ends.

As you know, dear shareholders, DEAG is planning to withdraw from the stock exchange ("delisting"). We are doing this in light of the current uncertainties caused by corona as well as the upcoming third wave of corona in Germany, also with regard to the option of raising equity capital to finance the continuation of the successful growth strategy of past years. In addition, this will save the considerable costs associated with a stock exchange listing. The Executive Board of DEAG has secured the support of the company's largest single shareholder for this purpose. In an agreement concluded with Apeiron Investment Group Ltd. and its bidder company Musai Capital Ltd., the implementation of a public delisting offer was agreed as a prerequisite for the delisting. This means that all shareholders can still sell their shares before the delisting.

As part of the planned delisting, we intend to retain DEAG's legal form as a public limited company. All members of the Executive Board will also accompany the company on its continued growth course. Furthermore, all existing contracts with employees, service providers and artists are to remain in full force.

The 6.00 % corporate bond 2018/2023 in the amount of EUR 25 million with a term to maturity until 31 October 2023 that is traded on the Open Market (Regulated Unofficial Market) of the Frankfurt Stock Exchange will not be affected by the delisting. DEAG will continue to be a transparent and reliable partner as in the past.

In the agreement with DEAG, Apeiron and the Bidder have pledged their support for the company's continued growth strategy outside the stock exchange listing, so that DEAG can be assured of the ongoing support and trust of all members of the Executive Board, Supervisory Board, all Managing Directors, partners, co-partners and current major shareholders who wish to continue to pursue DEAG's growth course together in an unlisted corporate environment.

After more than 20 years on the stock exchange, this step was not easy for us. However, in our view, it is the right and necessary step to ensure the company's continued growth. We would like to thank you for your trust and your often long-standing support as shareholders and partners. I would also like to take this opportunity to expressly thank the employees of DEAG for their commitment and their work in these challenging times.

Sincerely yours,

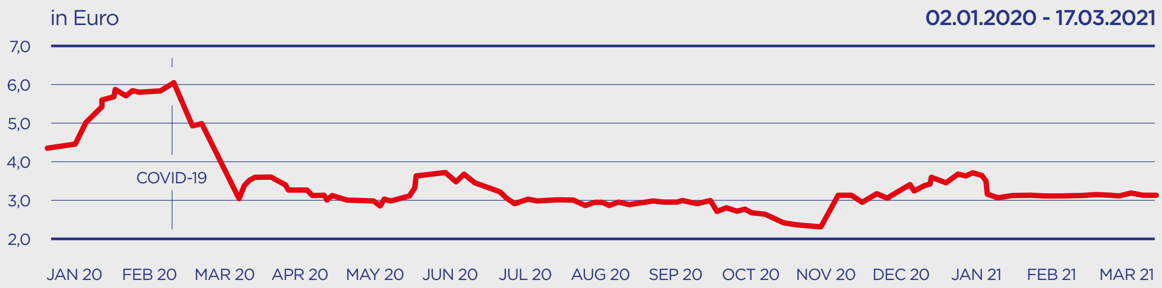
Prof. Peter L. H. Schwenkow

DEAG ON THE CAPITAL MARKET

1.1 KEY SHARE DATA [1]

ISIN	DE000A0Z23G6
WKN	A0Z23G
Market segment	Prime Standard
Average number of shares traded per day	31,960
Number of shares outstanding (31 Dec. 2020)	19,625,976
Year-end price (Dec. 31 2020)	EUR 3.62
High (1 Jan. – 31 Dec. 2020)	EUR 6.38
Low (1 Jan. – 31 Dec. 2020)	EUR 2.23
Market capitalisation (2020-12-31)	EUR 71.05 million
Designated sponsor(s)	Hauck & Aufhäuser, Oddo BHF (until the end of 2020)

1.2 PERFORMANCE OF THE DEAG SHARE

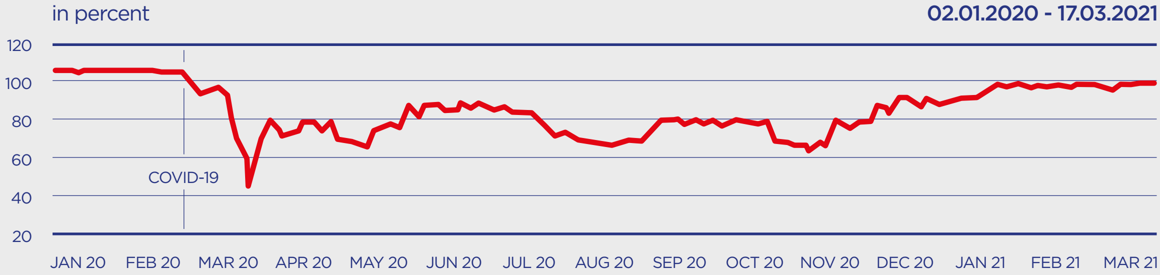


The stock markets worldwide were characterised by high volatility in 2020 due to the COVID-19 pandemic. While the DAX posted a gain of 3.5% for the year despite a massive corona slump in the meantime, the SDAX second-tier index rose by 18.0%. On the other hand, the DEAG share (WKN: A0Z23G, ISIN: DE000A0Z23G6, stock exchange symbol: LOUD) recorded significant declines in financial year 2020 like the shares of many companies from sectors heavily affected by the COVID-19 pandemic. The share showed a clear and continuous upward movement at the beginning of 2020. By mid-February, the share had gained significantly in value and recorded its highest price for the reporting period at EUR 6.38 on 20 February 2020. Due to the COVID-19 pandemic, however, there were significant declines in the further course of 2020. The share recorded its

[1] All share prices listed are XETRA closing prices.

lowest price on 30 October 2020 at EUR 2.23. At the beginning of November, when the first progress in vaccine development became known, there was then a recovery in DEAG's share price performance. As of the balance sheet date, the DEAG share was quoted at EUR 3.62, after a year-end price of EUR 4.38 in 2019. The share's loss in 2020 thus amounted to 17.3%. DEAG's market capitalisation on the reporting date was EUR 71.05 million. The average number of shares traded per day in the period from January to the end of December 2020 was 31,960, of which 20,717 shares were traded on Xetra. After the end of the reporting period, on 11 January 2021, DEAG announced that it plans to delist from the stock exchange. To this end, DEAG's Executive Board has secured the support of the company's largest single shareholder. In an agreement with Apeiron Investment Group Ltd. and its bidder company Musai Capital Ltd. that was also concluded on 11 January 2021, the execution of a public delisting takeover bid was agreed as a condition for the delisting. After the delisting takeover bid was announced, the DEAG share price moved sideways until mid-March 2021. DEAG's share price was EUR 3.18 at the time that the Consolidated Financial Statements for financial year 2020 were prepared (as of 17 March 2021).

1.3 PERFORMANCE OF THE DEAG BOND 2018/2023



The DEAG corporate bond 2018/2023 (WKN: A2NBF2, ISIN: DE000A2NBF25), which is traded on the Open Market (Segment Quotation Board) of the Frankfurt Stock Exchange, showed a similar basic trend to the DEAG share. From January to mid-February 2020, the bond was initially quoted at prices of around 106%. However, the further development of the bond in the course of 2020 was strongly influenced by the COVID-19 pandemic. The bond was quoted at a price of 92.0% at the end of the reporting period. The bond was thus able to recover significantly from its lows in mid-March 2020. In the period following the reporting period, from January to March 2021, DEAG's bond continued its upward course. As of mid-March 2021, the bond was quoted at a price of 100.0% (as of 17 March 2021). The price of the bond thus corresponded exactly to its nominal value ("par"). The outstanding volume of the bond amounts to EUR 25.0 million. 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%.

1.4 ANALYSTS' ESTIMATES

Following the announcement of the delisting offer, the analysts from the research firms FMR Frankfurt Main Research AG, Hauck & Aufhäuser AG, Kepler Cheuvreux, MainFirst Bank AG, Montega AG and Solventis Beteiligungen GmbH, who were responsible for covering the DEAG share, discontinued their activities.

1.5 SHAREHOLDER STRUCTURE

In the course of the planned Delisting, it is intended to retain the Company's legal form as a stock corporation and to continue the listing of the corporate bond 2018/2023 on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The withdrawal from the regulated market of the Frankfurt Stock Exchange requires a prior public delisting-takeover offer to the shareholders of DEAG, so that all shareholders can still sell their shares prior to the Delisting. Together with the U.S. investor Mike Novogratz, who holds approx. 14% of DEAG's shares through his family office Galaxy Group Investments LLC, as well as other existing shareholders of the Company, Apeiron and the Bidder have agreed on the key terms of a shareholders' agreement. The parties to the shareholders' agreement, which in total hold approximately 47% of the DEAG Shares, will not accept the planned offer for their DEAG shares. On the basis of the shareholders' agreement, subject to the successful closing of the transaction, they will exercise joint control over DEAG. In the agreement with DEAG, Apeiron and the Bidder have committed to support DEAG's further growth strategy outside the stock exchange listing.

The Bidder's offer document was published on 22 February 2021, thus the acceptance period (including the additional acceptance period) ends on 8 April 2021. The application for revocation of admission was filed by DEAG on 25 March 2021, so that the delisting is expected to become effective on 8 April 2021 upon publication of the revocation notice. The Bidder's offer documents are publicly available at **www.musai-offer.de**

1.6 INVESTOR RELATIONS

In addition to the statutory obligations pursuant to the listing in the Prime Standard of the Frankfurt Stock Exchange, DEAG conducted various other IR activities during the reporting period:

- » Participation in four capital market conferences
- » Seven national and international roadshows
- » Numerous one-on-one meetings with investors at home and abroad
- » Publication of eight Corporate News and one ad hoc announcement

After completion of the delisting, DEAG will continue with its external reporting to the same extent as before due to the continued existence of the bond. In terms of investor relations activities, the company will focus on national capital market conferences and individual meetings in the future.

1.7 ANNUAL GENERAL MEETING

DEAG held its Annual General Meeting for financial year 2019 on 25 June 2020. Due to COVID-19, the Annual General Meeting was held virtually for the first time. DEAG shareholders approved all agenda items by a large majority. All agenda items were passed with more than 95% of the capital represented. Detailed information on the Annual General Meeting is available on the company website in the Investor Relations section.

FINANCIAL CALENDAR 2021	
Mar: 31.	**Annual Financial Report 2020**
May: 28.	**Quarterly Financial Statement** (3m)
Jun: 10.	**Annual General Meeting** (Virtual)
Aug: 27.	**Half-Year Financial Report** (6m)
Nov: 22. – 24.	**EKF I German Equity Forum** (Frankfurt/Main)
Nov: 30.	**Quarterly Financial Statement** (9m)

REPORT OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2020

DEAR SHAREHOLDERS,

The Supervisory Board of DEAG Deutsche Entertainment Aktiengesellschaft (DEAG) dealt regularly and in a very detailed manner with the situation and development of the company in this extraordinary financial year 2020. In accordance with the statutory provisions and the recommendations of the German Corporate Governance Code in the old version of 7 February 2017 (GCGC 2017) as well as the new version from 16 December 2019 (GCGC 2019), we continuously monitored the Executive Board and its management of the company and regularly advised it on issues relating to the management of the company in times of the COVID-19 pandemic. In doing so, we were always able to convince ourselves of the lawfulness, appropriateness and regularity of the management of the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company in a timely manner. In addition, the operational and strategic development of the Group, especially for the period after the COVID-19 pandemic, was discussed with the Executive Board.

The Executive Board informed the Supervisory Board regularly, promptly and comprehensively in written and oral form on the business development, planning and the situation of the company, including the risk situation and risk management. Documents of relevance to decision-making were made available by the Executive Board in good time in advance of the Supervisory Board meetings. Deviations in the course of business from the established plans and targets were explained in detail and the causes analysed. The members of the Supervisory Board always had sufficient opportunity to critically examine the reports and proposed resolutions submitted by the Executive Board and to make their own suggestions. In particular, all business transactions of importance to the company were discussed intensively on the basis of written and oral Executive Board reports and checked for plausibility. The Supervisory Board dealt in detail with the company's risk situation, liquidity planning and equity situation on multiple occasions. The Supervisory Board gave its approval to individual business transactions insofar as this was required by law, the Articles of Association or the Rules of Procedure.

In financial year 2020, the Supervisory Board met a total of eight times in ordinary Supervisory Board meetings, five of which were telephone conferences and three of which video conferences. In addition, the Supervisory Board held three extraordinary Supervisory Board meetings in the past financial year, two of which took place as telephone conferences and one as a video conference. All Supervisory Board members were present at more than half of the meetings. The members of the Executive Board participated in the ordinary Supervisory Board meetings unless the Chairman of the Supervisory Board had decided otherwise. The Supervisory Board convened without the Executive Board members in attendance at the three extraordinary Supervisory Board meetings. Urgent matters were decided on by passing written circular resolutions. All resolutions were made on the basis of detailed draft resolutions and discussions with the Executive Board. The Chairman of the Supervisory Board remained in close contact and dialogue with the members of the Executive Board between Supervisory Board meetings. The Chairman of the Supervisory Board then informed the other members of the Supervisory Board on the current development of the business and the company's most important business transactions.

Main focus of the Supervisory Board's deliberations

- At the Supervisory Board meetings on 24 March 2020 and 6 April 2020, the Consolidated Financial Statements, the Combined Management Report and the Group Management Report for the company and the DEAG Group as well as the company's Annual Financial Statements for financial year 2019 were discussed with the company's auditor. The Supervisory Board dealt intensively with the situation of the company and its Group companies, particularly with regard to the COVID-19 pandemic that already existed at that time and led to a complete ban on events in all of DEAG's core markets. Following detailed discussion and examination of the submissions by the Executive Board and after taking note of the auditor's report on the main findings of the audit, the Supervisory Board approved the Consolidated Financial Statements and the Combined Management Report and Group Management Report for the company and the DEAG Group as of 31 December 2019. No objections were raised. The Supervisory Board also approved the Annual Financial Statements of the company as of 31 December 2019, which were thus adopted.

- At the Supervisory Board meeting on 27 May 2020, the Executive Board reported on the quarterly financial statements as of 31 March 2020, the current business performance and the forecast for the first quarter of 2020, and again on the impact of the COVID-19 pandemic on the company and the Group.

- At the Supervisory Board meeting on 25 June 2020, which took place after the company held its first virtual Annual General Meeting, the Executive Board reported on the current status of the effects of the COVID-19 pandemic, the economic stimulus package "Neustart Kultur," the current status of insurance and short-time work, as well as the status of the implementation of the so-called voucher solution for event tickets.

- By written circular resolution on 24 August 2020, the Supervisory Board approved the Executive Board's resolution to enter the Irish market and found Singular Artists Limited.

- At the Supervisory Board meeting on 27 August 2020, the Executive Board reported on the half-year financial statements as of 30 June 2020, the current course of business and the forecast for the second quarter of 2020, taking the ongoing pandemic into account.

- The Supervisory Board meeting on 5 November 2020 dealt with the Executive Board's report on the current course of business, the status of insurance and subsidies, the status of short-time work and the Executive Board's report on the further strategy in light of the COVID-19 pandemic.

- At the Supervisory Board meeting on 26 November 2020, the Executive Board reported on the quarterly financial statements as of 30 September 2020, the status of insurance and subsidies, and the company's forecast for the third quarter of 2020. Furthermore, the financial calendar for 2021 was approved.

- By written circular resolution on 1 December 2020, the Supervisory Board approved the Executive Board's resolution on the conclusion of a KfW entrepreneurial loan of EUR 25 million.

The main topics of the Supervisory Board meeting on 16 December 2020 were the presentation and discussion of the 2021 budget and its approval by the Supervisory Board, the submission of the Declaration of Compliance with the German Corporate Governance Code in the previous version of 7 February 2017 and in the new version of 16 December 2019 and the performance of the self-assessment of the effectiveness of the work of the Supervisory Board. At this meeting, the Supervisory Board also dealt very closely with the delisting of the company proposed by the Executive Board, analysed the effects and weighed up the advantages and disadvantages.

By written circular resolution on 24 January 2021, the Supervisory Board approved the Executive Board resolution on the market entry in Scandinavia and the acquisition of 75% of the shares in CSB Island Entertainment ApS by the DEAG subsidiary DEAG Classics AG.

In the new financial year 2021, the Supervisory Board dealt with the intended delisting of the company in two further extraordinary meetings. In both meetings, the Supervisory Board member Tobias Buck, after consulting with the Chairman of the Supervisory Board, abstained from the discussions and vote on the intended delisting due to a potential conflict of interest. In his professional activity, Mr Buck works, among other clients, for Apeiron Investment Group Ltd. ("Apeiron"), which is assisting the company with the proposed delisting, in particular by way of managing the delisting acquisition offer. Since Mr Buck was also involved in the preparation of the delisting offer on the part of Apeiron, a conflict of interest cannot be ruled out, despite the fundamentally aligned interests between the company and Apeiron. Therefore, in order to avoid legal uncertainties, Mr Buck abstained from participating in the deliberations and voting.

- At the extraordinary meeting on 8 January 2021, the Supervisory Board discussed the advantages and disadvantages of delisting in detail. The main reason for the delisting is the very weak market environment due to the current COVID-19 pandemic, which does not seem to hold any promise of improvement in the foreseeable future in view of the current uncertain short-term prospects for the company. From a strategic as well as a financing point of view, access to the stock exchange capital market does not seem necessary for the company and, due to the short-term stock exchange justification pressure, also disadvantageous for the sustainable development of the company. In particular, the Supervisory Board shares the Executive Board's view that a delisting would provide access to a large group of reliable long-term investors as a substitute for financing based on the short-term oriented capital markets, which are currently either unavailable as a source of financing for the company as a result of the COVID-19 pandemic or only available at unrealistic conditions. Delisting would also relieve the company of the need to comply with cost-intensive post-admission obligations. Finally, the Supervisory Board shares the Executive Board's assessment that the support of an anchor shareholder who supports the strategy of the company's Executive Board can help to avoid restructuring measures where possible and prevent staff reductions. In the view of the Supervisory Board, these advantages outweigh the disadvantages of delisting, which lie in particular in the loss of the ability of shareholders to sell their shares on the stock exchange at any time. However, the shareholders are protected from this disadvantage by the mandatory takeover offer under the Stock Exchange Act, in which every shareholder has the opportunity to sell his shares at least at the weighted average price of the last six months. In the case of a delisting takeover offer simultaneously structured as a takeover offer – as in the case of DEAG – the weighted average price of the last three months applies in this respect, if this is higher. In the run-up to the Supervisory Board meeting, the Supervisory Board had already dealt intensively and critically with the draft resolution of the Executive Board and the pros and cons of a delisting and discussed it in detail, also with the help of external legal advice, and investigated possible alternatives. After careful consideration of the advantages/opportunities and disadvantages/risks associated with a delisting for the company and its shareholders, the Supervisory Board came to the conclusion that the advantages of a delisting outweigh the disadvantages for the company. It therefore approved the intended delisting of the company and the conclusion of the delisting agreement with the bidder Musai Capital Ltd. (the bidder) and Apeiron. The bidder is prepared to support the company's "buy and build" strategy that has been pursued to date and will continue to be pursued in the future. Furthermore, in connection with the delisting agreement, the company has received a declaration of intent from the bidder to support the company in a commercially reasonable manner in obtaining the necessary financial resources. For these reasons, as well as the considerations already mentioned above with regard to the implementation of a delisting, the Supervisory Board is of the opinion that the conclusion of the delisting agreement with the bidder is the most reasonable option to ensure the sustainable development of the company.

- The only item on the agenda of the extraordinary meeting of the Supervisory Board on 25 February 2021 was the discussion and resolution on the substantiated statement pursuant to Section 27 of the German Securities Acquisition and Takeover Act (WpÜG). The Supervisory Board decided to issue the substantiated statement as a joint statement with the Executive Board. In this statement, the Executive Board and the Supervisory Board comment comprehensively on the delisting and the offer by Musai Capital Ltd. For the content of the joint reasoned statement pursuant to Section 27 (1) of the German Securities Acquisition and Takeover Act (WpÜG), please refer to the published document, which can be found on the Investor Relations pages of the company at www.deag.de/ir under the heading "Delisting."

Composition of the Executive Board and Supervisory Board

The composition of the Executive Board changed as follows in financial year 2020: The Supervisory Board appointed Mr Moritz Schwenkow as an additional member of the company's Executive Board with effect from 1 April 2020. As the new Chief Ticketing Officer, Mr Schwenkow is responsible for sales activities throughout the DEAG Group.

The composition of the Supervisory Board did not change during the reporting period: In financial year 2020, the Supervisory Board consisted of the three members Mr Wolf-D. Gramatke, Mr Michael Busch and Mr Tobias Buck. Mr Buck, who was appointed a member of the Supervisory Board by resolution of the Charlottenburg Local Court on 23 December 2019 at the request of the company with effect from 1 January 2020 and was elected to the Supervisory Board at the virtual Annual General Meeting on 25 June 2020. Mr Wolf-D. Gramatke was Chairman of the Supervisory Board throughout the reporting period, Mr Michael Busch Deputy Chairman. No Supervisory Board committees were formed, as the Supervisory Board consists of only three persons. All decisions were made within the Board. No conflicts of interest arose in the Supervisory Board during the reporting period. During the deliberations and votes on the delisting of the company, which was only decided after the reporting period, Mr Buck abstained from voting due to a potential conflict of interest due to his work for the shareholder Apeiron.

Corporate Governance and Declaration of Conformity

The implementation of the recommendations of the German Corporate Governance Code in the previous version of 7 February 2017 and the updated version of 16 December 2019 was the subject of the Supervisory Board meeting on 16 December 2020. On 16 December 2020, the Executive Board and Supervisory Board issued the annual declaration pursuant to Section 161 AktG on the recommendations of the Code for both the previous and the new version of the code. With the resolution to delist the company and the associated application to revoke the admission of DEAG shares to the regulated market, there is no longer an obligation for the company to issue a Declaration of Conformity pursuant to Section 161 AktG. In light of this, on 18 March 2021 the Executive Board and Supervisory Board have updated the Declaration of Conformity dated 16 December 2020. The updated Declaration of Conformity by the Executive Board and Supervisory Board can be found on DEAG's website at **www.deag.de/ir** under the heading Corporate Governance. This report has therefore not been supplemented with the disclosures recommended by the GCGC in 2019.

Audit of the Annual and Consolidated Financial Statements

The Annual General Meeting of DEAG on 25 June 2020 elected Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, as the auditor of the Annual Financial Statements and the auditor of the Consolidated Financial Statements for financial year 2020. The auditor audited the 2020 Annual Financial Statements of DEAG, the 2020 Consolidated Financial Statements and the Combined Management Report and Group Management Report for the company and the DEAG Group and issued an unqualified audit opinion in each case.

At the Supervisory Board meeting on 24 March 2021, the Consolidated Financial Statements and the combined Management Report and Group Management Report for the company and the DEAG Group as well as the company's Annual Financial Statements for financial year 2020 were discussed in detail with the representatives of the auditor. The auditor reported on the main results of the audit. The auditor also assessed the effectiveness of the accounting-related internal control and risk management system, which did not lead to any objections. At the Supervisory Board meeting on 31 March 2021, the Consolidated Financial Statements and the Annual Financial Statements were discussed in more detail with the auditor. The Consolidated Financial Statements and the Combined Management Report and Group Management Report for the company and the DEAG Group, as well as the Annual Financial Statements of DEAG and the auditor's reports, were made available to all members of the Supervisory Board for review and resolution. After examination and discussion of the Consolidated Financial Statements and the Combined Management Report and Group Management Report as well as the Annual Financial Statements of DEAG in the Supervisory Board, there were no objections to be raised against the result of the audit of the Consolidated Financial Statements and the Annual Financial Statements by the auditor.

Following the final results of its examination, the Supervisory Board raised no objections to the Consolidated Financial Statements and the Combined Management Report and Group Management Report prepared by the Executive Board for the company and the DEAG Group for financial year 2020 and approved them. The Supervisory Board also approved the Annual Financial Statements for the company for financial year 2020 prepared by the Executive Board and raised no objections following the final results of its examination. The Annual Financial Statements of the company are thus adopted in accordance with Section 172 of the German Stock Corporation Act (AktG).

The Supervisory Board would like to expressly thank the Executive Board and all of the company's and DEAG Group's employees for their extraordinarily demanding and challenging work in the past financial year 2020.

Berlin, March 2021

For the Supervisory Board

Wolf-D. Gramatke
Chairman of the Supervisory Board

COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT FOR FINANCIAL YEAR 2020

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COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT

1 PRINCIPLES OF THE COMPANY AND THE GROUP

1.1 BUSINESS MODEL INCLUDING OBJECTIVES AND STRATEGY

DEAG Deutsche Entertainment AG (DEAG) is a leading European provider of live entertainment in Germany, the UK, Switzerland, Ireland and Denmark with over 40 years of experience. As a live entertainment service provider with a vertically integrated business model, DEAG has extensive expertise in organising, marketing and holding live events as well as in ticket sales via its own ticketing platforms MyTicket and Gigantic.com for its own and third-party content. With its broadly diversified artist portfolio in the Rock/Pop, Classics & Jazz, Family Entertainment and Arts+Exhibitions business divisions, with more than 800 artists and over 4,000 concerts and events in years that were not impacted by the COVID-19 pandemic, DEAG increasingly targets less competitive, attractive niche markets and positions itself in these early on with strong profitable content. DEAG is increasingly focusing on its own high-margin event formats. These include the Christmas Garden, which is to be expanded to at least 15 locations in five countries in 2021.

To market the more than 5 million tickets that DEAG managed to sell in years not impacted by the pandemic, the company increasingly relies on its own ticketing platforms, myticket.de. myticket.at, myticket.co.uk and Gigantic.com for its own and third-party content. In the medium term, the share distributed via the company's own ticketing platforms is to be steadily increased and MyTicket is also to function as an attractive alternative for third-party content producers. In addition, in the medium term, DEAG is aiming to significantly increase the number of its own tickets per year via its own platforms and to become an established sales channel in its core markets, not only in the area of concerts and events, but also in the area of sports and exhibitions. To ensure corona-compliant ticket distribution in times of the pandemic, new functions have been added to MyTicket to ensure compliance with all hygiene and distance rules.

With its experienced management, DEAG has a good reputation and very good access to national and international artists. As an expert on live entertainment events, DEAG is also an important cooperation partner for major media companies. Through these targeted collaborations, DEAG opens up additional growth potential for itself.

Together with its subsidiaries, DEAG is now an established player in the live entertainment industry and present at 13 locations in its core markets of Germany, the UK, Switzerland, Ireland and Denmark. DEAG founded the joint venture "Singular Artists" in Ireland together with renowned promoters in 2020. Singular Artists organises concerts and events in Ireland and Northern Ireland and is to be developed into a strong, independent brand in the years ahead. After the end of financial year 2020, in January 2021, DEAG also acquired a majority stake in the Danish promoter and international producer CSB Island Entertainment ApS. Through the cooperation with CSB, the company expects positive synergy effects in the live entertainment business as well as growth impulses for its ticketing business in Scandinavia. DEAG is using these acquisitions to expand its portfolio, to gain access to top-class event formats and venues and to strengthen its geographical coverage in its core markets. By expanding its portfolio, the company will be able to leverage high synergy effects and integration potential. International activities are also to be further expanded in the future. Besides the expansion of the operational business, growth is also to be driven forward externally through selective acquisitions of competitors.

In the live business, DEAG is active as a tour operator and a local promoter. The company has strong international content to achieve further growth in the years to come. With its ticketing business, DEAG is currently primarily represented in the European growth markets of Germany and the UK. Additional growth opportunities arise for the ticketing business with the Group's own ticketing platforms MyTicket and Gigantic.com following the operational launch of Singular Artists in Ireland and the acquisition of CSB Island Entertainment in Scandinavia.

1.2 GROUP STRUCTURE, INVESTMENTS, LOCATIONS AND EMPLOYEES

In the Live Touring and Entertainment Services segments, DEAG reports on the business development of the DEAG Holding as the Group parent company with its 51 affiliated companies at 12 locations in Germany, the UK, Ireland and Switzerland (as of 31 December 2020).

The Live Touring segment ("touring business") comprises the touring business. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Wizard Promotions Konzertagentur (Frankfurt/Main), Grünland Family Entertainment (Berlin), Global Concerts Touring (Munich), Christmas Garden Deutschland (Berlin), I-Motion GmbH Event & Communications (Mülheim-Kärlich), MEWES Entertainment Group (Hamburg), the sub-group Gigantic Holdings Ltd. including Myticket Services Ltd. (London, UK), the sub-group Kilimanjaro (London, UK) including the Flying Music Group and Singular Artists Ltd. (Dublin, Ireland) and The Classical Company (Zurich, Switzerland).

The Entertainment Services segment ("stationary business") includes the regional business as well as the entire service business. This includes the activities of the AIO Group (Glattpark, Switzerland) including the sub-group Live Music Production SA (LMP) / Live Music Entertainment SA (LME); both based in Le Grand-Saconnex, Switzerland, Global Concerts (Munich), Concert Concept (Berlin), the sub-group C2 Concerts (Stuttgart), Grandezza Entertainment (Berlin), River Concerts (Berlin) and Elbklassik (Hamburg), handwerker promotion (Unna), LiveGeist Entertainment (Frankfurt/Main), Kultur- und Kongresszentrum Jahrhunderthalle (Frankfurt/Main), FOH Rhein Main Concerts (Frankfurt/Main) as well as mytic myticket (Berlin) and Kultur im Park (Berlin).

There was a change in the scope of consolidation in the reporting year with regard to the activities of Singular Artists Limited in Dublin (Ireland), which was included in the Group for the first time. Kilimanjaro Holdings Limited, London (UK) founded the company together with other promoters on 2 September 2020. Kilimanjaro Holdings Limited holds 55% of the voting rights.

An average of 272 employees (previous year: 263) worked for the DEAG Group in Germany and abroad during the financial year. DEAG Deutsche Entertainment AG employed an annual average of 35 employees (previous year: 37 employees).

1.3 CONTROL SYSTEM AND PERFORMANCE INDICATORS

Financial management is organised centrally at DEAG. In order to minimise the risks and take advantage of Group-wide optimisation potentials, the company bundles important financial decisions within the Group. In the project business, the gross margin as well as the break-even ticket number are used as the most important control variables. When it comes to managing the company as a whole, sales revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) are the most important figures that are also used by market participants, investors and financing banks for assessment purposes. With respect to company acquisitions, the amortisation period of the purchase price is an important decision criterion in addition to the company-specific indicators. The Group manages its capital with the objective of ensuring that all Group companies are able to operate under the going concern assumption while maximising their income for the company's stakeholders by optimising the ratio of equity to borrowed capital. The fulfilment of covenant criteria in connection with the financing utilised is monitored on an ongoing basis.

2 ECONOMIC REPORT

2.1 OVERALL ECONOMIC ENVIRONMENT AND INDUSTRY-SPECIFIC ECONOMIC CONDITIONS

According to calculations by the Federal Statistical Office, Destatis, the German economy shrank by 4.9% in 2020. After a ten-year growth phase, the German economy thus fell into a recession in the corona crisis year 2020. In the previous year, GDP in Germany still rose by 0.6% and in 2018 by 1.3%. The corona pandemic is reported to have left clear scars in nearly all sectors of the economy in 2020. Production was curtailed, in some cases massively, in both the service and manufacturing sectors. Private consumer spending declined by 6.0% in 2020 compared to the previous year, adjusted for prices, and thus more strongly than at any time since recording began. Government consumption expenditure, on the other hand, had a stabilising effect with a price-adjusted increase of 3.4% in the corona crisis, to which, among other factors, the procurement of protective equipment and hospital services contributed.

According to the Federal Government, the German economy will regain momentum in the course of 2021 as the corona situation eases. For 2021, the Federal Government expects to see a year-on-year increase in the price-adjusted gross domestic product of 3.0%. In its Winter Forecast 2021, the European Commission forecasts economic growth of 3.1% for Germany in 2022 and 3.8% for the euro region in both 2021 and 2022. For 2020, the Commission has calculated a decline in economic output in the euro region of 6.8%.

In the UK, GDP contracted by 9.9% in 2020, the largest decline in economic output in the country's history (2019: +1.4%). The UK Office for Budget Responsibility expects GDP to grow by 4.0% in 2021 and 7.3% in 2022. Contributing factors to the significant recovery of the economy include tax incentives for corporate investment, the rapid introduction of vaccines as well as the rapid vaccination of British citizens and the increase in investment by the British government for government support measures for private households, companies and the public sector.

In the study entitled “German Entertainment and Media Outlook 2020-2024” that it published in the fall of 2020, the auditing firm PwC assumes an average annual growth rate of 1.1% for the German media market through 2024. According to the study, the total market volume at this point in time would amount to EUR 65.2 billion, which represents an increase of EUR 3.6 billion compared to the volume in 2019. For the media market in the UK, PwC forecasts an even stronger average annual growth rate of 2.8% and revenues of GBP 79.8 billion by 2024.

For the live music sector in Germany, PwC expects revenues of EUR 717 million in 2020. This represents a decline of 65% compared to the previous year. After the slump in revenues in the live music sector due to the corona pandemic, a rapid recovery is likely as early as 2021, according to PwC. Accordingly, growth is expected to be 87% to a volume of EUR 1.34 billion. For 2022, growth of around 50% to a good EUR 2 billion is forecast. For the period from 2019 to 2024, PwC has calculated slight average growth of 0.9% per year to a revenue volume of EUR 2.1 billion. Ticketing revenues are expected to grow at an average annual rate of 1.2% to EUR 1.7 billion by 2024. Sponsoring revenues are expected to decrease slightly by 0.4% per year on average to a volume of EUR 416 million in the period through 2024.

2.2 BUSINESS DEVELOPMENT

DEAG’s business activities were strongly influenced by the COVID-19 pandemic in financial year 2020. The company initially got off to a good start to the financial year and was able to report successful business development for the first quarter. The majority of DEAG’s physical and live events in 2020 took place between January and March. These included concerts by Papa Roach and the Stereophonics in the Rock/ Pop division and performances by Anna Netrebko and Yusif Eyvazov, Joja Wendt and Till Brönner in the Classics & Jazz division.

As a result of the COVID-19 pandemic, however, business was marked by concert cancellations and postponements during the rest of the year. Despite the restrictions caused by COVID-19, DEAG succeeded in continuing to pursue strategic goals and setting the course for the company’s long-term growth.

DEAG reacted to the pandemic at an early stage and developed innovative new COVID-19-compatible event formats that included extensive hygiene and distancing rules. For example, the newly developed open air formats “Stage Drive Kulturbühne” in Frankfurt/Main and “BW-Bank Kulturwasen” in Stuttgart were great successes by drawing more than 80,000 visitors. At both locations, spectators were able to watch entertainment in the form of concerts, readings, film screenings or comedy performances from their cars or COVID-19-compatible lounges. In addition, the electric music festival “NATURE ONE” took place virtually for the first time. The first livestream event ever realised by DEAG was streamed by around 4.5 million users.

DEAG continued its international expansion course by entering the Irish market. The joint venture “Singular Artists” was founded there together with renowned promoters. In addition, after the end of the reporting period, in January 2021, DEAG acquired a majority stake in the Danish promoter and international producer CSB Island Entertainment ApS, thus expanding its activities and presence in Scandinavia.

In the Arts+Exhibitions division, the Christmas Garden counted a total of 950,000 visitors at six locations in the 2019/2020 season, which ran until mid-January 2020. The Christmas Garden in Madrid, the first Christmas Garden held outside Germany, was also a great success and drew 200,000 visitors. For the 2020/2021 season, DEAG experienced high demand for tickets for the successful format, exceeding the previous year's demand and, particularly for the new locations, significantly exceeding its own expectations. The Christmas Garden was originally scheduled to take place at 12 locations in the 2020/2021 season. DEAG expected a total of up to 1.5 million visitors. However, the developments surrounding the COVID-19 pandemic and the measures taken by the German government to contain the virus meant that, with the exception of the Christmas Garden in the UK, the Christmas Garden could not have been held with sufficient planning certainty and in an economically success manner. Accordingly, the events were not held. The expansion of the Christmas Garden to at least 15 locations in five countries is planned in 2021.

Formats in the Family Entertainment division, such as "Disney on Ice," were also extremely popular. Visitors have been able to experience the icy fun with Mickey Mouse, Ice Princess and Co. on skates in Düsseldorf, Stuttgart and Geneva since the beginning of 2020.

The ticketing segment with the Group's own ticketing platforms myticket.de, myticket.at, myticket.co.uk and Gigantic.com for its own and third-party content continues to grow in importance for DEAG's business activities, with an increasing share of ticket sales for events being sold via these platforms. At the beginning of March 2020, for example, 65,000 personalised tickets for the Böhse Onkelz concerts planned for the fall of 2020 were sold exclusively via MyTicket only two hours after the start of the presale. Ticket sales for the Christmas Garden are also handled exclusively via myticket.de. In the reporting period, MyTicket was supplemented with new functions such as an intelligent seating plan with "Organic Social Distancing," with which COVID-19 requirements can be met even better when purchasing tickets. The importance of the ticketing business was also underpinned by the appointment of Moritz Schwenkow to the Executive Board as Chief Ticketing Officer (CTO) of DEAG. For the coming quarters, DEAG's pipeline currently amounts to around 2.2 million tickets sold by the company in its core markets.

Overall, DEAG has shown itself to be extremely resilient to the pandemic in the reporting period. DEAG's sales amounted to EUR 49.9 million, compared to EUR 185.2 million the previous year. EBITDA amounted to EUR 9.0 million, down from EUR 14.1 million in 2019. In the fourth quarter of 2020, sales amounted to EUR 10.8 million and EBITDA to EUR 8.8 million, down from EUR 62.1 million and EUR 6.1 million, respectively, in the fourth quarter of 2019. DEAG raised funds amounting to EUR 16.9 million in 2020 as part of its fully comprehensive insurance coverage for events cancelled and rescheduled due to force majeure that are included in its sales revenue. DEAG has taken advantage of available funding programmes in all its country markets. The company intends to submit further applications, some of which could not yet be submitted due to the complex funding conditions that have not yet been finalised. In addition, the company received approval from the state development bank KfW for a loan of EUR 25 million and has massively reduced its overhead costs by 30%.

2.3 FINANCIAL, ASSET AND EARNINGS POSITION

The DEAG Group's business performance in the reporting period was significantly impacted by the effects of the COVID-19 pandemic, with the result that operating activities came to nearly a complete standstill at the beginning of the second quarter, making it fundamentally impossible to compare the figures with those of the previous year. For this reason, the presentation and assessment of key profitability figures and the discussion of the development of the segments have been waived.

2.3.1 Income Position of the Group

The DEAG Group generated sales of EUR 49.9 million in the past financial year (previous year: EUR 185.2 million). Around EUR 26.2 million of the revenue is attributable to the ordinary first quarter and EUR 16.9 million to insurance reimbursements for claims resulting from concert cancellations and postponements due to official bans on events in all national markets and another EUR 5.8 million in sales in the second, third and fourth quarters. The decline in sales from operating activities thus amounted to around 82%.

Gross profit from revenue amounted to EUR 12.1 million after EUR 41.8 million the previous year. Cost of sales relates to event-related direct costs, which were mainly incurred in the first quarter, as well as expenses in connection with concert cancellations, which are generally offset by insurance reimbursements in the corresponding amount.

At EUR 6.2 million, sales and marketing costs were consequently 66.1% lower than in the previous year (previous year: EUR 18.3 million). This decline in administrative expenses from EUR 19.6 million to EUR 16.1 million mainly relates to reduced personnel and non-personnel expenses as a result of the cost-cutting measures introduced during the year, which led to overall savings of around 30%. Personnel expenses decreased by EUR 3.3 million compared to the previous year, mainly due to the use of short-time working and the resulting reduction in working hours and reimbursement of social security contributions, as well as lower performance-related compensation. This was offset by the first-time recognition of full-year personnel expenses for the subsidiaries acquired in the previous year.

Other operating income amounted to EUR 13.2 million compared to EUR 4.8 million the previous year. This includes grants and support payments of EUR 8.5 million from “Corona” aid programmes in all national markets, EUR 2.2 million from the collection of a claim for damages, and EUR 1.8 million from changes in option rights and earn-out obligations from company purchase agreements. Taking other operating expenses of EUR 1.9 million (previous year: EUR 1.0 million) into account, EBITDA amounted to EUR 9.0 million (previous year: EUR 14.1 million). Excluding the aforementioned special effects, EBITDA was thus in line with the forecast, which assumed at least break-even EBITDA as well as in line with market expectations.

Depreciation and amortisation of EUR 8.0 million (previous year: EUR 6.4 million) comprises EUR 1.8 million (previous year: EUR 1.6 million) solely scheduled depreciation of property, plant and equipment, amortisation of intangible assets and depreciation of lease usage rights in the amount of EUR 4.0 million (previous year: EUR 3.3 million). Depreciation and amortisation resulting from purchase price allocations amounted to EUR 2.2 million after EUR 1.5 million the previous year.

EBIT amounted to EUR 1.0 million in the reporting period (previous year: EUR 7.7 million).

The financial result amounted to EUR -4.8 million in the past financial year (previous year: EUR -5.8 million). It mainly relates to the net interest result and interest expenses in connection with lease accounting. The reason for the change was a write-down of an investment in the previous year, which had a one-time impact on the financial result.

Income taxes amounted to EUR 0.9 million (previous year: EUR -1.3 million).

Consolidated profit from continued operations before shares of other shareholders amounted to EUR -2.9 million (previous year: EUR 0.6 million)

2.3.2 Business Development by Segment

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

Revenues

in EUR millions

	2020	2019	Change from the previous year
Live Touring	25.8	118.1	-92.3
Entertainment Services	27.7	78.9	-51.2

EBITDA

in EUR millions

	2020	2019	Change from the previous year
Live Touring	2.8	14.1	-11.3
Entertainment Services	4.2	5.9	-1.7

Of the revenues, EUR 8.9 million in the Live Touring segment and EUR 8.0 million in the Entertainment Services segment are attributable to insurance reimbursements.

2.3.3 Asset Position of the Group

As of the reporting date, total assets increased only slightly to EUR 186.5 million compare to the previous year (31 December 2019: EUR 185.2 million).

Current assets amounted to EUR 83.8 million after EUR 79.4 million the previous year. With cash and cash equivalents that were at the previous year's level of EUR 46.0 million, the changes relate to a significant reduction in trade receivables (EUR -10.4 million) and a simultaneous sharp increase in other current financial assets (EUR +14.0 million). While the decline in trade accounts receivable is associated with the virtual standstill in the operating business, other current assets relate in particular to outstanding payments under the default insurance policy and accrued subsidies for the reporting period. The prepayment balance of EUR 46.2 million (previous year: EUR 37.5 million) mainly relates to projects that have been postponed from 2020 to 2021.

Non-current assets decreased by EUR 3.1 million compared to 31 December 2019 to EUR 102.6 million (31 December 2019: EUR 105.7 million). This is mainly due to the scheduled depreciation and amortisation of both intangible assets and property, plant and equipment.

The structure of equity and liabilities is virtually unchanged compared to 31 December 2019. Both current and non-current liabilities increased only slightly, by EUR +0.6 million and EUR +4.4 million respectively. The change in liabilities to banks is moderate; on the one hand, it relates to increased utilisation of existing lines compared to the previous year and, on the other hand, to funds drawn down from the "KfW" financing before the reporting date.

Net debt, defined as total gross financial liabilities (to banks and the bond) less cash and cash equivalents, amounted to EUR 1.6 million as of 31 December 20, compared to EUR -8.4 million as of 31 December 2019.

Shareholders' equity decreased by EUR 3.7 million to EUR 21.5 million (31 December 2019: EUR 25.2 million). This equates to an equity ratio of 11.5% after 13.6% the previous year. The changes in equity mainly relate to the overall consolidated net profit and, in the opposite direction, to dividend payments to other shareholders.

2.3.4 Financial Position of the Group

in EUR millions

	2020	**2019**
Cash inflow from operating activities (total)	2.4	16.4
Cash outflow from investing activities (total)	-5.5	-5.3
Cash inflow/outflow from financing activities (total)	1.6	-0.3
Change in cash and cash equivalents	**-1.5**	**10.8**
Exchange rate effects	1.2	-0.9
Liquid fund on 1 Jan.	**46.3**	**36.4**
Liquid fund on 31 Dec.	**46.0**	**46.3**

Cash inflow from operating activities amounted to EUR 2.4 million after EUR 16.4 million the previous year. The change compared to the previous year resulted from higher non-cash income, particularly in connection with insurance reimbursements and claims from corona aid programmes accrued as of the reporting date. This cash inflow in the reporting year is mainly due to the advance payment balance of EUR 46.2 million, which is significantly higher than in the previous year (previous year: EUR 37.5 million). The increase relates in particular to increased contractual liabilities. The increase in this item by EUR 10.2 million is evidence of the extremely high number of firmly sold tickets for future shows as of 31 December 2020. The reason for this is the enormous volume of shows, concerts and tours rescheduled from 2020 to 2021.

Cash outflow from investing activities (total) of EUR 5.5 million (previous year: cash outflow of EUR -5.3 million) resulted from purchase price payments (EUR 4.0 million) for majority interests acquired in past years and payments for investments in intangible assets, property, plant and equipment and financial assets (EUR 3.0 million).

Cash inflow from financing activities (total) of EUR 1.6 million relates to the balance of borrowing and scheduled repayment of financial liabilities (EUR 9.3 million), and in the opposite direction payments for interest (EUR 2.6 million) and dividends from other shareholders (EUR 0.8 million). In addition, there were payments to lessors of EUR 4.4 million that were nearly at the same level as in the previous year.

Overall – including exchange rate effects – cash and cash equivalents decreased only slightly by around EUR 0.3 million in the reporting period.

As of the balance sheet date, DEAG had a total of EUR 55.6 million in financing lines at its disposal, of which EUR 19.2 million were not utilised. Including the demand deposits at the parent company and the subsidiaries, the liquid funds available to the Group in their entirety amounted to approximately EUR 65 million, which are available for financing purposes, among other purposes.

2.3.5 Financial, Asset and Earnings Position of DEAG (Holding)

The following comments on the DEAG Holding relate to the Annual Financial Statements prepared in accordance with the regulations of German commercial law.

Earnings position

In the past financial year, DEAG achieved an annual net result of EUR -1.6 million (previous year: EUR -4.5 million). This change is mainly due to higher other operating income. DEAG's sales revenue resulted from service income, (in the previous year from commissions and licence fees) and amounted to EUR 0.6 million in 2020 (previous year: EUR 1.7 million). In addition, there was other operating income of EUR 5.2 million (previous year: EUR 1.0 million). This relates to claims for damages received and subsidies from "corona" aid programmes for domestic companies relating to the reporting year. Expenses were mainly incurred for material and personnel costs. Net interest expense amounted to EUR -1.5 million and was thus unchanged. Net investment income amounted to EUR 1.8 million, compared to EUR 3.1 million the previous year. The change is mainly due to lower profit transfers and reduced distributions from subsidiaries.

Asset position

Total assets increased to EUR 82.0 million (31 December 2019: EUR 70.1 million). DEAG's equity amounted to EUR 19.3 million (31 December 2019: EUR 20.9 million). The change relates mainly to the net result for the year. The equity ratio changed by 6% to 24% (31 December 2019: 30%).
Financial assets amounted to EUR 18.9 million (previous year: EUR 17.2 million). The change mainly relates to a contribution in kind at a subsidiary that increased the value of the investment.

Receivables from affiliated companies amounted to EUR 53.5 million (31 December 2019: EUR 51.2 million). The change is mainly due to the granting of loans to subsidiaries.

Cash and cash equivalents amounted to EUR 2.9 million as of the balance sheet date in 2020 (31 December 2019: EUR 0.1 million). In total, DEAG has credit lines of EUR 39.5 million at its disposal, of which EUR 17.2 million had not been utilised as of 31 December 2020.

Liabilities increased by EUR 13.5 million compared to the previous year to EUR 61.1 million (31 December 2019: EUR 47.6 million). The change is mainly due to increased liabilities to banks (EUR +8.2 million) and the increase in liabilities to affiliated companies by EUR 5.8 million. The change in liabilities to banks includes partial amounts from the "KfW" financing of EUR 5.3 million called up in the reporting year. Furthermore, the bond remains unchanged at EUR 25.0 million.

2.4 OVERALL STATEMENT ON THE ECONOMIC SITUATION OF THE COMPANY

For the current financial year 2020, the Executive Board had planned growth in the lower double-digit range for the Group in terms of sales and EBITDA, taking into account the full-year inclusion of the companies acquired in 2019, as well as a balanced result at the AG. Possible influences due to effects that would be attributable to the spread of the coronavirus (COVID-19) were not included in the forecast values. However, at the time of publication of the 2019 Financial Year Report, the Executive Board was already assuming a moderate or more significant decline in revenue and EBITDA depending on the course of the pandemic. A detailed and reporting-date-related outlook for 2020 was not possible at that time.

DEAG started the reporting year with a stable and profitable first quarter. Revenue and EBITDA were both in line with the original planning for financial year 2020, which had been drawn up before COVID-19. As the financial year progressed, DEAG's operating business nearly came to a complete standstill due to the prevailing legal and regulatory restrictions on public and cultural life in the core and secondary markets, in particular the current bans and restrictions on major events. As a result, the Executive Board lowered its expectations for revenue and EBITDA in particular. Despite the virtually complete elimination of profitable turnover, the Executive Board planned for at least break-even EBIDTA due to the realisation of significant cost reductions and claims from cost and profit insurance over the course of the entire year. The consensus of analysts in terms of revenue and EBITDA was most recently between EUR 47.3 million and EUR 47.6 million and between EUR 0.7 million and EUR 0.9 million, respectively.

In financial year 2020, consolidated sales amounted to EUR 49,9 million (previous year: EUR 185.2 million) and were thus in line with the estimate made public in the course of the financial year with regard to the forecast and market expectations. DEAG has submitted applications in all national markets for the so-called corona aid offered in each case for 2020 and intends to submit further applications, some of which could not yet be submitted due to the complex funding conditions that have not yet been finalised. Together with the anticipated reduction in obligations for contingent purchase price payments and for put options in connection with company purchase agreements, EBIDTA for financial year 2020 amounted to EUR 9.0 million (previous year: EUR 14.1 million). Excluding these special effects, EBITDA is in line with the forecast, which assumed at least break-even EBITDA, as well as market expectations.

DEAG considers itself to be well positioned in the long term and, following the transition year 2021, expects its business activities to return to more or less full normality in 2022. The company has an intact business model, a sound financial base and a well-filled event pipeline. As of the end of December 2020, the liquidity available to the Group totalled around EUR 65.2 million. On the basis of more than EUR 100 million in contracted sales that have been postponed to 2021 and the currently established successful formats, DEAG is ideally positioned to return to its pre-crisis level after the end of the pandemic.

After the end of the reporting period, in January 2021, DEAG agreed to a delisting offer involving its current investors. In the agreement with DEAG, DEAG's largest individual shareholder Apeiron Investment Group Ltd., Sliema/Malta ("Apeiron" for short) and its bidder company Musai Capital Ltd., Sliema/Malta ("Musai" for short) have pledged to support the company's further growth strategy after the delisting.

In summary, the Executive Board considers the economic situation of the company to be good and the business model to be fundamentally intact and profitable in the future, despite unchanged strong impairments of the operative business due to the pandemic.

3 CORPORATE GOVERNANCE

We have summarised the corporate governance declaration to be made pursuant to Sections 289f and 315d HGB for DEAG Deutsche Entertainment AG and the Group. The statements apply accordingly to DEAG Deutsche Entertainment AG and the Group, unless stated otherwise below.

3.1 DECLARATION ON CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTIONS 289F AND 315D HGB (GERMAN COMMERCIAL CODE)

3.1.1. Direction and Management by the Executive Board

The Executive Board of DEAG manages the company on its own responsibility and represents DEAG in transactions with third parties. The Executive Board is strictly separate from the Supervisory Board. No member of the Executive Board may at the same time be a member of the Supervisory Board. The Executive Board defines the company's objectives and the strategic orientation of the DEAG Group. It manages and monitors the Group's business units by planning and defining the company's budgets, by allocating funds and management capacities, by monitoring and deciding on important individual measures and by controlling operational management. Its activities and decisions are guided by the interests of the company. It is committed to the goal of sustainably increasing the value of the company.

The Executive Board makes its decisions on the basis of the laws, the Articles of Incorporation of DEAG and the rules of procedure of the Executive Board in principle by a simple majority. In the case of a tie, the vote of the Chairman of the Executive Board decides. The Chairman of the Executive Board has no veto rights against resolutions by the Executive Board. In addition, each member of the Executive Board is individually authorised to exercise his/her duties in the areas of work assigned to him/her.

The Executive Board reports regularly, promptly and comprehensively on all questions of planning, business development, risk analysis and risk management relevant to the company, and consults with the Supervisory Board on the strategic direction of the company. For certain transactions defined in the Articles of Incorporation and the Rules of Procedure of DEAG, the Executive Board must obtain the approval of the Supervisory Board before concluding these.

The Supervisory Board has decided in its most recent determination that the target figure for women's participation in the Supervisory Board should be at least 30%. In the past financial year, the share of women on the Supervisory Board was 0%. The Supervisory Board is sticking to the agreed target figure for the future, however. In the Executive Board, the women's share is 0%. The current target for women's participation in the Executive Board is 0%. The Executive Board has also decided that the share of women in the first management level below the Executive Board (divisional Board members) should reach 30%. With a ratio of 33% (as of December 2020) at the divisional Board level, the company has already achieved its target. The company has no other management levels.

The Executive Board and Supervisory Board have not yet adopted an independent diversity concept in accordance with Section 289f Para 2 No. 6 of the German Commercial Code (HGB) regarding the composition of the body entitled to represent the company and of the Supervisory Board with regard to aspects such as age, gender and educational or professional background. The Executive Board and Supervisory Board are of the opinion that, next to the objectives for the composition of the Executive Board and Supervisory Board, the resolved competence profile for the Supervisory Board, and the measures implemented and aimed for in the company to promote diversity, an additional diversity concept would not bring any substantial added benefits. However, in financial year 2021, the Executive Board and Supervisory Board will again examine whether it makes sense to draw up an independent diversity concept.

3.1.2 Supervisory Board Report

The Supervisory Board Report is published together with this Management Report on the company's website at www.deag.de in the Investor Relations section.

3.1.3. Declaration of Conformity in accordance with Section 161 AktG (Stock Corporation Act)

On 16 December 2020 and most recently on 18 March 2021, the Executive Board and Supervisory Board of DEAG issued the Declaration of Compliance with the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – GCGC) in the current versions from 7 February 2017 and 16 December 2019 and made it permanently available to shareholders. The full declaration is published on the company's website (www.deag.de/ir).

3.2 EXPLANATORY REPORT OF THE EXECUTIVE BOARD IN ACCORDANCE WITH SECTIONS 289A AND 315A HGB (GERMAN COMMERCIAL CODE)

As of 31 December 2020, the subscribed capital amounts to EUR 19,625,976.00 in total (previous year: EUR 19,625,976.00).

The share capital consists of 19,625,976 ordinary bearer shares in the form of no-par value shares with a notional interest in the share capital of EUR 1.00 per share. Further details are provided in Note 25 and Note 29 in the Notes to the Consolidated Financial Statements.

There are no different share classes or shares with special powers conferring control rights. There are also no statutory restrictions on the voting rights or the transfer of shares. The Executive Board is not aware of any such agreements between shareholders.

The Executive Board contracts each contain a notice of termination in favour of the Executive Board members in the event of a change of ownership (change of control). With regard to compensation agreements of the company and members of the Executive Board or employees, we refer to the disclosures in the Notes to the Consolidated Financial Statements.

Apeiron directly and/or indirectly holds more than 15% of the voting rights. Plutus Holdings 2 Ltd., SRE Holding GmbH and Novofam Macro LLC each hold, directly and/or indirectly, more than 10% of the voting rights. Insofar as employees hold an interest in the capital, they exercise their voting rights directly. Further information is provided in Note 56 in the Notes to the Consolidated Financial Statements.

The Executive Board is appointed by the Supervisory Board in accordance with Section 84 AktG. The number of members of the Executive Board is determined by the Supervisory Board, which also determines the duration of the Executive Board mandates. The Supervisory Board is authorised to make amendments to the Articles of Incorporation, which concern only their version. The General Meeting also decides on amendments to the Articles of Incorporation. The Executive Board is authorised, subject to the approval of the Supervisory Board, to issue new shares once or more than once from the authorised capital approved by the General Meeting and from the conditional capital of the company resolved by the General Meeting, thereby increasing the company's capital.

Conditional Capital

The share capital of DEAG has been conditionally increased by an amount of EUR 1,905,455.00 (Conditional Capital 2019/I) in accordance with the resolution of the General Meeting on 27 June 2019. The entry in the commercial register was made on 8 July 2019.
The conditional capital increase serves exclusively to fulfil subscription rights granted on the basis of the

authorisation of the Annual General Meeting on 27 June 2019. It will only be implemented to the extent that the holders of subscription rights issued under the 2019 Stock Option Plan exercise their right to subscribe to shares of the Company and the Company does not deliver treasury shares to fulfil the options. The new shares participate in the profit from the beginning of the financial year for which no resolution on the appropriation of profits has been passed at the time of their issue. The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

We refer to Note 29 of the Notes to the Consolidated Financial Statements. Therefore, there is still a conditional capital 2019/I that can be used in its entirety.

Authorised Capital

The General Meeting on 27 June 2019 created new authorised capital with the abolition of the unused authorised capital (Authorised Capital 2014/I). The Executive Board was authorised, subject to the approval of the Supervisory Board, to increase the share capital by a total of EUR 9,527,278.00 by 26 June 2024 (Authorised Capital 2019/I).

The resolution on authorised capital 2019/I was entered in the Commercial Register on 8 July 2019.

The Authorised Capital (2019/I) has not yet been used.

Acquisition of Treasury Shares (Section 71 (1) no. 8 AktG)

DEAG is authorised by resolution of the Annual General Meeting on 25 June 2020, pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares up to 10% of the capital stock at the time the resolution is passed by 24 June 2025, with the approval of the Supervisory Board. The decision is to be made by the Executive Board. Such a purchase may only be effected via the stock market or through a public purchase offer addressed to all shareholders. This authorisation has not yet been exercised. The company held 615 treasury shares on 31 December 2020.

3.3 REMUNERATION REPORT

The Supervisory Board determines the remuneration of the Executive Board on an individual basis. In addition to fixed remuneration, the members of the Executive Board also receive a variable component (bonus).

The bonuses for the Executive Board are calculated on the basis of individually agreed contractual arrangements based on the results achieved (EBITDA, EBIT) by the Group. In addition, the Supervisory Board may decide to pay additional remuneration, whereby the total remuneration to be achieved is limited for each member of the Executive Board by contract. Furthermore, benefits are provided, in the form of granting a company car or as grants for health and long-term care insurance, for example.

The remuneration granted to the Executive Board in 2020, including fringe benefits, amounted to a total of EUR 2.9 million (previous year: EUR 3.2 million). The Executive Board received benefits including fringe benefits amounting to EUR 3.1 million (previous year: EUR 1.8 million) in the reporting year. This included remuneration for activities at subsidiaries included in the Consolidated Financial Statements (EUR 163 thousand, 2019: EUR 148 thousand).

The first tranche of the 2019 share option programme was issued in the previous year. In this connection, each Executive Board member active on the issue date of 1 December 2019 was granted 79,394 subscription rights. The pro rata value of the options is reported as multi-year remuneration (granted allowance per Executive Board member in 2019 in the amount of EUR 66 thousand). There were no changes in the reporting year.

The remuneration of the Supervisory Board is regulated in the Articles of Incorporation. The fixed annual remuneration of the Supervisory Board has amounted to EUR 28,000.00 since 1 January 2017. On the other hand, no variable remuneration is received. The Chairman of the Supervisory Board receives twice the remuneration, his deputy 1.5 times. The members of the Supervisory Board also receive an attendance fee of EUR 1,000.00 for each meeting, as well as reimbursement of all expenses and value added tax on their remuneration.

4 REPORT ON OPPORTUNITIES AND RISKS

4.1 INTERNAL MONITORING AND RISK MANAGEMENT SYSTEM

Pursuant to Section 91 (2) AktG, the Executive Board is obliged to take appropriate measures and, in particular, to set up a monitoring system in order to identify the risks that pose a threat to the company and the Group early on. Risks are an inherent part of business activity. This requires that the strategic and operational risks be recognised, assessed and reported.

At the same time, DEAG and the DEAG Group are always exposed to a number of general market and business risks, as well as various specific risks that are linked to the industry, in particular, as this is a volatile business.

A monitoring system has been set up at DEAG and the DEAG Group with which the company's and the Group's continued existence can be secured by recognising threatening developments at an early stage. The monitoring of business activity for the early detection of threatening risks is currently being carried out to a large extent by the Executive Board and the Corporate Controlling division at headquarters. The focus of the risk management system is on liquidity planning, project calculations and monitoring of the advance sales figures of all operating subsidiaries as well as the ongoing forecast of the earnings situation of the individual companies and the Group. Group management is based on financial (revenue, EBITDA and EBIT) and non-financial (ticket sales) performance indicators. The risks identified are checked regularly with the business unit responsible over the course of the year with the aim of eliminating or minimising existing risks. As part of this process, the opportunities and risks are identified, quantified jointly by the Executive Board and the Managing Directors of the subsidiaries, and control measures are defined that are reviewed regularly and adapted as necessary.

Regular forecasts and plan/actual comparisons are prepared for the individual business segments. Pre-calculations and post-calculations are carried out for projects at the business unit level. The most important operational control variable is break-even capacity utilisation, the achievement of which is monitored by means of a regular query of the advance sales figures. Liquidity planning is regularly prepared for the Group's core business areas. By transferring accounting to the holding company or through a standardised exchange of information with the subsidiaries, the Executive Board is constantly informed of the earnings, asset and financial situation.

Group-wide risk management is the responsibility of DEAG's commercial department. It provides the

In connection with the pandemic, which is currently having a negative impact on the operating business, there are risks, in particular, related to its duration, the conditions imposed by the authorities in the future in connection with the staging of events, as well as the availability of artists and productions as a result of entry restrictions in the respective national markets. With regard to the management's current assessment of the effects of the coronavirus risk, please refer to 5. Forecast Report.

The DEAG Group has various insurance policies. These are intended to cover risks associated with business activities, in particular the staging and cancellation of concerts and other events. Chief among these are the risks that concerts or other events must be cancelled at short notice because the respective artist does not or cannot perform, but also due to force majeure. If a company included in the Consolidated Financial Statements is not or is only insufficiently insured in such a case or in the case of other loss events, the obligations arising from the respective loss event could have a material adverse effect on the results of operations, net assets and financial position of this company and thus also of the Group.

4.2.2 Valuation of Goodwill and Other Intangible Assets

Due to the uncertainties in the DEAG Group's operating business referred to earlier, further depreciation of the goodwill or financial assets as well as the other intangible assets of the Group recognised in the context of the purchase price allocation cannot be ruled out in the future if the actual results of the subsidiaries differ from expectations. This applies to both existing and possibly new goodwill from other company acquisitions. Impairment tests are carried out for the goodwill of each Group's cash generating unit.

Within the Group, a portion of the difference between the purchase price and the equity of the acquired company shares is allocated to brands and to artist and agent relationships. This portion is written off on a scheduled basis.

4.2.3 Investment Property

The Group continues to report the sale of the sub-lots located around Frankfurt's Jahrhunderthalle (Note 17 to the Consolidated Financial Statements) in the balance sheet under the item "Investment Property."

In 2015, DEAG established a 50:50 joint venture with a Frankfurt/Main-based real estate investor in connection with the Jahrhunderthalle transaction and sold the land earmarked for development to this investor subject to a condition precedent.

With the granting of a building permit, the transfer of ownership is to be carried out and the entire real estate or parts thereof are to be fully developed and marketed by the joint venture under the responsibility of the real estate investor. In the case of a positive and successful development of the properties, an additional profit would be generated that would exceed the book value (EUR 5.6 million). Concrete planning procedures have thus far been blocked due to legal concerns regarding the proximity of the Hoechst Industrial Park and the resulting legal questions concerning the applicability of the so-called Seveso III Directive, according to which minimum distances between construction projects and certain operating areas must be observed. DEAG nevertheless considers the creation of building rights to be realistic in the medium term and sees itself strengthened in this regard by the developments in 2018. For example, the city of Frankfurt/Main and the industrial park operators have reached an agreement under which the operators of the industrial park will not take any legal action in the future against (residential) construction projects outside a radius of 500 m (measured from the border of operations). In return, the city of Frankfurt/Main undertook not to plan and approve any uses particularly worthy of protection such as residential buildings, schools and retirement homes located within the 500 m radius. The legal certainty created by this agreement now enables the construction of up to 3,000 apartments near the industrial park, especially in the parking town of Unterliederbach next to the Jahrhunderthalle and the associated infrastructure development, e.g. with retail trade.

If the building capacity is not approved as planned or if the estimated prices per square meter are significantly reduced for other reasons, there is a risk of a substantial impairment, which would have a negative impact on the company's assets and earnings situation.

4.2.4 Financial Liabilities

The financing of the operating business depends on the ability of the companies of the DEAG Group to generate sufficient cash flow in a volatile business or to arrange external financing sources (debt or equity).

For this reason, DEAG has agreed on comprehensive framework lines with its house banks, which are to be used for the purposes of acquisition financing (EUR 5.5 million), the pre-financing of touring and concert events (EUR 6.0 million) as well as the operating business (EUR 13.0 million).

The current rate of return on the respective draws and claims is, on the one hand, based on the general development of the EURIBOR.

The respective financing conditions reflect the favourable market level and DEAG's rating. The framework lines could be terminated on the basis of the general terms and conditions if the DEAG Group's net assets, financial position and results of operations have deteriorated sustainably compared to the date of the respective grant, and compensatory measures such as the appointment or reinforcement of bank collateral to hedge the respective claims do not succeed.

Furthermore, DEAG issued a corporate bond in the amount of EUR 20 million in October 2018. This corporate bond was increased by another EUR 5.0 million in 2019. The bonds from the 2018/2023 corporate bond are listed on the Open Market of the Frankfurt Stock Exchange. The bonds bear interest at a rate of 6% per year. Interest is payable annually in arrears in October of each year. Unless the bonds have already been fully or partially redeemed or purchased and cancelled, DEAG is obliged to redeem the bonds at their nominal value on 31 October 2023.

In December 2020, DEAG received approval from the state development bank KfW for a loan from the KfW Special Programme 2020 of EUR 25 million in two tranches to finance working capital. The loan is being provided via its principal banks. The first tranche of EUR 15 million is available for immediate drawdown, while the second tranche of up to EUR 10 million can be drawn down from 30 September 2021 until a maximum of 12 months after loan approval if defined key figures (cash and cash equivalents and EBITDA) are exceeded. The loan bears an interest rate of 2% p.a. The term of both tranches is six years. After the grace period of the first year, repayments will be made on a quarterly basis. The terms of the loan contain otherwise common conditions.

instruments, processes and know-how required for risk management.

The preparation of the individual financial statements – including the holding company – according to the respective national law is the responsibility of the executive bodies. The accountants of the individual companies – including the holding company – are supervised and professionally supported by the Head of Finance and Accounting and the Chief Financial Officer at headquarters. Experts are assigned to certain topics. Their assessments are reviewed at headquarters and the results are then processed in the accounting department of the respective individual company.

The Consolidated Financial Statements are prepared by the parent company's accounting department in accordance with IFRS, which also defines the main processes and sets the deadlines. There are binding instructions for intercompany coordination and other financial statements.

Standard software is used to display the accounting processes in the individual financial statements and to prepare the Consolidated Financial Statements, with the respective access rights of the respective parties clearly defined.
The separation of functions and dual control principle are consistently implemented in all processes in the accounting department. Where gaps can arise due to the small size of the area, these are attended to by knowledgeable employees in other areas.

The internal control system in the financial reporting system continuously monitors these principles. The risks relevant to the DEAG Group with regard to a reliable control environment as well as proper financial reporting are recorded centrally in a risk catalogue. This is reviewed and updated annually by the Head of Finance and Accounting and the Chief Financial Officer.

Under the provisions of the German Commercial Code, we are obliged to point out the opportunities and risks of future development. This Combined Management Report and Group Management Report, as well as further information on the financial year, include future-oriented assumptions and estimates that involve risks which could cause the actual results to differ from our expectations.

4.2 RISK REPORT

4.2.1 Market/Competition

The DEAG Group operates in a competitive market. The company strives to recognise changes in the market at an early stage and react to them. Nevertheless, the market environment can change surprisingly, which could lead to risks for the Group's business. This applies, for example, to possible changes in leisure and consumption behaviour, which could adversely affect ticket sales in the area of Live Entertainment. The DEAG Group's business is largely dependent on ticket sales.

In addition, the conditions for the availability of artists who meet the taste of the audience can change, and new, strong competitors could possibly enter the market and compete with the DEAG Group.

Furthermore, business success, particularly in the Rock/Pop division, is dependent on the extent to which DEAG's subsidiaries succeed in counteracting the artists' increasing payment demands for performing. The decline in the volume of recording media sales increases the importance of the organisers. This, in turn, improves our bargaining position.

The DEAG Group's business is also determined by whether or not the appropriate venues are available.

For the most part, venues are rented for the respective event. If the artists are unable to perform at the respective venues, this could adversely affect the Group's business. DEAG has secured exclusive access to 9 venues, partly through long-term contracts.

DEAG's business development and the expansion of its business volume also depend on the extent to which it is possible to identify and acquire majority shareholdings in attractive companies that fit in in terms of their origin and business model and contribute appropriately to its business development. In principle, there are still good opportunities to achieve growth and synergies through acquisitions, even though DEAG operates in an increasingly consolidating market. In order to achieve broader diversification, DEAG is continuously examining the possibility of expanding existing genres and/or opening up new divisions.

In addition, there is a dependency on artists, agents, producers and other players in the industry with regard to current business relationships and the establishment of new business relationships. As a result of the Brexit, there may also be restrictions on the use of intra-European freedom of movement.

The availability of distribution channels, particularly pre-sale systems, also has a major impact on business success. DEAG is becoming increasingly independent by establishing and expanding the Myticket platforms, but also through the majority shareholding in Gigantic Tickets Ltd., including the ticketing platform Gigantic.com, in the UK that was acquired in December 2019.

The Group's course of business is also influenced by whether it is still able to attract, retain or, in the event of a departure, compensate for the loss of qualified employees and industry know-how for the company. This is especially the case in the entertainment industry, which is strongly dependent on the relationships and contacts of individual persons. The members of the Executive Board of DEAG and the Managing Directors of its subsidiaries and shareholdings are particularly important in this regard. Fluctuation in these employee groups was low in 2020. In order to provide further long-term incentives for these employees and to allow them to participate in the company's success, a stock option programme was set up in 2019 and corresponding stock options were issued to the Executive Board, members of the management of the subsidiaries and other management personnel. Upon completion of the delisting, the stock option programme will be terminated and replaced by a performance-based bonus programme.

Business success in the Rock/Pop division depends on the successful integration of acquired shareholdings in Germany as well as possible further company acquisitions. In the Classics & Jazz division, further success depends on the extent to which well-established top stars can be retained on a medium and long-term basis, and new artists can step forward. The Group counters this risk with a broad portfolio of artists.

Events due to force majeure such as terrorist attacks and health risks such as the current spread of the pandemic can have an impact on DEAG's business success. Should such events occur more frequently in the future or should the pandemic in connection with the coronavirus have a longer impact than expected and lead to events having to be cancelled more frequently due to official requirements, it cannot be ruled out that this will have a negative impact on the development of the Group. In such cases, DEAG first checks whether the event can be postponed to a later date. Furthermore, these risks are covered by insurance for the most part with regard to the current order backlog. At present, it can be assumed that no pandemic inclusion will be included in the insurers‘ provisions for additional, new projects.

In connection with the pandemic, which is currently having a negative impact on the operating business, there are risks, in particular, related to its duration, the conditions imposed by the authorities in the future in connection with the staging of events, as well as the availability of artists and productions as a result of entry restrictions in the respective national markets. With regard to the management's current assessment of the effects of the coronavirus risk, please refer to 5. Forecast Report.

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Furthermore, DEAG issued a corporate bond in the amount of EUR 20 million in October 2018. This corporate bond was increased by another EUR 5.0 million in 2019. The bonds from the 2018/2023 corporate bond are listed on the Open Market of the Frankfurt Stock Exchange. The bonds bear interest at a rate of 6% per year. Interest is payable annually in arrears in October of each year. Unless the bonds have already been fully or partially redeemed or purchased and cancelled, DEAG is obliged to redeem the bonds at their nominal value on 31 October 2023.

In December 2020, DEAG received approval from the state development bank KfW for a loan from the KfW Special Programme 2020 of EUR 25 million in two tranches to finance working capital. The loan is being provided via its principal banks. The first tranche of EUR 15 million is available for immediate drawdown, while the second tranche of up to EUR 10 million can be drawn down from 30 September 2021 until a maximum of 12 months after loan approval if defined key figures (cash and cash equivalents and EBITDA) are exceeded. The loan bears an interest rate of 2% p.a. The term of both tranches is six years. After the grace period of the first year, repayments will be made on a quarterly basis. The terms of the loan contain otherwise common conditions.

Furthermore, subsidiaries of DEAG agreed with their respective principal banks on government-backed financing in the amount of GBP 4.0 million and CHF 1.6 million.

The current financial and non-financial covenants of the financing arrangements are monitored on an ongoing basis. Non-compliance with financial covenants can make the underlying financing slightly more expensive and/or limits the committed framework of the financing.

DEAG is dependent on successful ticket sales and thus positive business developments in the financing of its operations, including organic and external growth. In individual cases, DEAG has entered into commitments (in particular for payments to performing artists) and has had to provide advance payments in terms of liquidity since there are temporary differences between the disbursements and payments from ticket sales. In such cases, the relevant pre-production costs would need to be covered by other sources, such as other untied financial resources or by drawing on the credit lines from its banks.

On the basis of current revenue and earnings forecasts and the liquidity derived from it, the Executive Board estimates this and the financial position of the company and the Group to be in order, also with regard to financing requirements for internal and external growth. With regard to the forecast, please refer to Note 5, the Forecast Report.

In the year under review and currently, the COVID-19 pandemic in the core markets is affecting the DEAG Group's operating business. For this reason, DEAG and its subsidiaries have also made and continue to make use of government-funded options such as short-time working. In addition, management is strengthening the currently good liquidity position. This includes, in particular, measures aimed at increasing flexibility and expanding existing lines of credit with the company's banks, but also at creating the conditions for accessing government support programs.

Should the course of business differ from planning, for instance as a result of a longer term ban on holding events as an effect of the COVID-19 crisis, which permanently and sustainably worsens the earnings power of the DEAG Group, liquidity shortages could occur if the planned financial inflows and credit lines are not sufficiently available. DEAG would then have to rely on being able to obtain additional financing sources (debt or equity).

At the time of preparation of the Annual Financial Report, DEAG's Executive Board assumes that the risks do not jeopardise the continued existence of the company or the Group. However, it cannot be ruled out that the COVID-19 pandemic or other influencing factors, which are not yet known or are not currently classified as material, could affect the continued existence of the company or the Group in the future.

4.2.5 Financial Instruments

The DEAG Group is exposed to interest rate, currency, creditworthiness and liquidity risks with regard to its assets, liabilities and operating business.

Parts of the interest paid by the Group's borrowings are directly EURIBOR-based. Capital costs are thus partially subject to interest rate risk. In view of the current interest rate trend, the Executive Board considers the risk for DEAG and the Group to be low, therefore no interest rate hedges were arranged during the reporting period.

Payments to artists, orchestras, show productions, etc. are partly USD-based and therefore subject to the currency risk against the EUR, the CHF or the GBP. The same applies to dividends paid by foreign subsidiaries in CHF and GBP. The company regularly performs analyses to anticipate the effects of currency fluctuations and to assess whether hedging transactions are beneficial. In the reporting period and the following financial year, currency hedging transactions (USD and GBP) were carried out for intercompany loans and a purchase price liability that stemmed from an acquisition.

With regard to the receivables from business partners, DEAG and the DEAG Group are dependent on their continued existence as well as their creditworthiness and thus their ability to pay. Active receivables management is carried out to reduce the risk. In addition, advance payments are agreed. In the period under review, provision was made for individual adjustments to some receivables.

Potential liquidity risks are covered by short-term and medium-term plans. The task of financial management is to ensure the timely payment of all liabilities. In addition, compliance with financial and non-financial covenants with credit institutions and bond holders is monitored on an ongoing basis. The company has both long-term and short-term credit relationships.

The portfolio of primary financial instruments is shown on the balance sheet; the amount of the financial assets corresponds to the maximum default risk. To the extent that there are default risks in the case of financial assets, these risks are recorded through valuation adjustments.

4.2.6 Tax Risks

DEAG has established a risk management system for the holding company and its major subsidiaries. This includes measures for the recording, valuation and reduction of potential tax risks. Experts are consulted on special topics. Their findings are reviewed at headquarters and the results are then taken into account accordingly.

In the case of sufficiently concrete, assessable tax risks that are likely to occur, existing tax credits have been reduced or corresponding provisions have been passivated.

In addition, further payment obligations could arise as a result of current and future tax audits, the amount of which cannot be reliably estimated at present.

4.2.7 Litigation and Lawsuits

DEAG currently carries out both active and passive legal proceedings. Insofar as claims for damages from pending proceedings are capitalised, these are secured by litigation guarantees, if they are material. Where risks are discernible, these risks are generally recognised in the Consolidated Financial Statements on the one hand by making valuation adjustments on the assets and on the other by way of provisions. In the reporting year, provisions were only made for litigation costs where necessary. There are no individual risks from passive lawsuits that require provisions. For the amount of the resulting contingent liabilities, please refer to our comments in Note 51 of the Notes to the Consolidated Financial Statements.

4.2.8 Insurance Reimbursements and "Corona Aid"

DEAG has extensive insurance coverage for events that had to be cancelled or postponed due to official bans on events. The insurance claims include event-related costs and, in some cases, project profits. The claims for reimbursement for cancelled events and the related event-related costs of the respective insured event are recognised at fair value in the financial year, provided there is sufficient certainty that the insurance company will compensate for the loss.

DEAG applied for conditional and unconditional funding from "corona" aid programmes in the reporting period. Insofar as these are unconditional subsidies and the respective subsidy period covered the reporting year, these claims were capitalised, taking into account any reductions by the relevant subsidy providers. In the case of conditional funding, these funds can only be realised once the funding requirements have been met in full.

There are risks that realised insurance reimbursements and subsidies will not be recognised to the extent applied for.

4.2.9 Holding Structure

The company itself has nearly no operating business, but rather acts as the holding company of the DEAG Group. At the present time, the company's assets are largely made up of the shares in its operating subsidiaries and receivables from these subsidiaries. With these, the company is partly linked by control and profit transfer agreements. The company itself is therefore dependent on the fact that the operating companies of the DEAG Group are able to generate and transfer profits. On the other hand, the company is obliged to compensate for any losses that may be incurred against the parties involved in control and profit transfer agreements. This may have materially adverse effects on the company's net assets, financial position and results of operations.

In order to avoid or minimise these risks, the company operates a risk management system at Group level that includes all subsidiaries (see 4.1 Internal Monitoring and Risk Management System). Through this risk management system, the opportunities and risks at the Group level are recorded and assessed, control measures are defined and monitored and the uniform Group accounting process is ensured.

4.3 OPPORTUNITIES REPORT

DEAG has an intact business model and expects business activities to return to nearly normal condition in 2022 following the transition year 2021. In view of good internal and external growth opportunities, the company considers itself well positioned in the long term.

Financial stability: DEAG has a solid financial base, which allows it to have "staying power" during the COVID-19 pandemic. As of the end of December 2020, DEAG had cash and cash equivalents, including bank credit lines, of EUR 65.2 million. In December 2020, DEAG received a commitment from KfW, the German state-owned development bank, for a loan of EUR 25 million in two tranches to finance working capital. The first tranche of EUR 15 million had already been drawn down before this report was published while the second tranche of up to EUR 10 million can be drawn down from 30 September 2021 until a maximum of twelve months after the loan commitment. The reimbursement volume claimed from the insurance company currently amounts to EUR 23.7 million. DEAG has currently received funds of EUR 16.4 million in total from its insurance company for events cancelled and rescheduled "due to force majeure." An additional EUR 7.3 million is in the process of being settled. DEAG has taken advantage of available funding programmes in all its national markets, from which it has received around EUR 2.2 million to date. DEAG intends to submit further applications that relate to calendar year 2021, some of which could not yet be submitted due to the complex funding conditions that have not yet been finalised. In January 2021, and thus after the end of the reporting period, DEAG agreed to a delisting offer with existing investors. In this agreement, the largest single shareholder Apeiron and its bidder company Musai have pledged to support the company's further growth strategy after the delisting.

External growth opportunities: DEAG has a wealth of expertise in the area of mergers and acquisitions and pursues a consistent buy & build strategy with further synergy potential and additional growth opportunities in all divisions. In the reporting period, DEAG continued to successfully pursue its international expansion course despite the COVID-19 pandemic. In September, DEAG founded the joint venture "Singular Artists" together with renowned promoters in Ireland. Singular Artists organises concerts and events in Ireland and Northern Ireland and is to be developed into a strong, independent brand in the years to come. There are good growth opportunities in Ireland for the company's own ticketing business with the Group's own ticketing platforms MyTicket and Gigantic.com following the operational launch of Singular Artists. After the end of financial year 2020, in January 2021, DEAG also acquired a majority stake in the Danish promoter and international producer CSB Island Entertainment ApS. Through the cooperation with CSB, the company expects positive synergy effects in the live entertainment business as well as growth impulses for the ticketing business in Scandinavia. The companies taken over by DEAG will in all likelihood increase their sales and EBITDA due to synergy effects with DEAG. As before, the live entertainment and ticketing market in Europe remains very fragmented. DEAG intends to continue to play an active role in market consolidation, with a focus on complementary ticketing acquisitions.

European growth markets: DEAG continues its expansion into other European countries despite economic slowdowns and uncertainties due to the COVID-19 pandemic. With its subsidiaries, DEAG is currently present in 13 locations. Following the founding of Singular Artists, Ireland has been one of the company's core markets since September 2020, in addition to Germany, the UK and Switzerland. Furthermore, DEAG has also been active in Denmark since the beginning of 2021. Scandinavia is an economically strong market and is considered to be particularly digitally affine. There are great growth opportunities for the ticketing business in particular. DEAG has a heterogeneous and broad range of events across Europe with considerable revenue and synergy potential.

Family Entertainment: In the area of Family Entertainment, DEAG sees above-average growth opportunities for the future thanks to its attractive content and newly established formats. It can look forward to a promising range of offerings in 2021 and the years to come. With various shows such as "Disney on Ice" in Germany and Switzerland, DEAG can benefit from a broad and reliable target audience, internationalisation through licensing models and increasing ticket sales – especially through its own ticketing platform.

Arts+Exhibitions: The Arts+Exhibitions division includes events such as the Potsdamer Schlössernacht and successful formats such as TimeRides, where visitors can go on a virtual journey through time in Berlin, Cologne, Dresden, Munich and Frankfurt/Main using virtual reality, and the Christmas Garden. The Christmas Garden in particular has been enormously popular with visitors for years. In the 2019/2020 season, which ended in January 2020, the Christmas Garden attracted 950,000 visitors at six locations, including the first Christmas Garden outside of Germany in Madrid. For the 2020/2021 season, the plan was to expand the successful format to ten locations with up to 1.5 million visitors. DEAG was already experiencing strong demand for tickets for the format, which had to be cancelled due to the situation surrounding the pandemic and the measures taken by the German government to contain the virus, with the exception of the Christmas Garden in the UK. Plans are in place to expand the Christmas Garden to at least 15 locations in five countries in 2021.

Ticketing: As a tour organiser and local promoter in the live entertainment sector, DEAG sells more than 5 million tickets in years not impacted by the pandemic. An ever-increasing share of ticket sales for events is processed via the Group's own ticketing platforms myticket.de, myticket.at, myticket.co.uk and Gigantic.com for its own and third-party content. DEAG's ticketing platforms receive highly attractive content from the Rock/Pop, Classics & Jazz, Family Entertainment and Arts+Exhibitions business segments and generate significantly higher margins than the Live Content business segment. In particular, the trend towards online ticket sales, which has been reinforced by the COVID-19 pandemic, offers attractive growth potential for DEAG in the years ahead. In the medium term, DEAG aims to increase the volume sold via its own platforms each year and to become an established sales channel in its core markets, not only in the area of concerts and events, but also in the areas of sports and exhibitions. MyTicket was expanded during the reporting period to include new functions for corona-compliant ticket purchasing. These include an intelligent seating plan with "Organic Social Distancing," which ensures the best possible occupancy while complying with all hygiene and distance rules, as well as functions for buyer personalisation and ticket holder personalisation. In the event of an infection incident, this enables seamless contact tracking of all visitors.

Extraordinary income from the development and sale of the Jahrhunderthalle properties: DEAG is the operator of the Jahrhunderthalle venue and conference centre and owns the site with an area of around 45,000 m2 in a joint venture with a real estate investor based in Frankfurt/Main. With the granting of a building permit for the plots around the Jahrhunderthalle, the entire site or parts thereof are to be completely developed and marketed by the joint venture under the leadership of the real estate investor. A corresponding agreement with the city of Frankfurt/Main enables the development of residential and commercial space. In the event of a positive and successful development of the properties, an additional profit will be generated which will be significantly higher than the book value of EUR 5.6 million.

5 FORECAST REPORT

After an initially successful start to financial year 2020 and business developing according to plan in the first quarter, DEAG's operating business has been severely impacted by the rapid spread of the COVID-19 pandemic since the beginning of March 2020. Due to officially ordered event bans in the company's core markets, business activity was negatively impacted, particularly with regard to ticket sales and the sourcing of artists for shows, tours and other events. Overall, however, DEAG has proven to be resilient to the effects of the pandemic in financial year 2020. This is due, among other things, to insurance refunds for events cancelled and postponed due to force majeure, the commitment received from the German state development bank KfW for a loan of EUR 25 million and greatly reduced overhead costs of around 30%. In addition, DEAG has taken advantage of available funding programmes in all its national markets. The company and its subsidiaries intend to submit further applications, some of which have not yet been submitted due to complex funding conditions that have not yet been finalised.

On the other hand, DEAG has an intact business model and, as a live entertainment service provider, has further consolidated its broadly diversified business model with its five divisions Rock/Pop, Classics & Jazz, Family Entertainment, Arts+Exhibitions and Ticketing, on the market and, through the successfully implemented organic and inorganic growth steps, laid the foundation for continued dynamic company development in terms of sales and earnings. The further development of the profitable business segments and the creation of own brands and rights are the main drivers of business development, along with the high-growth ticketing business.

For the current financial year 2021, which DEAG considers a transitional year in view of the COVID-19 pandemic, the Executive Board expects significant increases in revenue and operating EBITDA for the Group compared to 2020. The prerequisite for this is a levelling off of the infection in DEAG's core markets. Among other measures, this should be helped by the fact that from April 2021 vaccinations against COVID-19 may also be carried out in doctors' practices in Germany and that all citizens in Germany are to receive a vaccination offer in the summer. DEAG expects an increasing recovery of business activity in Germany from the fourth quarter of 2021 and in the UK, the company's most important second market, already in the third quarter of 2021 due to the advanced situation with regard to vaccinations. DEAG expects its business activity to return to nearly full normality in 2022.

For loss minimisation reasons and to take fan interest into account, DEAG is in intensive dialogue with artists and partners on rescheduling the events. On the basis of more than EUR 100 million in contracted turnover postponed to 2021 and existing established successful formats, DEAG is ideally positioned to return to its pre-crisis level after the end of the pandemic.

At present, it cannot be ruled out that the period for which general event bans apply will be extended further, contrary to general market expectations and the assessment of the Executive Board, and that the fourth quarter of 2021 and the subsequent quarters may therefore be affected. Therefore, the Executive Board does not rule out a similar development for the current financial year as in 2020. From today's perspective, it is impossible to provide a detailed outlook for the current year as of the balance sheet date.

In the short term, the Executive Board will manage the situation as well as possible while also keeping an eye on strategically strengthening the business model so that the momentum of the very good revenue and earnings growth will continue once the situation has normalised. In this context, DEAG announced after the end of the reporting period in January 2021 that it plans to delist from the stock exchange. To this end, it has agreed on a delisting offer from current investors. In this agreement, the largest single shareholder Apeiron and its bidder company Musai have pledged to support the company's further growth strategy after delisting.

Forward-looking statements

In addition to the historical figures contained in the annual financial statements, this report also contains forward-looking statements. These statements may differ from actual developments.

Berlin, 31 March 2021

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L.H. Schwenkow

Christian Diekmann

Detlef Kornett

Roman Velke

Moritz Schwenkow

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CONSOLIDATED BALANCE SHEET

ASSETS

EUR thousand	Notes	31 Dec. 2020	31 Dec. 2019
Cash and cash equivalents	8	46,003	46,341
Trade receivables	9	2,329	12,704
Down payments	10	14,051	12,056
Income tax claims		908	520
Inventories	11	665	1,064
Other current financial assets	12	11,775	3,794
Other current non-financial assets	12	8,107	2,956
Current assets		**83,838**	**79,435**
Goodwill	14	34,104	33,379
Other intangible assets	14	29,530	32,806
Property, plant and equipment	15	23,771	26,094
Investment properties	17	5,625	5,625
Investments	18.1	2,753	2,340
Financial assets accounted for using the equity method	18.2	571	49
Down payments	10	460	500
Other non-current financial assets	19	3,865	3,392
Deferred tax assets	20, 39	1,964	1,558
Non-current assets		**102,643**	**105,743**
Assets		**186,481**	**185,178**

EQUITY AND LIABILITIES

EUR thousand

	Notes	31.12.2020	31.12.2019
Bank loans payable	21, 28	14,598	10,959
Trade accounts payable	22	10,024	18,337
Provisions	23	4,906	7,408
Contractual liabilities	24	60,220	50,001
Income tax liabilities		1,337	2,111
Other current financial liabilities:	26	9,738	10,875
Other current non-financial liabilities	26	4,634	5,118
Current liabilities		**105,457**	**104,809**
Provisions	23	265	279
Bond	25	24,261	24,032
Bank loans payable	20, 28	8,697	2,995
Contractual liabilities	24	26	93
Other non-current financial liabilities	27	20,189	20,882
Deferred tax liabilities	20, 39	6,135	6,932
Non-current liabilities		**59,573**	**55,213**
Subscribed capital		19,625	19,625
Capital reserve	29	28,695	28,695
Retained earnings		-466	-466
Balance sheet loss		-37,729	-36,495
Cumulative other result	29	1,954	1,698
Equity attributable to DEAG'S shareholders		**12,079**	**13,057**
Shares of other shareholders	29	9,372	12,099
Equity	29	**21,451**	**25,156**
Equity and liabilities		**186,481**	**185,178**

CONSOLIDATED STATEMENT OF INCOME

in EUR thousand

	Notes	1 Jan. to 31 Dec. 2020	1 Jan. to 31 Dec. 2019
Revenues with customers		33,041	185,212
Other Revenues*		16,904	-
Revenues	**31**	**49,945**	**185,212**
Cost of sales	32	-37,849	-143,364
Gross profit		**12,096**	**41,848**
Distribution costs	33	-6,215	-18,266
Administrative expenses	34	-16,103	-19,641
Other operating income	35	13,180	4,804
Other operating expenses	36	-1,948	-1,005
Operating profit (EBIT)		**1,010**	**7,740**
Financing income and expenses	37	-4,198	-3,940
Income from investments	38	-398	-379
Shares in profits and losses in companies accounted for using the equity method	18	-194	-1525
Financial result		**-4,790**	**-5,844**
Loss/Profit before taxes		**-3,780**	**1,896**
Income tax	39	893	-1,337
Loss/Profit after taxes from continued business units		**-2,887**	**559**
Loss after tax from discontinued business operations	40	**-21**	**-7**
Consolidated profit after taxes		**-2,908**	**552**
of which attributable to other shareholders		-1,674	1,739
of which attributable to DEAG shareholders (Group result)		**-1,234**	**-1,187**
Earnings per share in EUR (undiluted)			
from continuing operations	29	-0,06	-0,06
from continued and discontinued operations	29	-0,06	-0,06
Earnings per share in EUR (diluted)			
from continuing operations	29	-0,06	-0,06
from continued and discontinued operations	29	-0,06	-0,06
Average number of shares in circulation (diluted / undiluted)	29	19,625,361	19,136,758

* These are insurance reimbursements related to events which had to be cancelled due to official event bans.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand

	2020	2019
Consolidated earnings after taxes	**-2,908**	**552**
Other result		
(+/-) currency conversion differences (independent foreign units)	467	-161
Amounts that may be reclassified to the income statement in future periods	**467**	**-161**
(+/-) actuarial gains and losses recorded in equity	61	9
(+/-) Deferred tax assets	-11	-2
Amounts that are not reclassified to the income statement	**50**	**7**
Total other result	**517**	**-154**
Total comprehensive income	**-2,391**	**398**
of which attributable to		
shares of other shareholders	*-1,418*	*1,469*
the equity provider of the parent company	*-973*	*-1,071*

CONSOLIDATED STATEMENT OF CASH FLOWS (TZ. 43)

in EUR thousand

	2020	2019
Group result from continued operations after taxes	-2,887	559
Depreciation and amortisation	8,029	6,353
Earnings / expenditures from the disposal of fixed assets	-310	-1
Changes not affecting cash	-15,528	-2,240
Change in other provisions	-2,661	-2,202
Result from changes in the scope of consolidation	-	-2,559
Deferred taxes (net)	-1,194	9
Result from the valuation of associated companies accounted for using the equity method	194	1,525
Cash flow before changes in net current assets	**-14,357**	**1,444**
Financial income/expenses	4,198	3,940
Changes to receivables, inventories and other assets	8,674	3,369
Changes to other loan capital excluding financial debts	3,907	7,694
Net cash flow from continued operations	**2,422**	**16,447**
Net cash outflow from discontinued operations	-18	-4
Net cash flow from operating activities (total)	**2,404**	**16,443**
Outflows for investments in ...		
...intangible assets	-879	-1,356
... and financial investments	-2,075	-1,760
Outflows from the acquisition of consolidated companies and business units	-3,980	-2,295
Asset disposals	1,320	-2
Interest income	81	98
Net cash outflow for investing activities (total)	**-5,533**	**-5,315**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.) (TZ. 43)

in EUR thousand

	2020	2019
Incurrence of financial debt	14,942	6,692
Repayment of financial liabilities	-5,601	-4,339
Cash inflow from the bond	-	5,000
Costs of the bond	-	-270
Payments made by lessees to redeem lease liabilities	-4,369	-4,564
Interest expenses	-2,589	-1,819
Dividend shares of other shareholders	-749	-1,055
Payments received from/paid to other shareholder(s)	-	2
Cash inflow/outflow from financing activities (total)	**1,634**	**-353**
Change in liquidity	**-1,495**	**10,775**
Exchange rate effects	1,157	-861
Cash and cash equivalents as of 01/01	46,341	36,427
Cash and cash equivalents as of 31/12	**46,003**	**46,341**

DEVELOPMENT OF EQUITY WITHIN THE GROUP (TZ. 29)

in EUR thousand	Number of shares issued	Subscribed capital	Capital reserve
As of 1 January 2019	**18,396,808**	**18,396**	**42,508**
Total comprehensive income	-	-	-
Capital increase	1,228,553	1,229	3,071
Dividend	-	-	-
Acquisition / sale of shares from other shareholders	-	-	-
Other changes	-	-	-16,884 [2]
As of 31 December 2019	**19,625,361**	**19,625**	**28,695**
Total comprehensive income	-	-	-
Capital increase	-	-	-
Dividend	-	-	-
Acquisition / sale of shares from other shareholders	-	-	-
Other changes	-	-	-
As of 31 December 2020	**19,625,361**	**19,625**	**28,695**

[1] Stock reduction / PY: Top-ups (- EUR thousand; PY: -85 EUR thousand)
[2] Release of capital reserve to offset losses
[3] Stock option programme (- EUR thousand; PY: +26 EUR thousand)

Retained earnings	Balance sheet loss	Cumulative other result	Equity attributable to DEAG's shareholders	Shares of others shareholders	Equity
-466	**-52,107**	**1,563**	**9,894**	**5,054**	**14,948**
-	-1,187	135 [3]	-1,052	1,745	693
-	-	-	4,300	-	4,300
-	-	-	-	-1,055	-1,055
-	-	-	-	6,270	6,270
-	16,799 [1, 2]	-	-85	85	-
-466	**-36,495**	**1,698**	**13,057**	**12,099**	**25,156**
-	-1,234	256	-978	-1,978	-2,956
-	-	-	-	-	-
-	-	-	-	-749	-749
-	-	-	-	-	-
-	-	-	-	-	-
-466	**-37,729**	**1,954**	**12,079**	**9,372**	**21,451**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION ABOUT THE COMPANY

DEAG Deutsche Entertainment Aktiengesellschaft (DEAG) is an Aktiengesellschaft (stock corporation under German law) founded in Germany with its registered office in Germany, 10785 Berlin, Potsdamer Straße 58. The company is registered in the Commercial Register of the Charlottenburg District Court under the commercial register number HRB 69474 B.

DEAG is a leading entertainment service provider and provider of live entertainment in Europe and is present in its core markets with Group companies. DEAG produces and organises a wide range of profitable events and concerts. As a live entertainment service provider with an integrated business model, DEAG has extensive expertise in the organisation, marketing and holding of events and in ticket sales via its own ticketing platform „MyTicket" for its own and third-party content. MyTicket's highly scalable business model strengthens DEAG on its path to increasing profitability. In the time before the outbreak of the coronavirus, DEAG held around 4,000 concerts and events and sold over 5 million tickets - including via the Group's own e-commerce platforms „MyTicket „ and „Gigantic.com" for own and third-party content.

DEAG's core business areas include Rock/Pop, Classics & Jazz, the strongly growing Family Entertainment division and Arts+Exhibitions. The Family Entertainment area in particular is fundamental for the further development of DEAG's own content. Its network of strong partners allows DEAG to put itself in an excellent market position as an internationally active live entertainment Group.

2 ACCOUNTING PRINCIPLES

These Consolidated Financial Statements of DEAG as of 31 December 2020 were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as applicable in the EU and in conformity with the provisions under German commercial law to be applied in accordance with Section 315e (1) of the German Commercial Code (HGB). The designation IFRS also comprises the still-valid International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRS IC). DEAG prepares the Consolidated Financial Statements for the smallest and largest group of companies.

The Consolidated Financial Statements are based on the financial statements of the companies included in the consolidation. These were prepared by applying the German Commercial Code (HGB), including the accounting standards adopted by the German Standardisation Council (DRSC) as of the reporting date in accordance with Section 342 of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The financial statements of foreign companies were prepared in accordance with their national regulations, in conformity with continuously and uniformly applied accounting and valuation principles. Interim Financial Statements were prepared for companies included in the full consolidation with a different financial year than from 1 July to 30 June (subgroup Flying Music Holdings Limited, London/UK).

The Individual Financial Statements as well as the Interim Financial Statements of the consolidated companies were prepared as of the reporting date of the Consolidated Financial Statements. Carrying values for tax provisions are not included in the Consolidated Financial Statements. The reconciliation of the values in accordance with the IFRS standards was carried out on the level of the Group outside the Individual Financial Statements prepared under German commercial law, in a so-called Handelsbilanz II.

The Consolidated Financial Statements are generally prepared using the historical cost principle. Exceptions to this rule are investment property, certain financial assets and contingent consideration, which are measured at fair value.

The items combined in the balance sheet and the Group's profit and loss account are explained in the notes.

For the preparation of the Consolidated Financial Statements, discretion, estimates and assumptions must be made to a limited extent that affect the level and reporting of assets and liabilities, income and expenses as well as contingent receivables and liabilities. This applies in particular to the recognition of goodwill and contingent purchase price liabilities as part of purchase price allocations and their annual impairment tests or subsequent valuations, the determination of the interest rate for leases, in 2020 the recognition of insurance reimbursements for events that were cancelled due to official event bans, and subsidies from corona aid programmes.

The basis of the impairment test was the value in use of the CGUs, whose calculation was based on projected earnings as a function of the CGUs from three-year planning. When determining the utility value, a discounted cash flow procedure was applied. These calculations must be based on assumptions that involve management estimates. If there are developments beyond management's control, future carrying amounts may differ from the originally expected estimates. If actual development deviates from the expected development, the premises and, if necessary, the carrying amounts of the goodwill of EUR 34,104 thousand (previous year: EUR 33,379 thousand) are adjusted accordingly. Reference is made to our comments in Note 14.

In addition, estimates and assumptions are necessary in the valuation and impairment of receivables and advance payments, the measurement and estimation of the probability of occurrence of provisions and contingent liabilities and estimates of the amount of deferred tax assets on loss carryforwards and, in particular, the impairment testing of companies accounted for using the equity method and the determination of the fair values of financial assets, the shareholdings and the share-based payment.

Furthermore, management made discretionary decisions in the area of the scope of consolidation and as part of purchase price allocations. Please refer to our comments in Note 4.

3 CHANGES TO ACCOUNTING STANDARDS

The following new or amended standards and interpretations are being mandatorily applied for DEAG for the first time for financial years beginning on 1 January 2020:

» Change to IFRS 3: Definition of a business operation
» Changes to IFRS 9, IAS 39 and IFRS 7: Reform of reference interest rates
» Changes to IAS 1 and IAS 8: Definition of materiality
» Modification of references to the IFRS framework for financial reporting

In the Consolidated Financial Statements, all standards of the IASB as well as the applicable IFRIC and/or SIC to be adopted on the closing date as mandated by the EU were taken into account.

New accounting standards of the IASB and IFRS IC not yet applied

The following standards and interpretations have been adopted by the IASB and IFRS Interpretations Committee (IFRS IC). They are not yet mandatory for financial year 2020 and have not been applied:

Already incorporated into EU law:

» Changes to IFRS 4 – Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts (to be used for reporting periods beginning on or after 1 January 2021)
» Changes to IFRS 9, IAS 39 and IFRS 7: Reform of reference interest rates – phase 2
» IFRS 16 – COVID-19 related rental concessions (to be applied in reporting periods beginning on or after 1 June 2020)

Not yet incorporated into EU law:

» IFRS 17 – Insurance Contracts and Amendments to IFRS 17 (to be applied in reporting periods beginning on or after 1 January 2023)
» Amendments to IAS 1 – Adjustment of the criteria for the classification of liabilities as current or non-current (to be applied in reporting periods beginning on or after 1 January 2023)
» IAS 16 – Property, Plant and Equipment: Revenues before intended use (to be used in reporting periods beginning on or after 1 January 2022)
» IFRS 3 – Reference to the framework of the IFRS (to be used in reporting periods beginning on or after 1 January 2022)
» IAS 37 – Onerous Contracts: Contract performance costs (to be used in reporting periods beginning on or after 1 January 2022)
» Annual improvements to IFRS (2018-2020 cycle) – IFRS 1 “First-time Adoption by a Subsidiary,” IFRS 9 “Fees for the 10% present value test before derecognition of financial liabilities” as well as IAS 41 “Taxation of valuations at fair value” (to be applied in reporting periods that start on or after 1 January 2022)
» IFRS 10 and IAS 28 – Sale of assets of an investor to or contribution to his associate or joint venture (the mandatory first-time application of the changes has been postponed to a date to be determined after the end of the research project on the equity method)

- » IAS 1 and IFRS Practice Statement 2 – Improvement of the disclosures on accounting methods (to be applied on or after 1 January 2023)
- » IAS 8 – Clarification of the distinction between changes in accounting policies and accounting-related estimates (to be applied on or after 1 January 2023)
- » IFRS 16 – Proposed adjustments in respect of COVID-19-related rental discounts after 30 June 2021 (published on 11 February 2021)

The Group intends to apply these standards and interpretations from the effective date. Overall, an impact of these standards on the asset, financial and earnings position of the DEAG Group is expected to be of subordinate importance.

4 PRINCIPLES OF CONSOLIDATION

Scope of consolidation

DEAG, as the parent company, includes in the Consolidated Financial Statements of those companies fulfilling the control concept due to a dominant influence. Companies established, acquired or sold during the financial year are included from the date of establishment or acquisition or up until the date of sale.

As of 31 December 2020, in addition to DEAG, the scope of consolidation included 51 (previous year: 50) fully consolidated domestic and foreign companies, including two companies in the discontinued operations. As joint ventures and associated companies, eight investments were valued using the equity method, unchanged from the previous year. Due to their insignificance for the Group, one affiliated company (previous year: one affiliated company) and five shareholdings are shown at cost. As in the previous year, an investment is carried at fair value.

Consolidation methods

Capital consolidation involves offsetting the acquisition costs of participating interests against equity at the time of starting up or acquiring the respective subsidiary. Depreciation of shares in subsidiaries in the Individual Financial Statements of the parent company is eliminated for the purpose of consolidation. Interim profits and losses arising from the intra-group sale of equity holdings were reversed. The differential amounts included in the values reported for holdings in joint ventures are established by applying the same principles.

The asset-related variations arising from capital consolidation were recorded as goodwill in the consolidated balance sheet, after exposure of hidden reserves or charges for the acquired company (revaluation). If there is a negative difference, it is reassessed that all acquired assets and liabilities have been properly identified and that all assets or liabilities additionally identified in this review have been recognised. Any remaining negative difference is recognised in profit or loss.

Any changes in respect of the participating interests of the Group in subsidiaries which do not result in a loss of control over these subsidiaries are reported as equity transactions. The carrying amounts of the shares held by the Group and the non-controlling shares are adjusted in such ways that they reflect the changes of the stakes in the subsidiaries. Any difference between the amount by which the non-controlling shares are adjusted and the fair value of the consideration paid and received is to be recorded directly in equity and allocated to the shareholders of the parent company.

Receivables, liabilities and accruals as well as expenses and income between companies included in the Consolidated Financial Statements and any intermediate results of intra-group deliveries and services are eliminated. Any depreciation or value adjustments of intra-group receivables in the Individual Financial Statements were reversed in favour of the Group result.

Tax accruals have been made on consolidation-based results as far as they have a future tax impact.

Shareholdings in joint ventures and associated companies valued by applying the equity method were reported as pro-rata equity.

As of the balance sheet date, the following companies were fully consolidated along with the parent company DEAG:

Segment	Company	Shareholdings
Live Touring		
	DEAG Concerts GmbH, Berlin	100.0 %
	Global Concerts Touring GmbH, Munich	100.0 %
	Grünland Family Entertainment GmbH, Berlin	100.0 %
	Christmas Garden Deutschland GmbH, Berlin	100.0 %
	Wizard Promotions Konzertagentur GmbH, Frankfurt/Main	75.1 %
	DEAG Classics AG, Berlin	100.0 %
	KBK Konzert- und Künstleragentur GmbH, Berlin	51.0 %
	I-Motion GmbH Events & Communication, Mülheim-Kärlich	50.1 %
	MEWES Entertainment Group GmbH, Hamburg	51.0 %
	Kilimanjaro Holdings Limited, London (UK)	49.7 %
	Kilimanjaro Live Limited, London (UK)	49.7 %
	Kilimanjaro Theatricals Limited, London (UK)	25,3 %
	Wakestock Limited, London (UK)	49.7 %
	Matterhorn Events Limited, London (UK)	49.7 %
	Ben Wyvis Live Ltd., Glasgow (UK)	49.7 %
	Flying Music Holdings Limited, London (UK)	29.8 %
	The Flying Music Group Limited, London (UK)	29.8 %
	Flying Music Company Limited, London (UK)	29.8 %
	Flying Entertainment Limited, London (UK)	29.8 %

Segment	Company	Shareholdings
	The Classical Company AG, Zürich (Switzerland)	100.0 %
	MyTicket Services Ltd., London (UK)	49.7 %
	Gigantic Holdings Ltd., London (UK)	37.3 %
	Gigantic Tickets Ltd., London (UK)	37.3 %
	Singular Artists Limited, Dublin (Ireland)	27.3 %
Entertainment Services		
	Concert Concept Veranstaltungs-GmbH, Berlin	100.0 %
	Global Concerts GmbH, Munich	100.0 %
	Elbklassik Konzerte Hamburg GmbH, Hamburg	100.0 %
	Friedrichsbau Varieté Stuttgart Betriebs- und Verwaltungs GmbH, Stuttgart	100.0 %
	Broadway Varieté Management GmbH, Berlin	100.0 %
	River Concerts GmbH, Berlin	100.0 %
	mytic myticket AG, Berlin	100.0 %
	LiveGeist Entertainment GmbH, Frankfurt/Main	75.1 %
	FOH Rhein Main Entertainment GmbH, Frankfurt/Main	63.1 %
	handwerker promotion e. gmbh, Unna	51.0 %
	Pro Media GmbH, Unna	51.0 %
	Grandezza Entertainment GmbH, Berlin	51.0 %
	Viel Vergnügen GmbH, Essen	51.0 %
	Kultur im Park GmbH, Berlin	51.0 %
	Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt / Main	49.0 %
	C² Concerts GmbH, Stuttgart	51.0 %
	Kessel Festival GmbH, Stuttgart	51.0 %
	Kessel Festival GmbH & Co. KG, Stuttgart	46.0 %
	AIO Group AG, Glattpark (Switzerland)	100.0 %
	Good News Productions AG, Glattpark (Switzerland)	100.0 %
	The Smart Agency AG, Glattpark (Switzerland)	100.0 %
	Fortissimo AG, Glattpark (Switzerland)	100.0 %
	Venue Consulting AG, Glattpark (Switzerland)	100.0 %
	Live Music Production SA, Le Grand-Saconnex (Switzerland)	60.0 %
	Live Music Entertainment LME SA, Le Grand-Saconnex (Switzerland)	51.0 %
Discontinued Operations		
	DEAG Music GmbH, Berlin	100.0 %
	Blue Moon Entertainment GmbH, Vienna (Austria)	100.0 %

On 2 September 2020, Kilimanjaro Holdings Limited, London (UK) and other promoters founded the joint venture Singular Artists Limited in Dublin (Ireland). Kilimanjaro Holdings Limited holds 55% of the voting rights. Singular Artists Ltd. is thus taken into account as part of the full consolidation in the Consolidated Financial Statements.

DEAG holds 51% of the voting rights (49.7% of the capital shares) in MyTicket Services Ltd., London (UK) through the wholly-owned subsidiary DEAG Concerts GmbH. With MyTicket Services Ltd., London (UK), DEAG has the final right to make the decisions regarding decisions made by the Management Board. The control concept according to IFRS 10.7 is thus fulfilled here.

MyTicket Services Ltd., London (UK) holds shares in Gigantic Holdings Ltd., London (UK) amounting to 75.0% of the equity. Consequently, Gigantic Holdings Ltd., London (UK) and its wholly owned subsidiary Gigantic Tickets Ltd., London (UK) are fully consolidated in the scope of consolidation.

Concert Concept GmbH, a 100% subsidiary of DEAG, holds 51% of the shares in C² Concerts GmbH, Stuttgart. C² Concerts GmbH holds 90% of the shares in Kesselfestival GmbH & Co. KG and 100% in its general partner Kesselfestival GmbH.

DEAG Concerts GmbH holds 49.7% of the capital shares in Kilimanjaro Holdings Ltd., London / UK, while the share of voting rights is 51%. As these shares do not carry voting rights, the control concept is still in place and Kilimanjaro Holdings Ltd. and its subsidiaries continue to be fully included in the scope of consolidation.

DEAG is entitled to make the final decision on the approval of the annual budget of Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt/Main, thus fulfilling the control concept pursuant to IFRS 10.7 and the company is included in the Consolidated Financial Statements by way of full consolidation.

The following companies are run as joint ventures and reported in accordance with the provisions of the equity method and hence the pro-rata equity:

Segment	Company	Shareholdings
Live Touring	A.C.T. Artist Agency GmbH, Berlin	50.0 %
Entertainment Services	JHH Entwicklungsflächen GmbH & Co. KG, Frankfurt/Main	50.0 %
	JHH Entwicklungsflächen Verwaltungs GmbH, Frankfurt/Main	50.0 %

The following companies are accounted for as associated companies and included in the Consolidated Financial Statements using the equity method:

Segment	Company	Shareholdings
	EIB Entertainment Insurance Brokers GmbH, Hamburg	49.0 %
Entertainment Services	Verescon AG, Berlin	44.0 %
	Rock the Ring AG, Hinwil (Switzerland)	35.0 %
Live Touring	Collective Form Limited, London (UK)	16.6 %
	Seefestspiele Berlin GmbH, Berlin	40.0 %

AIO Group AG, Glattpark, (Switzerland) holds a 35% stake in Rock the Ring AG, Hinwil (Switzerland).

DEAG has held a 16.6% stake in Collective Form Limited, London (UK) via Kilimanjaro Holdings Limited, London (UK) since 16 January 2020.

DEAG Classics AG holds an interest of 40% in Seefestspiele Berlin GmbH.

Kilimanjaro Holdings Limited, London (Great Britain) held a 50% stake in Twin Peaks Festival Limited, London (UK). The shareholding was sold at nominal value on 12 February 2020.

The following companies are separately and jointly immaterial to the Consolidated Financial Statements of DEAG and are not relevant to the presentation of a true and fair view of the Group's net assets, financial position and operating results, and are therefore not consolidated: medi Produkt & Service GmbH (formerly GOLD Entertainment GmbH), Berlin. The company was inactive and started operations in December 2020.

The information in accordance with Section 315e 1 HGB (German Commercial Code) in conjunction with Section 313 (2) HGB is as follows:

Name of company	Seat of company	Share in the capital	Equity (in EUR thousands)	Earnings in financial year (in EUR`000)
medi Produkt & Service GmbH (formerly: GOLD Entertainment GmbH)	Berlin	100.0 %	42	16

The Group of consolidated companies of DEAG Group changed as follows in financial year 2020:

Segment	Company	Shareholdings
Live Touring	Singular Artists Limited, Dublin (Ireland)	2 September 2020

5 PRINCIPLES OF CURRENCY CONVERSION

The Consolidated Financial Statements are drawn up in euros, the functional currency of the parent company and the reporting currency of the Group. Unless stated otherwise, data is presented in EUR thousands. The amounts are rounded in commercial terms. The functional currency of the foreign subsidiaries in Switzerland is the Swiss franc (CHF) and in the UK the pound sterling (GBP). The functional currency of the domestic subsidiaries of the Group as well as of the foreign subsidiary in Austria is the euro (EUR).

The positions included in the financial statements of the respective companies are being valued applying the functional currency. Foreign currency transactions are exchanged initially into the functional currency at the cash price valid on the day of the business transaction. Monetary assets and liabilities in a foreign currency are exchanged into the functional currency on each call date using the call date rate.

All currency conversion differences are recognised income statement-related. Non-monetary items that were assessed at historic purchase or manufacturing prices in a foreign currency were exchanged using the rate on the day of the business transaction. Non-monetary items that were assessed at their present value in a foreign currency were exchanged using the rate valid on the date of the determination of the present value.

The assets and liabilities of the foreign units were exchanged into euros at the call date rate as part of consolidation. The translation of income and expenditure is made at the average rate of the financial year. The resulting currency differences are recognised as a separate component of equity. The cumulative amount recognised in equity for a foreign operation is released to profit or loss on disposal of that foreign operation.

The exchange rates of currencies of significance to the company changed as follows:

	Exchange rate in EUR		Average exchange rate in EUR	
	2020	**2019**	**2020**	**2019**
1 pound sterling	1.1123	1.1754	1.1246	1.1399
1 Swiss franc	0.9258	0.9213	0.9343	0.8987

6 ACCOUNTING PRINCIPLES AND ASSESSMENT OF COVID-19

COVID-19

The spread of the coronavirus was reported for the first time at the end of 2019. At that time, some cases of illness with symptoms of pneumonia of unknown origin were identified in China. On 31 December 2019, China notified the World Health Organization (WHO) of the novel virus. Since then, the virus has spread globally and on 11 March 2020, the WHO classified the coronavirus outbreak as a pandemic.

COVID-19 had a significant impact on the global economy in the year under review. Companies are struggling with a drop in sales and interrupted supply chains. The DEAG Group is affected in that there has been a ban on major events since 13 March 2020 and business activities have been severely restricted. The Group implemented a large number of measures at an early stage to contain the consequences of the pandemic:

DEAG has extensive insurance coverage for events that had to be cancelled or postponed due to official event bans. Insurance claims include event-related costs and, in some cases, project profits. In the event of an event cancellation, the event-related costs are recognised in cost of sales and selling expenses; claims for reimbursement in this regard are recognised in revenue in the amount of the expected reimbursement, provided that there is sufficient certainty that the insurance company will settle the claim; for further information, please see Note 31.

As a further measure to combat the consequences of COVID-19, in particular on the economy and the labour market, the Federal Government in Germany has decided in the Ordinance on Facilitations of Short-Time Work of 25 March 2020 (KugV), which came into force retroactively as of 1 March 2020, on certain temporary facilitations for access to short-time allowance as well as on the reimbursement by the Federal Employment Agency of the social security contributions to be borne by the employer upon request. Similar programs were launched in the other core markets and used by the subsidiaries located there. Short-time allowance is an employee's personal benefit and accordingly the resulting benefits have been recognised as transitory items. Reimbursements of social security contributions are predominantly offset against the corresponding personnel expenses.

DEAG received conditional and unconditional funding from "corona" aid programs in the reporting period. If the subsidy is unconditional and the respective subsidy period covered the reporting year, these entitlements were activated, taking into account any reductions made by the subsidy provider concerned. If the subsidies are conditional, they can only be realised in other operating income when the subsidy requirements have been met in full. For further information, please refer to Note 35.

In addition, when assessing the recoverability of the assets, in particular the goodwill, the Group took sufficient account of the risk of the COVID-19 pandemic. Reference is made to the statements in Notes 2 and 14/15.

In December 2020, DEAG received approval from the state development bank KfW for a loan from the KfW Special Programme 2020 for EUR 25 million in two tranches to finance working capital. The loan will be granted via the company's banks. The first tranche of EUR 15 million can be drawn down immediately. As of 31 December 2020, EUR 5.3 million had been drawn down; the second tranche of up to EUR 10 million can be drawn down from 30 September 2021 up to a maximum of 12 months after the loan commitment. The loan bears an interest rate of 2% p.a. The term of both tranches is six years. After the grace period of the first year, repayments are scheduled to be made on a quarterly basis. The loan terms contain otherwise customary conditions.

In addition, subsidiaries in the UK and Switzerland have taken out corona-related loans. For further information, please refer to Note 21.

In addition, the federal government in Germany has adopted a voucher solution that states that tickets purchased before 8 March 2020 can be exchanged for vouchers. A payment of the ticket price can be requested from the ticket owner from 1 January 2022 and only occasionally in certain hardship cases earlier. The voucher entitles the bearer to attend the postponed concert. In this respect, the use of the voucher scheme has no effect on the Group's accounting policies and the resulting obligations to voucher holders are recognised in other non-financial liabilities.

Notes to the Balance Sheet

Intangible assets purchased are capitalised at cost of acquisition and depreciated in a straight line over an anticipated useful life of three to fifteen years.

Intangible assets – normally artist and agent relationships and order books – that are acquired as part of a business combination are recorded separately from the goodwill and assessed at the time of acquisition at their fair value. During the following periods, these intangible assets are assessed like individually acquired assets at their acquisition costs less cumulated amortisations and impairments. In the case of artist and agent relationships, the depreciation period is generally 15 years, while order books are amortised after completion of the respective concert events. In addition, the item „Other rights“ includes mainly license, usage and execution rights, which are amortised over the contractually agreed periods (3 to 24 years).

Acquired brands for which a specific useful life can be defined are amortised on a scheduled basis.

Goodwill obtained in connection with acquisitions is capitalised in accordance with IFRS 3 (Business Combinations) at its acquisition costs. The option to apply the Full Goodwill method is not being used.

Such goodwill is subject to annual impairment tests on the basis of cash–generating units and, if necessary, unscheduled depreciation. Write-ups of goodwill that has been amortised once are not permitted.

Fixed assets, with the exception of rights of use arising from leases, are assessed at cost of acquisition plus incidental acquisition costs less acquisition cost reductions and, in the case of items subject to wear and tear, less use-related depreciation. Depreciation takes place in a straight line over the expected useful life.

Scheduled depreciation of fixed assets is essentially based on the following periods of useful life:

Buildings, fixtures and fittings	4 to 25 years
Plant and machinery	3 to 10 years
Tools and equipment	3 to 10 years

Rights of use arising from leases are reported under property, plant and equipment. A lease exists if the Group is entitled to use an identifiable asset over which control has been acquired for a specified period in return for payment.

Lease rights are measured at the inception of the lease (“provision date”) at cost, which includes, in particular, the corresponding lease liabilities and prepayments made, taking into account any lease incentives received. Current depreciation is calculated using the straight-line method.

DEAG has decided to use non-leasing components (so-called service components) when determining the usage rights.

Lease liabilities are recognised at the present value of the lease payments not yet made on the date on which they are made available and reported within other financial liabilities. As a matter of principle, discounting is determined by applying interest rates specific to the term and currency of the lease as the interest rates on which the leases are based cannot regularly be determined. Lease liabilities are adjusted using the effective interest method. Corresponding interest expenses are reported in the financial result.

If impairments of intangible assets, property, plant and equipment or rights of use are identified, impairment losses are recognised to the recoverable amount. The recoverable amount of intangible assets, property, plant and equipment or rights of use is determined on the basis of future surplus income or net sales proceeds (impairment test). An impairment test is carried out if there is reason to believe that the value of the asset has been impaired.

Scheduled depreciations are accounted for pro-rata in cost of sales and administrative expenses respectively, write-ups in other operating income and unscheduled depreciations in other operating expenses.

Land held as a financial investment is assessed at fair value according to IAS 40.30/40.33.

Shares in joint ventures and associated companies are reported at equity. Differential amounts resulting from initial consolidation are allocated following the same principles as for full consolidation.

A joint venture is based on a contractual agreement by virtue of which the Group and other contracting parties carry out a business activity which is subject to joint control; this is the case if the strategic financial and business policy associated with the business activity of the joint venture requires the consent of all parties involved in the joint control. Shares in joint ventures are reported at equity. The consolidated income statement includes the part of the Group in the income and expenditure as well as in equity changes of the investments valued at equity. If the Group's share in the loss of the joint venture exceeds the share valued at equity, this share is written down to zero. Other losses are not reported unless the Group has a contractual obligation or has made payments for the benefit of the joint venture. Unrealised profits or losses from transactions of affiliated entities with the joint venture are eliminated against the investment value of the joint venture (losses may not exceed the amount of the investment value).

Inventories are valued at acquisition cost. Appropriate value adjustments are made if net sales proceeds on the balance sheet date are less than the cost of acquisition.

Advance payments are prepaid costs relating to events after the balance sheet date and are deferred accordingly.

Advance payments received from customers for future performance obligations are recognised as contract liabilities in accordance with IFRS 15.

Provisions are valued at the amount that sound business judgment deems necessary on the balance sheet date to cover future payment obligations, discernible risks and uncertain commitments. Non-current provisions are discounted in accordance with IAS 37. If the discounting effect is material, provisions are recorded at the cash value of the expected future cash flows.

Deferred taxes are calculated in accordance with IAS 12 on different valuations of assets and liabilities in the commercial and tax balance sheets, on matters within the scope of Handelsbilanz II, on consolidation processes and on realisable loss carryforwards. Deferred tax assets on losses carried forward are recognised to the extent that they will be used within a period of 5 years. Further deferred tax assets on loss carryforwards are only recognised to the extent that they are offset by deferred tax liabilities. Deferred tax assets and liabilities are netted in the balance sheet to the extent that they can be offset by the same tax authorities.

The defined benefit obligations are calculated in accordance with IAS 19 based on the Projected Unit Credit method. This is based on the number of service years on the respective calculation date and takes into account future developments by including discounting, wage development and probability of resignation before the commencement of the payment of the benefits as well as pension indexing for the years after the first-time payment of recurring benefits. Actuarial profits and losses are immediately recognised in other income with no effect on the result.

The Group's financial instruments mainly comprise cash and cash equivalents, trade receivables, other current and non-current financial receivables and investments as well as trade payables, liabilities to banks, the bond and other financial liabilities.

On initial recognition, trade receivables are carried at the transaction price, all other financial assets and liabilities at fair value. Transaction costs are included if the financial assets and liabilities are subsequently measured at amortised cost. Otherwise, they must be expensed immediately.

The first-time recognition and disposal of sales and purchases of financial assets in line with market conditions is made on the settlement date. IFRS 9 provides for the following three measurement categories for classification and subsequent measurement:

» At amortised cost
» At fair value through equity
» At fair value through profit or loss

If an asset is held to collect contractually agreed principal and interest payments, it is subsequently measured at amortised cost using the effective interest method. Amortisation using the effective interest method is included in the Consolidated Statement of Comprehensive Income as part of the financial result. If an asset is also held for a possible sale, it is measured at fair value with no effect on income. In all other cases, assets are measured at fair value through profit or loss.

The following valuation hierarchy is used for financial assets and liabilities as well as investment property for which a fair value is to be determined:

» Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
» Level 2: Valuation parameters that are the quoted prices included in Level 1 but that can be observed either directly or indirectly for the asset or liability.
» Level 3: Valuation parameters for assets and liabilities that are not based on observable market data.

In determining fair value, the use of significant, observable input factors is given priority over the use of non-observable input factors. The classification of the various measurement methods into the individual levels is reviewed at the end of each reporting period.

The evaluation according to Level 3 is based on the following principles:

After initial recognition, contingent purchase price liabilities (earn-out agreements) and options from company acquisitions are recognised at fair value and reported under financial liabilities. If reliably measurable, the fair value results from the estimated results of the acquired companies in the years prior to the possible exercise dates. The discount interest rates are determined on the basis of the weighted capital cost interest rates of the Group. The results on which the valuation is based are generally EBIT. Changes in fair value are recognised in profit or loss under other operating income or expenses.

Fair value is determined primarily on the basis of a value from equity measures recognised by third parties or alternatively by means of recognised valuation methods. In particular, this includes the discounted cash flow method (DCF method) based on the expected investment income. The unrealised gains and losses resulting from the change in fair value are recognised directly in income from investments.

In the context of the sale subject to a condition precedent, the parties agreed on a minimum price for the partial plots of land, which, due to the fact that it was concluded in one transaction, is to be applied with priority over a fair value determined by an expert valuation. For financial year 2020, the price agreed upon in 2015 subject to a precedent condition continued to be the best indicator of the fair value.

The fair value of the purchase price option for a minority interest contained in other non-current assets is determined by comparing the purchase price calculation agreed in the option contract with the proportional enterprise value determined using the discounted cash flow method (DCF method) on the basis of the expected achievable EBIT. Changes in fair value are recognised in profit or loss under other operating income or expenses.

Impairments on financial assets that are classified at amortised cost are based on the impairment model of IFRS 9, taking expected credit losses (ECL) into account. The model requires management to assess how changes in economic factors affect expected credit losses. For this purpose, assumptions are made on the basis of reliable weighted information.

DEAG applies the simplified approach for value adjustments on trade receivables in order to assess default risks and calculates the expected credit losses (ECL) via a risk provision in the amount of the expected credit losses over the remaining term, irrespective of when the default event occurs. Expected credit losses over the life of the financial instrument are credit losses that result from all possible default risks during the expected life of the financial instrument. In order to reflect the risk provisioning, the Group has performed an analysis based on historical default events. Since sales are mainly generated from presales and the past default events are immaterial from the Group's point of view, no impairment matrix was presented.

For all other financial assets for which the credit risk has not increased significantly since the initial recognition, the expected credit loss that is to be expected within the next 12 months is used. For financial instruments with a significant increase in the credit risk, the risk provision is determined in the amount of the credit defaults expected over the remaining term. In determining whether the default risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers appropriate and reliable information that is relevant and available without an inappropriate expenditure of time and money. This includes both quantitative and qualitative information and analyses based on the Group's past experience and well-founded assessments, including forward-looking information.

Financial assets will continue to be written off in full or in part as part of individual value adjustments if, after a reasonable assessment, it can no longer be assumed that full realisation is possible. For this purpose, the Group carries out an individual assessment of the time and amount of the depreciation, based on whether there is a reasonable expectation of its recovery.

On each balance sheet date, DEAG assesses whether the creditworthiness of financial assets at amortised cost is impaired. The creditworthiness of a financial asset is impaired if one or more events occur with an adverse effect on the expected future cash flows of the financial asset.

Indicators that a financial asset is credit impaired include, but are not limited to, the following observable inputs:

» default of a debtor or indications that a debtor will file for insolvency, or
» significant negative changes in the debtor's payment history

The determination of the impaired creditworthiness is not made automatically in the case of an overdue payment of more than 90 days, but always on the basis of the individual assessment by credit management.

Derecognition of a financial asset takes place at the time the rights to payments from the asset expire or are transferred and thus at the time essentially all opportunities and risks associated with ownership have been transferred.

Financial liabilities are derecognised if the obligation on which the liability is based has either expired, been cancelled or has already been fulfilled.

Gains and losses from derecognition, value adjustments and currency translation differences are recognised in other operating income or other operating expenses.

Transaction costs directly associated with a capital increase are offset against the premium from the issue of shares by DEAG. These costs mainly relate to consulting costs and issue fees.

At the time of issue, the fair value of the borrowed capital component is determined using the market interest rates applicable for comparable non-convertible instruments. This amount is recognised as a financial liability on the basis of the amortised cost using the effective interest method until the conversion or maturity of the instrument is met.

The conversion option recognised as equity is determined by subtracting the value of the borrowed capital component from the fair value of the entire instrument. The resulting value, less the income tax effects, is recognised in the capital reserves and is not subsequently subjected to any valuation. No gains or losses are incurred as a result of the exercise or expiration of the conversion option.

Transaction costs related to the convertible bond are allocated to the equity and debt component in relation to the distribution of the net proceeds. The transaction costs attributable to the equity component are recognised directly in equity. The transaction costs attributable to the borrowed capital component are included in the carrying amount of the liability and are amortised over the term of the convertible bond using the effective interest method.

The bond is measured at amortised cost. The transaction costs directly attributable to the bond are included in the carrying amount of the liability and are amortised over the term of the bond using the effective interest method.

As remuneration for the work performed, the Executive Board and the Managing Directors of the domestic and foreign subsidiaries and management personnel receive share-based payment in the form of equity instruments. These can optionally be fulfilled by the company in cash. However, the company currently has no intention or determination to make use of this option. The stock options are therefore accounted for as equity-settled plans.

The costs of transactions settled by equity instruments are measured using a suitable valuation model at fair value at the time they are granted. See also Note 46.

Where DEAG has issued financial guarantees (e.g. letters of comfort) on behalf of third parties, these are recognised as financial liabilities if the risk of the guarantee being invoked is deemed to be predominantly probable because the beneficiary cannot settle existing and future obligations to third parties from its own cash flow.

The balance sheet is sub-divided in accordance with IAS 1 into non-current and current assets and liabilities. Current assets and liabilities are due within one year and their realisation is expected within the normal business cycle or they are held for trading. In accordance with IAS 12, deferred taxes are reported as non-current assets and liabilities, respectively and not discounted.

Notes to the Consolidated Statement of Income

Pursuant to IFRS 15, revenue is now recognised when the customer obtains control of the agreed goods and services and is able to obtain benefits from them. Revenue is recognised at the amount of consideration expected to be received by the company. Sales revenues and other revenues include all income for services already provided. The service for a concert, a show or a tour is generally deemed to have been rendered at the end of the concert or show. The ticket monies received in the respective pre-sales period are reported as contract liabilities until then. The contract liabilities are transferred to sales after the event has been held.

The new standard provides for a five-step procedure according to which the amount of sales and the time or period of realisation are to be determined:

- Identification of the contract with the customer
- Identification of the separate performance obligations
- Determination of the transaction price
- Allocation of the transaction price to the separate performance obligations and
- Recognition of sales when individual performance obligations are fulfilled.

Please refer to the section entitled “COVID-19” for information on revenue from insurance claims.

Expenses are recognised in profit or loss when they occur and are reported as payments made if they relate to events after the balance sheet date.

Interest and other borrowing costs are expensed as they are incurred.

7 SEGMENT REPORTING

In accordance with the provisions of IFRS 8, individual financial statement data is segmented by areas of work and regions, with presentation being oriented to our internal reporting. Accounting by segment is intended to render transparent the profitability and prospects of success of the Group's individual business activities.

Explanations to the segments

Segment reporting is based on the internal management and reporting structures. The DEAG Group subdivides its continued operations into the segments Live Touring and Entertainment Services.

The touring business is reported in the Live Touring segment ("traveling 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 (Munich), Christmas Garden Deutschland (Berlin), I-Motion GmbH Event & Communications (Mülheim-Kärlich), MEWES Entertainment Group (Hamburg), the sub-group Gigantic Holdings Ltd. including Myticket Services Ltd. (London, UK), the sub-group Kilimanjaro (London, UK) including the activities of the Flying Music Group and Singular Artists Ltd. (Dublin, Ireland) as well as The Classical Company (Zurich, Switzerland).

The Entertainment Services segment ("stationary business") includes the regional business and all services business. This comprises the activities of the AIO Group (Glattpark, Switzerland) including the subgroup Live Music Production SA (LMP)/ Live Music Entertainment SA (LME); both located in Le Grand-Saconnex, Switzerland, Global Concerts (Munich), Concert Concept (Berlin), the sub-group C^2 Concerts (Stuttgart), Grandezza Entertainment (Berlin), River Concerts (Berlin) and Elbklassik (Hamburg), handwerker promotion (Unna), LiveGeist Entertainment (Frankfurt/Main), Kultur- und Kongresszentrum Jahrhunderthalle (Frankfurt/Main), FOH Rhein Main Concerts (Frankfurt/Main) as well as mytic myticket (Berlin) and Kultur im Park (Berlin).

Segment data

in EUR'000

	Live Touring		Entertainment Services		Total Segments	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues	25,791	118,051	27,735	78,907	53,526	196,958
Other income	3,225	3,974	1,860	531	5,085	4,505
Total earnings	**29,016**	**122,025**	**29,595**	**79,438**	**58,611**	**201,463**
- thereof internal income	3,521	2,101	515	12,450	4,036	14,551
Cost of sales*	21,507	98,366	19,203	57,433	40,710	155,799
Operating expenses	8,262	12,585	8,410	18,055	16,672	30,640
Depreciation and amortisation (for information only)* -scheduled	4,857	3,572	2,850	2,412	7,707	5,984
Segment result (EBIT)	-2,057	10,560	1,317	3,482	-740	14,042
Full-time employees as at 31.12.	98	69	91	121	189	190
Return on sales	-8.0%	8.9%	4.7%	4.4%	-1.4%	7.1%

* Including proportional, scheduled depreciation

External revenues comprise revenues from the sale of tickets and the provision of services to customers as well as insurance benefits for events cancelled or postponed due to official event bans.

Internal income relates to services rendered between Group companies in different segments and DEAG as the parent company. Intra-segment services are eliminated within a segment.

The exchange of services between segments and between the segments and the holding company is adjusted in the consolidation column in the following reconciliation overview of segment and Group data. The consolidation column also includes the services of DEAG Holding. The services are invoiced on the basis of market prices and generally correspond to the prices charged to third parties.

The return on sales is derived from the segment result (EBIT) divided by the segment sales. No sales revenues are generated with external customers who amount to at least 10% of the total sales revenues.

Reconciliation from segment to Group data

in EUR'000

	Total of segments		„Consolidation (incl. Holding)“		Group	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues	53,526	196,958	-3,581	-11,746	49,945	185,212
Other income	5,085	4,505	8,095	299	13,180	4,804
Total earnings	**58,611**	**201,463**	**4,514**	**-11,447**	**63,125**	**190,016**
- thereof internal income	4,036	14,551	-4,036	-14,551	-	-
Cost of sales	40,710	155,799	-2,862	-12,435	37,848	143,364
Operating expenses	16,672	30,640	5,646	7,267	22,318	37,907
Segment result (EBIT)					-740	14,042
Unallocated expenditure and income (incl. DEAG and consolidation effects)					1,750	-6,302
Operating result (EBIT)					**1,010**	**7,740**
Income shares in companies accounted for using the equity method					-194	-1,525
Other financial result					-4,596	-4,319
Result before taxes (EBT)					**-3,780**	**1,896**
Taxes on income and earnings					893	-1,337
result from continuing operations after taxes					**-2,887**	**559**
result from discontinuing operations after taxes					**-21**	**-7**
Group result after taxes					**-2,908**	**552**
thereof attributable to other shareholders					-1,674	1,739
thereof attributable to DEAG shareholders (Group Result)					**-1,234**	**-1,187**

EBITDA in the Live Touring segment is EUR 2.8 million (2019: EUR 14.1 million) and in the Entertainment Services segment EUR 4.2 million after EUR 5.9 million the previous year.

In the Group, EBITDA is EUR 9.0 million (previous year: EUR 14.1 million) and taking into account scheduled depreciation of EUR 8.0 million (previous year: EUR 6.4 million) results in Group EBIT of EUR 1.0 million (previous year: EUR 7.7 million).

The result of associated companies relates to DEAG in the amount of EUR 9 thousand (2019: EUR 12 thousand).

Geographical Information

The activities of the DEAG Group mainly extend to Germany, the UK and Switzerland. For the purposes of geographical segment reporting, sales are segmented according to the location of the customer's registered office and assets and investments according to the location of the company's registered office.

in EUR'000

	Germany		Other countries		Group	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues	30,348	101,885	19,597	83,327	49,945	185,212

Other countries' revenue relates to the UK-based companies in the amount of EUR 12,825 thousand (2019: EUR 65,276 thousand) and to subsidiaries in Switzerland in the amount of EUR 6,772 thousand (2019: EUR 18,051 thousand).

8 CASH AND CASH EQUIVALENTS

Cash in hand and credit balances at banks are shown as liquid funds.

9 TRADE RECEIVABLES

Trade receivables comprise the following items:

in EUR'000

	31.12.2020	**31.12.2019**
Trade receivables (gross)	2,384	12,789
Value adjustment on accounts receivable	-55	-85
Trade receivables	**2,329**	**12,704**

Written-down receivables essentially result from the valuation based on expected credit losses in accordance with IFRS 9. As impairments of trade receivables are of minor importance in the Group in the financial year and in the near future, no impairment matrix is presented.

For further details on trade receivables, please refer to the explanations in Note 31 "Revenues".

10 DOWN PAYMENTS

Down payments essentially relate to advance payments of fees and individually attributable event costs relating to events after the balance sheet date.

11 INVENTORIES

Inventories pertain to finished products and goods.

12 OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

Other current financial assets comprise the following:

in EUR‘000

	31.12.2020	31.12.2019
Insurance reimbursements	5,246	105
Claims for damages	2,611	272
Receivables from assosciated companies	1,695	1,170
Loans	677	637
Creditors with debit balances	317	126
Deposits	238	414
Receivables from cooperation contracts	169	55
Others	822	1,015
Other current financial assets	**11,775**	**3,794**

Other current non-financial assets essentially comprise the following:

in EUR‘000

	31.12.2020	31.12.2019
Governmental grants	5,890	-
Down payments	1,049	1,585
Tax authority claims	658	324
Input tax deductible in the following year	30	539
Others	480	508
Other current non-financial assets	**8,107**	**2,956**

13 DISCLOSURES ON SUBSIDIARIES

13.1 Summary of financial information of subsidiaries

Summarised financial information is presented below for subsidiaries or sub-groups of the Group with a non-controlling interest that is material to the Group. The summarised financial information reflects the amounts before intercompany eliminations.

The summarised financial information of subsidiaries or sub-groups of the Group corresponds to the amounts in the financial statements of the companies prepared in accordance with IFRS and has been adjusted accordingly for Group accounting purposes.

Significant non-controlling interests in the Live Touring segment:

Sub-group Kilimanjaro

The sub-group Kilimanjaro combines the activities of Kilimanjaro Holdings Limited, London, Kilimanjaro Live Limited, London, and Wakestock Limited, London, including the acquired Flying Music Group. Collective Form Limited is held as an associate and is included in financial assets.

Sub-group Kilimanjaro (in EUR‘000)

	31.12.2020	31.12.2019
Current assets	16,733	15,762
Non-current assets	16,399	18,014
Current liabilities	22,105	23,645
Non-current liabilties	4,673	1,892
Equity attributable to DEAG shareholders	3,594	4,285
Equity attributable to non-controlling interest	2,760	3,954

Sub-group Kilimanjaro (in EUR'000)

	2020	2019
Revenues	11,768	65,078
Expenses and other income	13,427	65,189
Loss fo the financial year	**-1,659**	**-111**
Loss of financial year of attributable to DEAG shareholders	-723	-151
Loss of financial year attributable to non-controlling interests	-936	40
Total loss of the financial year	**-1,659**	**-111**
Other result attributable to DEAG shareholders	169	-147
Other result attributable to non-controlling interests	212	-271
Total other result	**381**	**-418**
Total result attributable to DEAG shareholders	-554	-298
Total result of attributable non-controlling interests	-724	-231
Total result	**-1,278**	**-529**

in EUR'000

	31.12.2020	31.12.2019
Dividends paid to non-controlling interest	-	-957
Net cash flows from operating activities	714	-7,146
Net cash flows from investing activities	893	-1,536
Net cash flows from financing activities	2,691	1,367
Total net cash flows	**4,298**	**-7,315**

13.2 ACQUISITIONS

Acquisitions are accounted for under IFRS 3 (Business Combinations) using the purchase method.

Purchase price allocation Gigantic Holdings Ltd., and Gigantic Tickets Ltd., London (UK)

In the previous year, DEAG acquired a stake in Gigantic Holdings Ltd. through its subsidiary MyTicket Services Ltd., London (UK), and thus in Gigantic Tickets Ltd., both based in London (UK). Gigantic is one of the largest independent ticketing providers in the UK. Tickets for several hundred concerts, events and festivals per year can be purchased via the company's platform. Only third party content is distributed, however. The stake in Gigantic is therefore a good addition to DEAG's own ticketing platforms MyTicket.de, MyTicket.co.uk and MyTicket.at. The cooperation with MyTicket leads to high synergy effects between MyTicket.co.uk and the MyTicket platforms in Germany and Austria. Gigantic has around 2 million registered end customers. The previous shareholders, Mark Gasson and James Woodward, will remain shareholders and will continue to run the company for the long term.

The fixed purchase price of GBP 3.0 million was paid in cash as of the balance sheet date. The remaining purchase price was recognised as a contingent purchase price liability and will fall due in the years 2020 to 2024, depending on how the businesses develops for the companies in the future. The condition is that EBIT for the years 2020 - 2024 reaches a minimum value on average and is limited to GBP 0.7 million. In addition, the parties have concluded an option to buy/sell the remaining shares. The option can be exercised at the earliest five years after signing the purchase agreement and from then on within the following eight years. This purchase option is recognised in other non-current liabilities.

The values of the final purchase price allocation are as follows:

Gigantic Holdings Ltd. und Gigantic Tickets Ltd., London (Great Britain)

Share of captial and voting rights

Gigantic Holdings Ltd. und Gigantic Tickets Ltd., London (Great Britain)	75.0%
Date of initial consolidation	01.12.2019
Purchase Price (in EUR'000)	6,852
Ancillary acquistion costs	266

in EUR'000

	Carrying amount at time of acquistion	Adjustment amount*)	Fair value at time of acquistion
Assets			
Goodwill	71	4.433	4.504
Other rights	-	3.380	3.380
Software	-	165	165
Fixed assets	17	-	17
Cash and cash equivalents	4.578	-	4.578
Current assets	391	-	391
	5.057	**7.978**	**13.035**
Liabilities			
Current liabilities	4.702	–	4.702
Deferred tax liabilities	-	674	674
	4.702	**674**	**5.376**
Net assets	**355**	**7.304**	**7.659**
Equity attributable to non-controlling interests			806

*) The adjustment amount reflects the difference between carrying amount of assets and liabilities before their acquistion and their fair values at the date of acquisition by the buyer.

The preliminary purchase price allocation in previous year was as shown as below:

Gigantic Holdings Ltd. und Gigantic Tickets Ltd., London (Great Britain)

Share of captial and voting rights	
Gigantic Holdings Ltd. und Gigantic Tickets Ltd., London (Great Britain)	75.0%
Date of initial consolidation	01.12.2019
Purchase Price (in EUR'000)	5,864
Ancillary acquistion costs	169

in EUR'000

	Carrying amount at time of acquistion	Adjustment amount*)	Fair value at time of acquistion
Assets			
Goodwill	71	3,471	3,542
Other rights	-	3,351	3,351
Software	-	149	149
Fixed assets	17	-	17
Cash and cash equivalents	4,578	-	4,578
Current assets	391	-	391
	5,057	**6,971**	**12,028**
Liabilities			
Current liabilities	4,702	–	4,702
Deferred tax liabilities	-	665	665
	4,702	**665**	**5,367**
Net assets	**355**	**6,306**	**6,661**
Equity attributable to non-controlling interests			797

*) The adjustment amount reflects the difference between carrying amount of assets and liabilities before their acquistion and their fair values at the date of acquisition by the buyer.

The adjustments, in particular the change in the fair value of the goodwill from EUR 3,542 thousand to EUR 4,504 thousand between the preliminary and the final purchase price allocation, result primarily from the use of a borrowing cost rate with matching maturities in determining the purchase price option included in the purchase price.

In the reporting period, the companies contributed EUR 1.1 million to sales, EUR 0.4 million to EBIT and EUR 0.2 million to consolidated earnings after minority interests.

From the date of initial consolidation in the previous year, the companies contributed EUR 0.2 million to sales, EUR -0.1 million to EBIT and EUR -0.1 million to consolidated earnings after minority interests. Sales on a pro forma basis in accordance with IFRS 3.B64(q) amounted to EUR 2.3 million in the previous year, with an annual result of EUR 0.6 million in 2019.

14 GOODWILL AND OTHER INTANGIBLE ASSETS

14.1 DEVELOPMENT IN THE FINANCIAL YEAR AND THE PREVIOUS YEAR

The values developed as follows:

in EUR'000

Acquisition or production costs	Goodwill	Artist and agency relationships	Other rights	Software	Other intangible assets
01.01.2020	**33,379**	**21,383**	**20,743**	**2,463**	**44,589**
Additions from initial consolidation	893	-	28	16	44
Additions	390	-	359	130	489
Disposals	-	-	-28	-29	-57
Currency adjustments	-558	-149	-583	-27	-759
31.12.2020	**34,104**	**21,234**	**20,519**	**2,553**	**44,306**
Depreciation					
01.01.2020	**-**	**7,761**	**2,445**	**1,577**	**11,783**
Additions	-	1,412	1,404	294	3,110
Disposals	-	-	-5	-29	-34
Currency adjustments	-	-43	-23	-17	-83
31.12.2020	**-**	**9,130**	**3,821**	**1,825**	**14,776**
Balance sheet values	**34,104**	**12,104**	**16,698**	**728**	**29,530**

in EUR'000

Acquisition or production costs	Goodwill	Artist and agency relationships	Other rights	Software	Other intangible assets
01.01.2019	**23,915**	**10,347**	**11,064**	**1,309**	**22,720**
Reclassification	-	-	-96	96	-
Additions from initial consolidation	8,983	10,749	9,007	597	20,353
Additions	–	–	810	545	1,355
Disposals	–	–	-430	-112	-542
Currency adjustments	481	287	388	28	703
31.12.2019	**33,379**	**21,383**	**20,743**	**2,463**	**44,589**

in EUR'000	Goodwill	Artist and agency relationships	Other rights	Software	Other intangible assets
Depreciation					
01.01.2019	**-**	**6,559**	**1,778**	**1,180**	**9,517**
Reclassification	-	-	-1	1	-
Additions from initial consolidation	-	18	157	292	467
Additions	-	1,013	914	190	2,117
Disposals	-	-	-430	-112	-542
Currency adjustments	-	171	27	26	224
31.12.2019	**-**	**7,761**	**2,445**	**1,577**	**11,783**
Balance sheet values	**33,379**	**13,622**	**18,298**	**886**	**32,806**

14.2. GOODWILL

As of 31 December 2020, the goodwill reported relates to the Live Touring segment with EUR 16,208 thousand (2019: EUR 15,551 thousand) and the Entertainment Services segment with EUR 17,896 thousand (2019: EUR 17,828 thousand).

The goodwill in the Live Touring segment relates to DEAG Classics AG in the unchanged amount to the previous year of EUR 2,473 thousand, in the amount unchanged to the previous year of EUR 1,592 thousand to Wizard Promotions Konzertagentur GmbH, in the amount of EUR 853 thousand unchanged to the previous year to KBK Konzert- und Künstleragentur GmbH and in the amount of EUR 605 thousand unchanged to the previous year to MEWES Entertainment Group GmbH and the Kilimanjaro subgroup, unchanged from the previous year, at EUR 6,475 thousand. The change in the amount of EUR 657 thousand is due to the finalisation of the purchase price allocation of the Gigantic sub-group (see Note 13).

In the Entertainment Services segment, the AIO Group accounted for EUR 10,822 thousand (2019: EUR 10,770 thousand) and EUR 3,376 thousand to LMP/LME. The change is due to the currency-related increase of EUR 68 thousand. The remaining portion of the Group's goodwill remains unchanged at EUR 1,552 thousand for the domestic sub-group C^2 Concerts, the unchanged amount of EUR 1,405 thousand for the domestic sub-group handwerker promotion e., and in the unchanged amount of EUR 741 thousand for the other domestic companies in this segment.

The goodwill reflects the synergy expectations of the DEAG Group in view of the extension of the network associated with the acquisitions, access to venues as a result of the regional expansion and the rise in ticket volumes. In addition, it is assumed that the Entertainment Services segment will be strengthened by being able to offer shows and tours.

The aforementioned subdivision also applies to the determination of the CGU.

Scheduled impairment tests were carried out for the goodwill of each CGU. No impairment loss was identified.

In each case, the basis for the impairment test was the utility value of the CGUs, whose calculation was derived from forecast earnings – depending on the CGUs – in multi-year planning. A discounted cash flow method was used to determine the utility value. The discounted cash flow method was based on management-approved business plans of the relevant CGUs as well as assumed growth rates and EBIT margins, which were based on the events, pre-sales and experience values taken into account in the planning. The planning numbers of the last planning year were used for the standard year (perpetual annuity). The Executive Board of DEAG and experienced industry experts such as pwc expect business activity to recover after the end of the COVID-19 pandemic from 2022, so that this temporary impairment of operational business activity does not have a permanent impact on the assessment of goodwill and there is no need for impairment.

Pre-tax interest rates between 10.3% and 10.8% (previous year: between 8.1% and 8.6%) for the CGUs were determined as discount rates. The CGU AIO Group is an exception. The discount rate for this CGU is 7.7% (previous year: 6.1%).

For the reporting year and the previous year, no growth discounts were applied in the standard year. Even after a 1 percentage point increase in the discount rate, there were no relevant indications of impairment of goodwill.

14.3 OTHER INTANGIBLE ASSETS

Other intangible assets reported in the balance sheet have a limited useful life.

The capitalisation of artist and agent relationships and other rights results, among other things, from business combinations.

The artist and agent relationships are generally amortised on a straight-line basis over 14 years, the other rights according to the respective contract term.

The remaining amortisation period for artist and agent relationships is between 1 and 9 years and between 2 and 22 years for other rights.

15 PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment in financial years 2020 and 2019 was as follows:

in EUR'000

Acquisition or production costs	**Land and buildings (historical cost)**	**Technical plant and machinery (historical cost)**	**Other fixtures and fittings, equipment (historical cost)**	**Leasing rights**	**Property, plant and equipment**
01.01.2020	**3.278**	**2.840**	**4.942**	**24.811**	**35.871**
Reclassification	4	110	-114	-	-
Additions	14	102	580	4.765	5.461
Disposals	-1.401	-47	-270	-2.361	-4.079
Currency adjustments	-79	-35	-36	-	-150
31.12.2020	**1.816**	**2.970**	**5.102**	**27.215**	**37.103**

Acquisition or production costs	Land and buildings (historical cost)	Technical plant and machinery (historical cost)	Other fixtures and fittings, equipment (historical cost)	Leasing rights	Property, plant and equipment
Depreciation					
01.01.2020	**616**	**1.137**	**3.289**	**4.735**	**9.777**
Reclassification	-	119	-119	-	-
Additions	182	273	477	3.993	4.925
Disposals	-172	-29	-226	-904	-1.331
Currency adjust-ments	-6	-16	-16	-1	-39
31.12.2020	**620**	**1.484**	**3.405**	**7.823**	**13.332**
Balance sheet values in EUR'000	**1.196**	**1.486**	**1.697**	**19.392**	**23.771**

Acquisition or production costs	Land and buildings (historical cost)	Technical plant and machinery (historical cost)	Other fixtures and fittings, equipment (historical cost)	Leasing rights	Property, plant and equipment
01.01.2019	**2.725**	**2.632**	**3.404**	**16.248**	**25.009**
Reclassification	0	70	-70	0	0
Additions from ini-tial consolidation	357	0	776	0	1.133
Additions	206	113	1.023	9.730	11.072
Disposals	-83	-6	-216	-1.167	-1.472
Currency adjustments	73	31	25	0	129
31.12.2019	**3.278**	**2.840**	**4.942**	**24.811**	**35.871**
Depreciation					
01.01.2019	**401**	**945**	**2.531**	**1.723**	**5.600**
Additions from ini-tial consolidation	112	0	431	0	543
Additions	181	186	521	3.351	4.239
Disposals	-83	-6	-216	-339	-644
Currency adjustments	5	12	22	0	39
31.12.2019	**616**	**1.137**	**3.289**	**4.735**	**9.777**
Balance sheet va-lues in EUR'000	**2.662**	**1.703**	**1.653**	**20.076**	**26.094**

A developed plot of land was sold in the financial year. At the same time, a rental agreement was concluded for the same property. Therefore, the hidden reserves were recognised in the amount of the share of the present value of the future rental payment obligation in the purchase price and included in other operating income in the amount of EUR 0.3 million. The right of use with a book value of EUR 0.4 million was retained and recognised in property, plant and equipment. Accordingly, a lease liability of EUR 0.5 million was recognised in other financial liabilities. The lease agreement has a term of 5 years.

16 LEASES

The DEAG Group has concluded leasing contracts for various real estate, motor vehicles and for operating and office equipment used in the Group. Real estate leases generally run for three to five years. In the case of motor vehicles and operating and office equipment, the term is usually between three and five years. The Group's obligations from its leasing contracts are secured by the lessor's ownership of the leased assets. The assignment and subleasing of the leased assets by the Group are generally prohibited. Some leases contain renewal and termination options that have been taken into account when determining the terms if it is reasonably certain that the options will be exercised.

For information on the carrying amounts of the recognised rights of use and the changes during the reporting period, see Note 15.

As of 31 December 2020, the leasing usage rights and related depreciation mainly related to real estate.

The following table shows the carrying amounts of the leasing liabilities (which are included in financial liabilities) and the changes during the reporting period:

in EUR'000

	31.12.2020	31.12.2019
Beginning of period	21,461	15,458
Additions	3,437	8,836
Interest	1,842	1,731
Payments	-4,369	-4,564
End of Period	**22,371**	**21,461**
thereof short-term	*4,439*	*3,320*
thereof long-term	*17,932*	*18,141*

The leasing of the Jahrhunderthalle in Frankfurt/Main represents an important leasing relationship. As of the balance sheet date, the carrying amount for the right of use was EUR 8,282 thousand (previous year: EUR 9,084 thousand). In contrast, leasing liabilities of EUR 9,472 thousand (2019: EUR 9,924 thousand) were recognised.

The maturity analysis of the leases is shown in Note 53.

The following amounts were recognised in profit or loss in the reporting period:

in EUR'000

	31.12.2020	31.12.2019
Depreciation on Right of Use	3,992	3,351
Interest expense on leasing liabilities	1,842	1,731
Lease Payments	-4,369	-4,564
Total	**1,465**	**518**

The Group's cash outflows for leases in the reporting year amounted to EUR -4,369 thousand in the reporting year (previous year: EUR 4,564 thousand). In addition, in 2020, the Group reported non-cash changes in of rights of use and lease liabilities in the amount of EUR 5,834 thousand (previous year: EUR 5,084 thousand).

17 INVESTMENT PROPERTY

Since 2001, DEAG has valued the plots of land held as a financial investment which are not used within the operating activities of the DEAG Group in accordance with the fair value model on the basis of sufficiently objectifiable market prices by an external expert and has made a corresponding write-up/write-down in respect of the fair value on the reporting date.

Already in financial year 2015, DEAG set up a 50:50 joint venture together with a real estate investor based in Frankfurt/Main and sold the partial plots of land around the Frankfurt Jahrhunderthalle arena held for sale and/or development under the item "Real estate held as a financial investment" subject to a condition precedent to the joint venture. In the event of the granting of a building permit, the property transfer is to be carried out and the total area and/or parts thereof are to be developed and marketed through the joint venture under the coordination of the real estate investor.

In the context of the sale subject to a condition precedent, the parties agreed on a minimum price for the partial plots of land, which, due to the fact that it was concluded in one transaction, is to be applied with priority over a fair value determined by an expert valuation. For financial year 2020, the price agreed upon in 2015 subject to a precedent condition continued to be the best indicator of the fair value.

The property surrounding the Jahrhunderthalle in Frankfurt/Main is reported unchanged at EUR 5,625 thousand, based on the minimum purchase price agreed subject to a condition precedent, less safety margins for unsecured development.

The following table shows the valuation hierarchy used, unchanged from the previous year:

Assets valued at fair value
(in EUR'000)

		Market value		
	Total	**Level 1**	**Level 2**	**Level 3**
Investment properties	5,625	-	-	5,625

18 INVESTMENTS AND FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

18.1 INVESTMENTS

For financial assets that are measured at fair value, there is an option to recognise the changes either in profit or loss or directly in equity. Financial assets measured at fair value include other investments (in principle, shares with a participation quota of less than 20%) in corporations (equity instruments) and shares held by DEAG. DEAG has decided to recognise changes in the fair value of its equity investments in the income statement. The valuation as of the reporting date was carried out using a third-party objectivised price on the basis of an equity transaction. The valuation of the Time Ride investment resulted in a fair value of EUR 16.0 million as of 31 December 2020. The carrying amount of this investment is unchanged from the previous year and amounts to EUR 1,914 thousand.

In addition, the item mainly includes minority shareholdings in the UK in the amount of EUR 779 thousand (previous year: EUR 382 thousand) and in Switzerland in the amount of EUR 28 thousand (previous year: EUR 40 thousand).

18.2 FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

The following table summarises the financial information on financial assets accounted for using the equity method (separately according to joint ventures and associates):

in EUR'000

	Joint Ventures		Asscociated companies	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Carrying amount of financial assets accounted for using the equity method (accumulated)	10	11	560	38
Annual net loss	-124	-247	-2	-1,142
Other result	-	-	-	20
Total result	-124	-247	-2	-1,120

IFRS 11 covers joint arrangements as the contractual agreement for joint control whereby the type and form of contractual agreement is not explicitly regulated.

In the year under review, the Group had a cooperation agreement for the joint organisation of projects (previous year: two). This cooperation agreement provided for a common decision-making right for all important matters and a shared distribution of the result. Accordingly, the cooperation agreement was classified as joint ventures and the result allocated to the associated companies. The joint venture had no assets or liabilities of its own.

The quantitative impact from this application of IFRS 11 is as follows:

in EUR'000

	2020	**2019**
Reduction of sales	-	-
Reduction of cost of sales	-	15
Reduction of selling expenses	-	-
Reduction of administrative expenses	68	120
Decrease of income from associated companies	-68	-135
Change in net result	**0**	**0**

19 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial receivables in the amount of EUR 3,865 thousand (31 December 2019: EUR 3,392 thousand) have a term of more than one year. These essentially contain a purchase option of EUR 2,391 thousand (31 December 2019: EUR 1,852 thousand) and loan receivables unchanged at EUR 1,000 thousand.

With regard to the purchase option, we refer to our further explanations in Notes 6 and 54.

20 DEFERRED TAXES

The deferred tax assets in the amount of EUR 3.2 million (31 December 2019: EUR 2.7 million) mainly relate to deferred taxes on losses carried forward offset against deferred tax liabilities of EUR 1.2 million (31 December 2019: EUR 1.2 million) (same tax authorities). Please refer to our comments in Note 39.

21 BANK LOANS PAYABLE

Liabilities to banks include investment loans as well as the availment of working capital lines.

In December 2020, DEAG received approval from the state development bank KfW for a loan from the KfW Special Programme 2020, which was expanded as part of the federal government's package of measures to cushion the economic consequences of the corona crisis, for EUR 25 million in two tranches for financing of operating materials. The loan is granted via the principal banks. The first tranche of EUR 15 million can be called up immediately (of which EUR 5.3 million had been drawn down by the balance sheet date), the second tranche of up to EUR 10 million can be called up from 30 September 2021, up to a maximum of 12 months after the loan has been approved. The loan bears an interest rate of 2% p.a. The effective interest rate of the liability is 2.03% per annum. Both tranches have a term of six years. After the repayment-free first year, quarterly repayment takes place. Otherwise, the loan terms contain usual conditions.

Furthermore, subsidiaries of DEAG agreed with their respective principal banks specifically to cushion the effects of the COVID-19 pandemic with state-guaranteed financing in the amount of GBP 4.0 million or CHF 1.6 million.

22 TRADE ACCOUNTS PAYABLE

The liabilities are all due within one year. There is no collateralisation.

23 PROVISIONS

This item developed as shown below:

in EUR'000

	As of 01.01.2020	Usage	Dis-posal	Addi-tion	Currency adjustment	As of 31.12.2020
Outstanding invoices	4,058	3,565	82	1,456	-96	1,771
Personnel obligations	2,314	1,939	8	1,693	-11	2,049
Consulting and audit fees	451	442	-	358	-7	360
Other accruals	864	249	-	381	-5	991
Total	**7,687**	**6,195**	**90**	**3,888**	**-119**	**5,171**

in EUR'000

	As of 01.01.2019	Changes in conso-lidation	Usage	Dis-posal	Addition	Currency adjustment	As of 31.12.2019
Outstanding invoices	4,869	296	5,008	80	3,817	164	4,058
Personnel obligations	2,245	162	2,097	2	1,965	41	2,314
Consulting and audit fees	420	42	432	8	420	9	451
Other accruals	961	402	928	103	518	14	864
Total	**8,495**	**902**	**8,465**	**193**	**6,720**	**228**	**7,687**

The provisions – except for EUR 265 thousand (31 December 2019: EUR 279 thousand) in provisions for personnel liabilities – are, as a matter of principle, due within one year.

24 CONTRACT LIABILITIES

This item includes customers' takings for concert and theater tickets as well as guarantee payments for events after the balance sheet date. The contractual liabilities are recognised in income on the day of the respective event.

For further details on the contractual liabilities, we refer to the explanations in Note 31 "Sales."

25 BOND

To finance external and internal growth measures, DEAG issued a corporate bond in the amount of EUR 20,000,000.00 in the previous year. This corporate bond was increased by a further EUR 5,000,000.00 in June 2019. The bonds from the 2018/2023 corporate bond are listed on the Open Market of the Frankfurt Stock Exchange. The bonds bear interest at a rate of 6% per annum. Interest is payable annually in arrears in October of each year. Unless the bonds have already been fully or partially redeemed or purchased and cancelled, DEAG is obliged to redeem the bonds at their nominal value on 31 October 2023. The effective interest rate of the liability is 7.37% per annum.

The basic bond data and further information can be found on the company's website: **http://www.deag.de/investors/anleihe**.

26 OTHER CURRENT FINANCIAL AND NON-FINANCIAL LIABILITIES

Other current financial liabilities comprise the following:

in EUR'000

	31.12.2020	31.12.2019
Finance liabilities	4,776	7,977
Escrow monies from ticket sales	3,026	1,559
Other	1,936	1,339
Other current financial liabilities	**9,738**	**10,875**

The financial liabilities essentially relate to short-term leasing liabilities in the amount of EUR 4.4 million (31.12.2019: EUR 3,3 million).

Other non-current financial liabilities:

in EUR'000

	31.12.2020	31.12.2019
Tax liabilities	2,522	4,776
Vouchers	1,669	-
Social security liabilities	320	154
Prepayment of cooperation agreements	45	57
Other	78	131
Other current non-financial liabilities	**4,634**	**5,118**

27 OTHER NON-CURRENT FINANCIAL LIABILITIES

in EUR'000

	31.12.2020	31.12.2019
Leasing liabilities	17,932	18,141
Conditional purchase price payments	2,257	2,741
Other non-current financial liabilities	**20,189**	**20,882**

EUR 8,965 thousand (previous year: EUR 9,472 thousand) of the leasing liabilities relates to the lease of the Jahrhunderthalle in Frankfurt/Main and EUR 8,967 thousand (previous year: EUR 8,669 thousand) to the other leasing obligations.

The contingent purchase price payments relate to the acquisition of Gigantic Holdings Ltd. and C^2 Concerts GmbH in 2019.

Please refer to the comments in Notes 6, 16 and 53.

28 COLLATERALISATION

To secure liabilities to banks (31 December 2020: EUR 4,375 thousand; 31 December 2019: EUR 5,125 thousand) in connection with acquisition financing, dividend claims against three subsidiaries were transferred to the financing bank or shares were pledged to the financing bank.

During the reporting year, EUR 2,476 thousand (previous year: EUR 5,927 thousand) was assigned to the financing bank for the collateralisation of liabilities to banks, in connection with tour pre-financing, receivables from ticket money and insurance claims.

The loans of the subsidiaries in the UK are secured to the extent customary there.

29 EQUITY

DEAG's capital stock amounts to EUR 19,625,976, divided into the same number of ordinary bearer shares in the form of no-par-value shares with a notional share in the capital stock of EUR 1.00 per share.

The share capital of the company is paid in full.

The capital reserve includes the premium from the issue of shares, the reduction due to the capital increase from company funds to adjust the subscribed capital due to the conversion to the euro, and the costs of capital measures carried out. The transaction costs mainly relate to consulting costs and issue fees. The revaluation reserve for property, plant and equipment formed in previous years resulted from the revaluation of owner-occupied properties after deduction of deferred taxes in accordance with IAS 16. As a result of the Jahrhunderthalle transaction, the remaining revaluation reserve was completely transferred to the capital reserve in 2015 with no effect on income.

The accumulated loss includes the annual result for the financial year as well as the results achieved in the past by the companies included in the Consolidated Financial Statements.

Earnings per share are calculated by dividing the consolidated net result by the weighted number of shares outstanding.

The calculation of basic earnings per share in accordance with IAS 33 is based on 19,625,361 shares (19,625,976 issued shares less 615 treasury shares). The weighted average number of shares for 2020 is 19,625,361 (2019: 19,136,758). The underlying consolidated result is EUR -1,234 thousand (previous year: EUR -1,187 thousand).

Contingent Capital

The share capital of DEAG was contingently increased in accordance with a resolution adopted by the General Meeting on 27 June 2019, by an amount of EUR 1,905,455.00 (Contingent Capital 2019/I).

The contingent capital increase serves exclusively to fulfil subscription rights granted on the basis of the authorisation of the Annual General Meeting on 27 June 2019. It will only be implemented to the extent that the holders of subscription rights issued under the 2019 Stock Option Plan exercise their right to subscribe to shares of the company and the company does not deliver treasury shares to fulfil the options. The new shares participate in the profit from the beginning of the financial year for which no resolution on the appropriation of profits has been passed at the time of their issue. The Executive Board is empowered to define the further details for the implementation of the contingent capital increase with the consent of the Supervisory Board.

The resolution on the contingent capital (2019/I) was entered in the commercial register on 8 July 2019.

Authorised Capital

The Ordinary General Meeting created new authorised capital on 27 June 2019 and cancelled the previously unused authorised capital (Authorised Capital 2014/I). The Executive Board has been empowered to increase, with the approval of the Supervisory Board, the subscribed capital by 26 June 2024 by a total of EUR 9,527,278.00 (Authorised Capital 2019/I).

The resolution on Authorised Capital 2019/I was entered in the commercial register on 8 July 2019.

The Authorised Capital 2019/I has not yet been used.

Acquisition of treasury shares (Section 71 (1) no. 8 AktG)

As resolved by the Annual General Meeting on 25 June 2020, in accordance with Section 71 para. 1 no. 8 AktG, DEAG is authorised to purchase up to 10% of the share capital existing on the date of the resolution until 24 June 2020 upon approval of the Supervisory Board. The decision on this is to be made by the Executive Board. Such purchase may only be made via the stock exchange or by a public purchase offer addressed to all shareholders. This authorisation has not yet been exercised. As of 31 December 2020, the company still held 615 treasury shares.

Accumulated other result

The accumulated other result developed as follows in 2020 and 2019, respectively:

in EUR'000

	As of 01.01.2020	Variance in reporting year	As of 31.12.2020
Balancing item actuarial gain or losses (IAS 19.93A)	621	50	671
Balancing item for foreign currency translation	1,051	206	1,257
Share-based payments	26	-	26
Accumulated other income	**1,698**	**256**	**1,954**

in EUR'000

	As of 01.01.2019	Variance in reporting year	As of 31.12.2019
Balancing item actuarial gain or losses (IAS 19.93A)	614	7	621
Balancing item for foreign currency translation	949	102	1,051
Share-based payments	-	26	26
Accumulated other income	**1,563**	**135**	**1,698**

Shares of other shareholders

Shares in the paid-up and generated equity which are held neither directly nor indirectly by DEAG are reported as minority interests. They are disclosed within equity in accordance with IAS 10.22.

30 DISCLOSURES ON RELATIONSHIPS WITH RELATED PARTIES

According to IAS 24, the Executive Board of DEAG Deutsche Entertainment AG, its shareholders and the Supervisory Board as well as relatives and companies controlled by them, come into consideration as related parties (related persons and companies).

All business relations with persons and companies presented below were based on standard market terms.

Other related parties within the meaning of IAS 24.19 included the following individuals during the reporting period:

- » Two family members of Prof. Peter L. H. Schwenkow, who are employees of companies in the DEAG Group, and (One of the family members joined the DEAG Executive Board during the year) and
- » a member of the Supervisory Board who receives remuneration from a consulting contract in addition to the remuneration for serving on the Supervisory Board

Remuneration and fees of a total amount of EUR 234 thousand (2019: EUR 349 thousand) were paid to these persons and companies in the reporting year.

Executive Board

As of 1 April 2020, Mr. Moritz Schwenkow was appointed to the Executive Board as Chief Ticketing Officer (CTO).

The total remuneration granted, including fringe benefits, totalled EUR 2.9 million in 2020 (previous year: EUR 3.2 million). In the reporting year, the Executive Board received payments including fringe benefits in the amount of EUR 3.1 million (previous year: EUR 1.8 million). These include remuneration for activities for subsidiaries included in the Consolidated Financial Statements (EUR 162 thousand, 2019: EUR 148 thousand). The total remuneration of the previous year includes the remuneration of the former Executive Board member Ralph Quellmalz, who left the company on 31 March 2019, in the amount of EUR 88 thousand. In addition, Mr. Quellmalz received monthly compensation of EUR 13 thousand for the duration of the non-competition clause from 1 April 2019 to 19 December 2019, with the month of December being taken into account on a pro-rata basis. In total, these expenses amounted to EUR 110 thousand. The pro-rata remuneration of EUR 88 thousand and the compensation of EUR 110 thousand were paid to Mr. Quellmalz in full in 2019.

In the reporting year, the Executive Board was granted 79,394 stock option rights in each case under the stock option programme 2019 (see also Note 45). The value of this option, determined from the number of options multiplied by the subscription right (EUR 6.00), was shown as multi-year remuneration in the previous year.

The benefits granted are comprised as follows:

Compensation granted (in EUR‘000)	**Prof. Peter L.H. Schwenkow CEO**			
	2019	**2020**	**2020 (Min)**	**2020 (Max)**
Fixed compensation	550	550	550	550
Other compensation	180	181	181	181
Total	**730**	**731**	**731**	**731**
One-year variable compensation	808	528	528	950
Multi-year variable compensation	66	-	-	-
Total	**874**	**528**	**528**	**950**
Total compensation granted	**1,604**	**1,259**	**1,259**	**1,681**

Compensation granted (in EUR'000)	Christian Diekmann COO, CDO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	330	330	330	330
Other compensation	66	59	59	59
Total	**396**	**389**	**389**	**389**
One-year variable compensation	237	157	157	300
Multi-year variable compensation	66	-	-	-
Total	**303**	**157**	**157**	**300**
Total compensation granted	**699**	**546**	**546**	**689**

Compensation granted (in EUR'000)	Detlef Kornett CMO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	275	275	275	275
Other compensation	31	134	134	134
Total	**306**	**409**	**409**	**409**
One-year variable compensation	102	157	157	475
Multi-year variable compensation	66	-	-	-
Total	**168**	**157**	**157**	**475**
Total compensation granted	**474**	**566**	**566**	**884**

Compensation granted (in EUR'000)	Roman Velke (since April 2019) CFO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	135	180	180	180
Other compensation	121	21	21	21
Total	**256**	**201**	**201**	**201**
One-year variable compensation	44	50	50	120
Multi-year variable compensation	66	-	-	-
Total	**110**	**50**	**50**	**120**
Total compensation granted	**366**	**251**	**251**	**321**

Compensation granted (in EUR'000)	Moritz Schwenkow (since April 2020) CTO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	-	165	165	165
Other compensation	-	16	16	16
Total	**-**	**181**	**181**	**181**
One-year variable compensation	-	120	120	210
Multi-year variable compensation	-	-	-	-
Total	**-**	**120**	**120**	**210**
Total compensation granted	**-**	**301**	**301**	**391**

In 2020, Executive Board members received the following benefits:

Compensation received (in EUR'000)	Prof. Peter L.H. Schwenkow CEO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	550	550	550	550
Other compensation	180	181	181	181
Total	**730**	**731**	**731**	**731**
One-year variable compensation	100	808	808	808
Multi-year variable compensation	-	-	-	-
Total	**100**	**808**	**808**	**808**
Total Compensation received	**830**	**1,539**	**1,539**	**1,539**

Compensation received (in EUR'000)	Christian Diekmann COO, CDO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	330	330	330	330
Other compensation	66	59	59	59
Total	**396**	**389**	**389**	**389**
One-year variable compensation	-	237	237	237
Multi-year variable compensation	-	-	-	-
Total	**-**	**237**	**237**	**237**
Total Compensation received	**396**	**626**	**626**	**626**

Compensation received (in EUR'000)	Detlef Kornett CMO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	275	275	275	275
Other compensation	31	134	134	134
Total	**306**	**409**	**409**	**409**
One-year variable compensation	-	102	102	102
Multi-year variable compensation	-	-	-	-
Total	**-**	**102**	**102**	**102**
Total Compensation received	**306**	**511**	**511**	**511**

Compensation received (in EUR'000)	Roman Velke (since April 2019) CFO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	135	180	180	180
Other compensation	78	21	21	21
Total	**213**	**201**	**201**	**201**
One-year variable compensation	-	44	44	44
Multi-year variable compensation	-	-	-	-
Total	**-**	**44**	**44**	**44**
Total Compensation received	**213**	**245**	**245**	**245**

Compensation received (in EUR'000)	Moritz Schwenkow (since April 2020) CTO			
	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	-	165	165	165
Other compensation	-	16	16	16
Total	**-**	**181**	**181**	**181**
One-year variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Total	**-**	**-**	**-**	**-**
Total Compensation received	**-**	**181**	**181**	**181**

The members of the Executive Board are each subject to a comprehensive post-contractual non-competition clause for a period of 24 months after termination of the underlying employment relationship. DEAG pays compensation in relation to the remuneration for this.

In the event of illness and/or temporary occupational disability of the CEO, the company undertakes to pay the fixed compensation, but no longer than until the end of the employment contract.

In the event of illness and/or temporary occupational disability of the COO/CDO, CMO or CFO, the company undertakes to pay the fixed compensation for a period of six months as well as 50% of the fixed remuneration for another six months, but no longer than until the end of the employment contract.

In the event of death in active service, the surviving dependents of the CEO will be paid for six months and the surviving dependents of the COO/CDO, CMO and CFO will be paid for three months 100% of the fixed compensation and part of the variable remuneration earned up to that point in time.

Both in the event of premature termination of the contract by mutual consent and/or resignation of the Executive Board mandate at the request of DEAG and in case of a change of control event, DEAG will pays severance pay to the members of the Executive Board.

Members of the Supervisory Board

Members of the Supervisory Board are remunerated in line with the Articles of Incorporation. In the year under review, remuneration totalled EUR 163 thousand (2019: EUR 165 thousand).

31 REVENUES

The segment reporting shows the breakdown of revenues by lines of business and geographical markets (Note 7). We refer to our comments on the details of the accounting and valuation principles in Note 6.

The changes in trade receivables, payments made and contractual liabilities in the financial year result from the following circumstances:

Contract balances

in EUR'000

	31.12.2020	31.12.2019	01.01.2019
Trade receivables	2,329	12,704	10,289
Contract liabilities	60,246	50,094	34,839

In financial year contract liabilities comprises the following:

Reconcilation of contract liabilities

in EUR'000

	2020	2019
Income included in contract liabilities at the beginning of the period	-26,153	-34,658
Additions from payments received net of amounts recoginised as sales in the reporting period	36,305	50,001
Adjustments of income with impact on corresponding contract liabilities	0	-88
Total	10,152	15,343

The sales revenues mainly comprise income from customer contracts of EUR 33.0 million (previous year: EUR 185.2 million) and insurance refunds of EUR 16.9 million for events that had to be cancelled or postponed due to official event bans (previous year: EUR 0.0 million). Revenues from customer contracts of EUR 16.9 million (previous year: EUR 118.1 million) were generated by the Live Touring segment and EUR 19.8 million (previous year: EUR 78.9 million) by the Entertainment Services segment. Revenues from customer contracts of EUR 17.1 million (previous year: EUR 101.9 million) were generated in Germany, EUR 9.9 million (previous year: EUR 65.3 million) in the UK and EUR 6.0 million (previous year: EUR 18.1 million) in Switzerland.

32 COST OF SALES

The cost of materials, purchased services, especially fees, personnel expenses, event-related hire and rental charges and other material costs (including pro rata scheduled depreciation and amortisation of EUR 5.6 million (previous year: EUR 4.4 million)) incurred to achieve sales revenue are recognised as cost of sales.

33 DISTRIBUTION COSTS

Distribution costs amounted to EUR 6.2 million after EUR 18.3 million the previous year. This includes personnel expenses (EUR 1.7 million, 2019: EUR 2.0 million), system fees (EUR 1.4 million, 2019: EUR 5.0 million) and other distribution-related material costs (EUR 3.1 million, 2019: EUR 11.2 million).

34 ADMINISTRATIVE EXPENSES

Administrative expenses declined by EUR 3.5 million to EUR 16.1 million compared to the previous year. They consist of personnel expenses (EUR 9.7 million, 2019: EUR 11.2 million), other administration-related material costs (EUR 4.0 million, 2019: EUR 6.6 million) and the pro rata scheduled depreciation in the amount of EUR 2.4 million (2019: EUR 1.9 million).

35 OTHER OPERATING INCOME

Other operating income in the amount of EUR 13.2 million (previous year: EUR 4.8 million) mainly includes support services from corona aid programmes in the amount of EUR 8.5 million and income from claims for damages in the amount of EUR 2.2 million as well as income from the valuation of purchase price liabilities and options on the reporting date and a purchase option in other financial assets at fair value totalling EUR 1.8 million. Please refer to Note 6 for more information.

36 OTHER OPERATING EXPENSES

Other operating expenses increased by EUR 0.9 million to EUR 1.9 million compared to the previous year (previous year: 1.0 million euros). The change is mainly due to the change in the additions to the individual valuation allowances and higher currency losses.

The currency losses of EUR 359 thousand (previous year: EUR 2 thousand) were offset by currency gains of EUR 0 thousand (previous year: EUR 132 thousand) in the financial year.

37 FINANCIAL INCOME AND EXPENSES

This item breaks down as follows:

in EUR‘000

	2020	2019
Interest income	483	98
Interest expense	-4,300	-3,981
ohter financial income or expenses	-381	-57
Financial income and expenses	**-4,198**	**-3,940**

38 INCOME FROM INVESTMENTS

The result from investments is unchanged from the previous year at EUR -0.4 million and is mainly attributable to investments in Germany.

39 INCOME TAX

The actual tax liabilities for the current financial year and previous years are calculated on the basis of the amounts expected to be payable to the tax authorities. Deferred tax claims and tax liabilities are calculated on the basis of the rates valid on the balance sheet date.

in EUR'000

	2020	**2019**
Tax expenditure:		
Reporting period	-106	-1,056
Previous years	-347	-188
Tax refund previous years	309	44
Deferred tax revenue/expenditure		
Deferrered taxes	1,135	-171
Changing tax rate	-98	34
Tax expenditure	-	-
Income tax	**893**	**-1,337**

Income taxes include income taxes paid or payable in the respective countries and all deferred taxes. Income tax includes corporate income tax as well as the solidarity surcharge and trade tax and the respective foreign taxes.

Deferred taxes are formed in order to record all substantial temporary variances between the individual financial statement and the tax balance sheet and temporary variances due to consolidation adjustments.

Deferred taxes are calculated on the basis of the respectively applicable national income tax rates. For domestic companies, a corporation tax rate of 15.0% as well as an effective local trade tax rate of 15.0% were applied in the reporting year 2020. Taking into account the solidarity surcharge and the trade income tax, the calculation of the deferred taxes for the domestic companies is based on a tax rate of approx. 30.0%. The income tax rate in Switzerland is approx. 20.0% and approx. 19.0% in the UK. If no prior-year figures are stated, the respective tax rates remained unchanged compared to the previous year.

Tax expenses resulting from application of the DEAG tax rate can be translated into actual tax expenses as follows:

in EUR'000

	2020	2019
Result before taxes on income and shares of other shareholder	-3,780	1,897
Tax expenditure at the DEAG AG tax rate	1,134	-569
Tax expenditure as per profit and loss statement	893	-1,337
Carryover figure	**241**	**768**

in EUR'000

	2020	2019
Changing tax rate	-	-
Taxes previous years	38	144
Tax-free earnings and non-deductible expenses	225	-420
Different tax rates	201	50
Write-up of value adjustment of tax accruals	-410	1,064
Others	187	-70
	241	**768**

Deferred tax assets comprise the following:

in EUR'000

	2020	2019	Variances with no effect on results	Variances with effect on results
Tax accruals on losses carried forward	3,133	2,727	-	406
Deferred tax assets	**3,133**	**2,727**	**0**	**406**
Deferred tax assets that can be set off against deferred tax liabilities	-1,169	-1,169		
Deferred tax assets (net)	**1,964**	**1,558**		

Deferred tax assets in respect of losses carried forward were recognised in the amount of EUR 3.1 million (previous year: EUR 2.7 million). The tax claims were shown as a balance in the amount provided that there is an offsetting possibility with the same tax authority.

The tax losses carried forward in the DEAG Group amounted to around EUR 97 million on 31 December 2020 (previous year: EUR 97 million) and around EUR 59 million for trade tax (2019: EUR 56 million).

Due to the utilisation of previously unrecognised tax losses, the current tax expense was reduced by EUR 0.6 million (2019: EUR 0.5 million).

The reported **deferred tax liabilities** are as follows:

in EUR'000

	2020	2019	Ergebnis-neutrale Veränderungen	Ergebnis-wirksame Veränderungen
Deferred income from the value write-up on the Jahrhunderthalle Frankfurt am Main	1,320	1,320	-	-
Deferred income on intangible assets	5,596	6,491	252	643
Other temporary variances	388	290	-	-98
Deferred taxes on the liabilities side	**7,304**	**8,101**	**252**	**545**
To be settled against deferred tax assets	-1,169	-1,169		
Balance sheet value	**6,135**	**6,932**		

40 DISCONTINUED OPERATIONS

The result from discontinued operations was EUR -21 thousand after EUR -7 thousand the previous year

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

41 PERSONNEL EXPENSES

in EUR'000

	2020	2019
Salaries and wages	14,726	17,571
Social security contribution	1,965	2,440
Total	**16,691**	**20,011**

Personnel expenses relate entirely to the continuing operations.

Personnel expenses decreased by EUR 3,320 thousand compared to the previous year, mainly due to the use of short-time work and the resulting reduction in working hours and reimbursement of social security contributions as well as lower performance-related remuneration. This was counteracted by the first-time full-year inclusion of personnel expenses for the subsidiaries acquired in the previous year.

42 RENT EXPENDITURE

There are no significant rental expenses in the year under review for short-term leases or expenses for leases for low-value assets.

43 CASH FLOW STATEMENT

Cash and cash equivalents relate exclusively to liquid assets. Changes in the scope of consolidation resulted in the following changes in cash and cash equivalents and other assets and liabilities.

44 INFORMATION ON OBLIGATIONS UNDER RETIREMENT BENEFIT PLANS (IAS 19)

Under defined contribution plans in Germany, the Group contributes by virtue of statutory provisions to state pension insurance schemes. During the financial year, the employer's contribution to the pension insurance amounted to 9.30%, unchanged from the previous year. The ongoing payments of contributions are disclosed as social contributions in personnel expenses and amounted to EUR 0.8 million (2019: EUR 1.0 million).

For the employees of Kilimanjaro Live Ltd., retirement benefits are granted under the statutory defined contribution plan. Moreover, the directors of the company are insured through individual defined contribution pension insurance policies. During the reporting period, the sub-group Kilimanjaro paid pension contributions in the amount of EUR 76 thousand (2019: 84 thousand).

The companies of the DEAG Group that are based in Switzerland have joined a collective foundation for compliance with their retirement benefit obligations under the Swiss Federal Act on "Berufliche Alters-Hinterlassenen- und Invalidenvorsorge" (BVG). Apart from the payment of ongoing contributions to this pension scheme, they are also obliged to compensate for any undercoverage of this pension scheme if necessary (see Article 65d BVG). For this reason, this retirement benefit scheme has to be classified as a defined multi-employer benefit plan within the meaning of IAS 19.29.

An independent expert has calculated the obligations in terms of retirement benefits effective 31 December 2020. The corresponding values were transferred to the Consolidated Financial Statements and are part of the Group's personnel obligations. Reference is made to our comments in Note 23. Disclosures in accordance with IAS 19 have been waived for reasons of materiality.

45 SHARE-BASED COMPENSATION

The Group has launched a stock option programme ("Stock Option Plan 2019") for the Executive Board, members of the management of affiliated domestic and foreign companies (Managing Directors) and for managers. The programme continued to exist in the reporting year, but is expected to be terminated in 2021 due to the planned delisting.

46 AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

Headcount

	2020	2019
Live Touring	119	108
Entertainment Services	115	118
DEAG Holding	38	37
Total	**272**	**263**

On 31 December 2020, the Group employed 299 people in continuing operations (2019: 315).

47 OFF-BALANCE SHEET CONTINGENCIES / CONTINGENT LIABILITIES / CONTINGENT CLAIMS

On the balance sheet date, the following contingencies relating to other guarantees in the amount of EUR 1,229 thousand existed (previous year: EUR 975 thousand).

This includes EUR 1,182 thousand (2019: EUR 928 thousand) for which DEAG is liable in connection with the issuance of a letter of comfort to a joint venture that is unlimited in amount and valid until further notice.

For sufficiently concrete, foreseeable tax risks whose probability of occurrence is predominantly likely, existing tax credits were reduced and/or corresponding provisions were recognised. In addition, further payment obligations may result from the outcomes of future external tax audits whose amount cannot currently be reliably estimated.

The Group is currently involved in active and passive legal proceedings. In as far as risks can be identified, these risks are covered as a matter of principle in the Consolidated Financial Statements on the one hand by valuation allowances in respect of the assets and on the other hand through provisions. During the reporting year, exclusively costs of proceedings were provisioned. No individual risks from passive proceedings exist.

The potential reduction from passive proceedings is EUR 1.4 million.

48 OTHER FINANCIAL OBLIGATIONS

In addition to the provisions and liabilities in the balance sheet and the contingencies, the following other financial commitments exist:

2020 in EUR‘000

	Artist guarantees	Rent and leasing	Other	Total
2021	8,163	412	739	9,314
2022-2025	4,439	264	94	4,797
Total	**12,602**	**676**	**833**	**14,111**

There are no obligations for more than 5 years.

Other financial obligations of the previous year related to:

2019 in EUR'000

	Artist guarantees	Rent and leasing	Other	Total
2020	13,646	602	704	14,952
2021-2024	2,999	36	10	3,045
Total	**16,645**	**638**	**714**	**17,997**

If circumstances arise which cannot be influenced by the company, additional financial obligations to the four members of the Executive Board in the amount of EUR 9,593 thousand may result (previous year: EUR 5,423 thousand). The probability of occurrence is considered to be low.

49 AUDIT FEES

The fee for the auditor of the Consolidated Financial Statements, Mazars GmbH & Co. KG, Hamburg, can be broken down as follows:

in EUR'000

	2020	2019
Audit fees	163	214
Other services rendered	72	34
Gesamt	**235**	**248**

In addition to the costs for the audit of the Annual and Consolidated Financial Statements, no further audit services that were directly initiated by the audit or used in the context of the audit were incurred in 2020.

The other services relate to ongoing consultations as well as applying for funding (previous year: acquisition services).

50 DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 AKTG

On 16 December 2020, and with the most recent update on 18 March 2021, the Executive Board and Supervisory Board of DEAG issued the Declaration of Conformity with the recommendations of conduct of the German Corporate Governance Code (GCGC) in the current versions of 7 February and 16 December 2019 for the respective periods and made it permanently available to shareholders. The full declaration is posted on the company's website (**www.deag.de/ir**).

51 LEGAL DISPUTES

Various DEAG Group companies are involved in legal or out-of-court disputes. We refer to Note 47 for the possible effects.

52 CAPITAL CONTROL

Besides the provisions under the German Stock Corporation Act, DEAG is not subject to any more extensive obligations for the purpose of capital conservation. The financial figures that are used for internal controlling of the company are performance-based and are to contribute to the appreciation of shareholders' assets while at the same time preserving balanced liquidity.

In the project business, the gross margin and the number of tickets in order to breakeven are used as the most important control parameters. In overall corporate management, sales revenues and earnings before interest, taxes, depreciation and amortisation (EBITDA) are the key indicators, which are also used by market participants, investors and financing banks for assessment purposes. With respect to acquisitions of companies, the duration of amortisation of the purchase price is an important decision criterion in addition to the company-related parameters. The Group manages its capital with the objective of ensuring that all affiliated companies can operate their business as a going concern and that at the same time the earnings of the shareholders are maximised though an optimisation of the ratio of equity to debt capital. The overall strategy is unchanged from the previous year. Compliance with the covenant criteria in connection with financing used is monitored on an ongoing basis. Non-compliance with financial covenants may lead to a slight increase in the cost of the underlying financing and/or restrict the committed framework of the financing.

As of 31 December 2020, the equity ratio (as defined in section 2.2 of the terms and conditions of the bond) in the balance sheet is below 15%, so that the interest on the 2018/2023 corporate bond will be increased by 0.5 percentage points to 6.5% p.a. as of 1 November 2021, provided that the equity ratio of 15% is not exceeded again in the 2021 half-year financial report.

For a summary presentation of the figures for the reporting year and the previous year (EBITDA, Group earnings, profit to sales ratio), we refer to the information in the segment reporting in Note 7.

53 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The DEAG Group is subject to interest rate, currency, credit and liquidity risks in respect of its assets, liabilities and operating business as a result of its international business activities and its investment and financing activities.

Interest risks

On the assets and liabilities side, the Group is subject to interest rate fluctuations. While on the assets side in particular, income from short-term investments is exposed to an interest rate risk, the liabilities side is essentially affected by interest expenses concerning current and non-current financial liabilities.

A risk reduction results from the fact that both the investments and part of the interest payments are subject to financing with a variable interest rate raised by the Group.

The current return for drawings and drawdowns of existing financing lines are based on the one hand on the general EURIBOR development and on the other hand partly on agreed balance sheet and earnings ratios (financial covenants) which can lead to an increase or reduction in the interest payments. This financing is based on spread grids with scaling of 0.25 percentage points. The interest rate premium on the EURIBOR depends on the net debt ratio and interest coverage.

The financial and non-financial covenants vis-à-vis banks are continuously monitored and the resulting interest margins are agreed with the banks concerned.

The sensitivity analysis required by IFRS 7 refers to interest rate risks from floating rate monetary liabilities.

In the event of a hypothetical increase of the EURIBOR by 1%, interest would increase by EUR 233 thousand (previous year: EUR 139 thousand) as far as floating rate interest financing is concerned. A reduction by 1% is currently impossible due to the low interest level.

In the event of a hypothetical increase (decrease) of the interest premium by 0.25%, interest would increase (decrease) by EUR 58 thousand (previous year: EUR 35 thousand) as far as the floating rate interest financing is concerned.

Currency risks

Payments of fees for artists, orchestras, show productions etc. are partly made on a USD basis and are hence subject to a currency risk to the euro, Swiss franc or British pound. The same applies to dividend payments from foreign subsidiaries which are made in Swiss francs or British pounds. The company performs sensitivity analyses on a regular basis in order to anticipate the impact of currency fluctuations and assess whether rate-hedging transactions are advantageous. In the reporting period and for the following business year, currency hedging transactions in GBP for intercompany loans and a purchase price liability in USD were carried out.

Credit risks

The DEAG Group is exposed in the operating business and in respect of other transactions – stake sales, for instance – to a default risk if the contractual partners fail to meet their payment obligations. The existing deposits have been made with principal banks with good credit standing. The maximum default risk is reflected by the carrying amounts. The deposits are made with different banks so that a diversification of the default risk is guaranteed.

In the operating business, too, credit standing is strictly observed in selecting business partners. Accounts receivable are monitored on an ongoing basis. Possible default risks are taken into account by valuation allowances. On the reporting date, there were no indications of risks beyond the posted valuation allowances for accounts receivable or other assets.

Liquidity risks

The financing of the operating business depends on the ability of the companies in the DEAG Group to generate sufficient cash flow in a volatile business or to tap external sources of financing (debt or equity).

DEAG has therefore agreed on extensive framework lines with four principal banks, which are held for the purposes of acquisition financing (EUR 5.5 million; previous year: EUR 6.0 million), pre-financing of touring and concert events (EUR 6.0 million and thus unchanged from the previous year) and the ongoing business (EUR 13.0 million; previous year: EUR 11.1 million) that have been granted for the time being. The current interest rate on the respective drawings and utilisations is based on the general development of the EURIBOR.

The respective financing terms and conditions reflect the favourable market level and DEAG's very good rating. The framework lines can be terminated on the basis of the general terms and conditions if the assets, financial and earnings position of the DEAG Group have considerably worsened compared to the time when they were granted and compensation measures such as the furnishing or enhancement of bank collaterals to secure the respective claims fail.

DEAG also issued a corporate bond in the amount of EUR 20 million in October 2018. This corporate bond was increased by an additional EUR 5.0 million in the reporting year. The bonds from the 2018/2023 Corporate Bond are admitted to trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The bonds bear interest at a rate of 6% per annum. Interest is payable annually in arrears in October of each year. Unless the bonds have already been fully or partially redeemed or purchased and cancelled, DEAG is obliged to redeem the bonds at their nominal value on 31 October 2023.

In December 2020, DEAG received approval from the state development bank KfW for a loan from the KfW Special Program 2020 for EUR 25 million in two tranches to finance working capital. The loan is granted through house banks. The first tranche of EUR 15 million can be called up immediately, the second tranche of up to EUR 10 million can be called up from 09/30/2021 up to a maximum of 12 months after the loan has been approved, provided that defined key figures (cash and cash equivalents and EBITDA) are exceeded. The loan bears an interest rate of 2% p.a. Both tranches have a term of six years. After the repayment-free first year, it is to be repaid each quarter. The loan terms contain otherwise customary conditions.

Furthermore, DEAG subsidiaries arranged government-backed financing in the amount of GBP 4.0 million and CHF 1.6 million with their respective principal banks.

The financial and non-financial covenants vis-à-vis banks are continuously monitored.

In financing the operating business, including organic and external growth, DEAG depends on successful ticket sales and hence a positive business development. In individual cases, DEAG has entered into commitments (in particular for fee payments) and must make advance payments with an impact on liquid funds, since there are temporary differences between the disbursements and payments from ticket sales. In these cases, the upfront costs would have to be covered by other sources – e.g. from other non-tied financial resources or by availment of framework lines from the company's main banks. Based on current forecasts for revenue and earnings and the resulting liquidity, the Executive Board, taking into account the risks of the coronavirus, considers these and the company's and Group's financial position, also with regard to financing requirements for internal and external growth, to be in good condition.

Based on the forecasts for earnings and the resulting liquid funds, the Executive Board considers the company's and the Group's financial position, also with regard to financing requirements for internal and external growth, to be good.

If the course of business were to deteriorate permanently and sustainably compared to the planning, e.g. as a result of a long-term continuing ban on events as a consequence of the COVID-19 crisis, and thus the earnings strength of the DEAG Group, a liquidity shortfall could occur if the planned financial inflows and framework lines are not available to a sufficient extent. DEAG would then be dependent on tapping additional sources of financing (debt or equity capital).

The following tables show the contractually fixed payments under financial liabilities. In the event of floating interest payments, reference is made to the interest rate level on the balance sheet date.

2020 in EUR‘000

	due within 1 year	due > 1 year until 5 years	due > 5 years	Total
Non-derivative financial liabilities				
Liabilities against banks and other financial liabilities				
Repayment	14,598	7,800	897	23,295
Interest p.a. (2.63%)	384	205	24	613
Trade accounts payable	10,024	-	-	10,024
Bond	-	24,261	-	24,261
Repayment p.a. (6.00%)	1,500	2,625	-	4,125
Leasing liabilities	4,439	10,518	7,414	22,371
Other non-derivative liabilties	5,299	2,257	-	7,556
Derivative financial liabilities	-	-	-	-

2019 in EUR‘000

	due within 1 year	due > 1 year until 5 years	due > 5 years	Total
Non-derivative financial liabilities				
Liabilities against banks and other financial liabilities				
Principal	10,959	2,995	-	13,954
Interest p.a. (2.11%)	231	63	-	294
Trade accounts payable	18,337	-	-	18,337
Bond	-	24,032	-	24,032
Interest p.a. (6.00%)	1,500	4,125	-	5,625
Leasing liabilities	2,868	7,061	1,607	11,536
Other non-derivative liabilties	1,763	391	-	2,154
Derivative financial liabilities	-	-	-	-

For a more detailed description of the risks, we refer to the Combined Management Report and Group Management Report in chapter 4 of the Annual Report. The task of risk management is to address these risks through precise market observation, risk assessment, reduction of net exposure and targeted security measures, e.g. through financial derivatives. When selecting business partners, their credit standing is strictly taken into account.

54 FINANCIAL INSTRUMENTS

All financial assets of the Group are measured at amortised cost in accordance with IFRS 9. The investments and a purchase option included in other non-current financial receivables that are measured at fair value through profit or loss are an exception. Furthermore, reference is made to those in Note 5.

All financial assets of the Group are measured at amortised cost in accordance with IFRS 9:

in EUR‘000

	31.12.2020	31.12.2019
Financial assets measured at fair value through in profit or loss	4,305	3,766
Financial assets measured at amortised cost	68,467	64,805
Financial liabilities measured at fair value in profit or loss	-2,256	-4,504
Financial liabilities measured at amortised cost	-87,251	-83,576

Of the financial assets, a call option worth EUR 2,391 thousand (previous year: EUR 1,852 thousand) and an investment worth EUR 1,914 thousand (previous year: EUR 1,914 thousand) are recognised at fair value through profit or loss (see also Notes 18 and 19).

Of the financial liabilities, contingent purchase price liabilities in the amount of EUR 2,256 thousand (previous year: EUR 4,504 thousand) are recognised in profit or loss at fair value (see also Notes 26 and 27).

In 2019 and 2020, cash and cash equivalents, trade receivables and payables, other financial assets and liabilities, and current financial liabilities had predominantly short remaining maturities. Therefore, their carrying amounts on the reporting date correspond more or less to the fair value.

We assume that the fair values of other non-current receivables approximate their carrying amounts, as the general conditions have not changed materially. The portfolio of primary financial instruments is shown in the Statement of Financial Position; the amount of the financial assets corresponds to the maximum default risk. Valuation allowances for expected credit losses are recognised at amortised cost or at fair value through equity.

Furthermore, it is assumed that the carrying amount of the bond nearly corresponds to the fair value, since the interest rate level and the creditworthiness did not change significantly compared to the issue date.

The following table shows the net gains and losses from financial instruments recognised in profit or loss for the measurement categories according to IFRS 9:

in EUR‘000

	31.12.2019	31.12.2018
Financial assets measured at fair value in profit or loss	517	869
Financial liabilities measured at fair value in profit or loss	1,094	-271
Financial assets measured at amortised cost	-37	44
Financial liabilities measured at amortised cost	-4,312	-3,283
Total	**-2,738**	**-2,641**

The net gains in the category “Financial assets and liabilities at fair value through profit or loss” resulted mainly from the valuation of the purchase price option recognised in other financial assets as well as the contingent purchase price liabilities and the put option, which are included in other financial liabilities.

The net gains or losses in the category “Financial assets measured at amortised cost” were essentially interest income less write-downs of receivables.

The net result of the category “Financial liabilities measured at amortised cost” essentially includes interest expenses and currency losses.

The following table shows the valuation hierarchy used for all financial assets and liabilities not measured at amortised cost (Note 6):

Assets valued at fair value (in EUR‘000)	2020	Market value		
	Total	**Level 1**	**Level 2**	**Level 3**
Investments (Note 18)	1,914	-	-	1,914
Call option (Note 19)	2,391	-	-	2,391

Liabilities valued at fair value (in EUR‘000)	2020	Market value		
	Total	**Level 1**	**Level 2**	**Level 3**
Conditional purchase price liabilities (Note 27)	2,256	-	-	2,256

Assets valued at fair value (in EUR‘000)	2019	Market value		
	Total	**Level 1**	**Level 2**	**Level 3**
Investments (Note 18)	1,914	-	-	1,914
Call option (Note 19)	1,852	-	-	1,852

Liabilities valued at fair value (in EUR‘000)	2019	Market value		
	Total	**Level 1**	**Level 2**	**Level 3**
Conditional purchase price liabilities (Note 27)	4,504	-	-	4,504

There were no reclassifications between Level 1, Level 2 and Level 3 of the valuation hierarchy in the reporting year.

The fair value of the purchase option was determined using the DCF method. The evaluations were based on plans drawn up by the local management. An interest rate of 10.3% (previous year: 8.2%) was used as the discount rate to determine the present value. In the event of a hypothetical increase (decrease) in the underlying earnings figure (EBIT) by 10.0%, the fair value would increase (decrease) by EUR 257 thousand (previous year: EUR 185 thousand) – without taking currency effects into account.

The contingent purchase price liabilities relate to non-current variable purchase price components (earn-out obligations) of EUR 828 thousand (previous year: EUR 3,244 thousand, of which EUR 1,763,000 are current) for acquisitions of shares depending on future business development and EUR 1,428 thousand (previous year: EUR 1,260 thousand) to a purchase price obligation in connection with a put option on minority interests. The respective valuation is based on the DCF method. The evaluations were based on plans drawn up by the local management. A weighted interest rate of 5.82% (previous year: 5.96%) was used as the discount rate to determine the present values of the long-term earn-out obligations and the put option. In the event of a hypothetical increase (decrease) in the discount rate by 1.0%, these obligations would increase (decrease) by EUR 388 thousand (2019: EUR 460 thousand) without taking exchange rate effects into account.

55 EXEMPTION FROM DISCLOSURE IN ACCORDANCE WITH SECTION 264 PARA 3 HGB

The following companies avail themselves of the possibility of exemption from disclosure of their financial statements and management reports in accordance with Section 264 para 3 HGB (German Commercial Code):

» DEAG Concerts GmbH, Berlin
» Concert Concept Veranstaltungs-GmbH, Berlin
» Global Concerts GmbH, Munich
» Grünland Family Entertainment GmbH, Berlin
» River Concerts GmbH, Berlin
» Christmas Garden Deutschland GmbH, Berlin
» Elbklassik Konzerte Hamburg GmbH, Hamburg

56 NOTICE ACCORDING TO SECTIONS 33 FF., 40 WPHG

Pursuant to Section 160 para. 1 no. 8 of the German Stock Corporation Act (AktG), we hereby inform that DEAG received the following information about investments and changes in voting rights from the beginning of financial year 2020 before the preparation of the financial statements in accordance with the duties of notification pursuant to Sections 33, 34 (before 2 January 2018 pursuant to Sections 21 ff.) of the German Securities Trading Act (WpHG.) Furthermore, notifications from prior financial years are stated. The information is based on the last communication by a person authorised to notify on behalf of the company. It is pointed out that with respect to the voting right shares mentioned, there may have been changes after the mentioned points in time which were not subject to notification to DEAG or were not shared with the company. All participation reports were published by DEAG in accordance with Section 40 (1) (before 2 January 2018 in accordance with Section 26 (1)) WpHG and can be accessed on the company's website at: www.deag.de/Investor Relations/Wertpapiergeschäfte.

The following persons and companies notified DEAG in advance of the preparation of the financial statements voting rights notifications in accordance with Section 21 or 33 (1) WpHG:

Plutus Holdings 2 Limited, Road Town, Tortola, British Virgin Islands, notified the company in accordance with Section 21 (1) WpHG on 13 December 2011, in correction of the notification of 12 December 2011, that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 10% of the voting rights on 8 December 2011, and amounted to 10.37% on that day (this corresponds to 1,285,256 voting rights).

On 30 April 2019, Mr. Mikael Larsson notified us pursuant to Section 33 (1) WpHG that his share of voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, exceeded the threshold of 3% of the voting rights on 18 April 2019 and amounted to 3.13% (corresponding to 574,945 voting rights) on that date. 3.13% of these voting rights (corresponding to 574,945 voting rights) are attributable to COELI SICAV II pursuant to Section 34 WpHG.

On 9 July 2019, Mr. Samuel Singer notified us pursuant to Section 33 (1) WpHG that his share of the voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, exceeded the threshold of 10% on 4 July 2019 and amounted to 12.27% (corresponding to 2,408,030 voting rights) on that date. 12.27% of these voting rights (corresponding to 2,408,030 voting rights) are attributable to SRE Holding GmbH pursuant to Section 34 WpHG.

On 15 July 2019, Mr. Christian Angermayer notified us pursuant to Section 33 (1) WpHG that his share of voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, fell below the threshold of 20% of the voting rights on 9 July 2019 and amounted to 17.44% (corresponding to 3,423,157 voting rights) on that date. 17.44% of these voting rights (corresponding to 3,423,157 voting rights) are attributable to Apeiron Investment Group Ltd. pursuant to Section 34 WpHG.

On 23 October 2019, FundPartner Solutions (Europe) S.A., Luxembourg, Grand Duchy of Luxembourg, notified us pursuant to Section 33 (1) WpHG that its share of voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, fell below the threshold of 5% of the voting rights on 15 October 2019 and amounted to 4.84% (equivalent to 950,691 voting rights) on that date. 4.84% of these voting rights (corresponding to 950,691 voting rights) are attributable to QUAERO CAPITAL FUNDS (LUX) SICAV pursuant to Section 34 WpHG.

Other Information: FundPartner Solutions (Europe) S.A. is the AIFM (management company) of QUAERO CAPITAL FUNDS (LUX) SICAV, which is the legal owner of the shares and holds the shares in its sub-funds.

On 15 January 2020, Mr. Michael Novogratz notified us pursuant to Section 33 (1) WpHG that his share of voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, exceeded the threshold of 10% on 13 January 2020 and amounted to 10.002% (corresponding to 1,963,000 voting rights) on that date. 10.002% of these voting rights (corresponding to 1,963,000 voting rights) are attributable to Novofam Macro LLC pursuant to Section 34 WpHG.

We also received the following voluntary Group notification: On 6 January 2021, Mr. Michael Novogratz notified us pursuant to Section 33 (1) WpHG that his share of voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, exceeded the threshold of 13.72% of the voting rights and amounted to 2,691,817 on 17 December 2020. 13.72% of these voting rights (corresponding to 2,691,817 voting rights) are attributable to Galaxy Group Investments LLC pursuant to Section 34 WpHG. Other Information: Voluntary Group notification triggered by a reporting threshold at subsidiary level.

Allianz Global Investors GmbH, Frankfurt/Main, Germany, informed us in accordance with Section 33 (1) WpHG on 13 January 2021 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, dropped below the threshold of 3% of the voting rights on 12 January 2021 and amounted to 1.40% (this corresponds to 275,090 voting rights) on that date.

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EVENTS AFTER THE REPORTING DATE

On 11 January 2021, DEAG announced that the company plans to withdraw from the stock exchange ("delisting"). For this purpose, the Executive Board has secured the support of DEAG's largest single shareholder. In an agreement that was also concluded on 11 January 2021 with Apeiron Investment Group Ltd. ("Apeiron") and its bidder company (Musai Capital Ltd., "Bidder"), the implementation of a public delisting takeover offer as a prerequisite for the delisting was agreed. In the course of the planned delisting, the intention is to retain the legal form of DEAG's stock corporation and to continue the listing of the 2018/2023 corporate bond (WKN: A2NBF2 / ISIN: DE000A2NBF25) on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. All members of the Executive Board and the Supervisory Board will also support the company on its further growth path. Furthermore, all existing contracts with employees, service providers and artists are to remain in full force.

Withdrawal from the regulated market of the Frankfurt Stock Exchange requires a prior public delisting takeover offer to DEAG shareholders so that all shareholders can still sell their shares before the listing is ceased. As a wholly-owned subsidiary of Apeiron, DEAG's long-standing single shareholder with a stake of approx. 18%, the Bidder has made such an offer with a cash offer price calculated in accordance with the volume-weighted average prices of the last as required by law for a delisting takeover offer three and the last six months. Bafin has set this price at EUR 3.09 per DEAG share.

Together with the US investor Mike Novogratz, who holds approx. 14% of DEAG shares through his family office Galaxy Group Investments LLC, and other existing shareholders of the company, Apeiron and the Bidder have reached an agreement on the key points of a shareholder agreement. The parties to the shareholders' agreement, who hold a total of approx. 47% of DEAG shares, will not accept the planned offer for their DEAG shares. On the basis of the shareholders' agreement, provided that the transaction has been successfully concluded, they will jointly control DEAG. In the agreement with DEAG, Apeiron and the Bidder have promised to support the company's further growth strategy outside of the stock exchange listing.

The Bidder's offer document was published on 22 February 2021, which means that the acceptance period (including the grace period) ends on 8 April 2021. The application for revocation of the approval was submitted by DEAG on 25 March 2021, so that the delisting will probably take effect on 8 April 2021 with the publication of the notice of revocation. The Bidder's offer documents are publicly available at www.musai-offer.de .

On 26 January 2021, DEAG acquired 75% of the shares in CSB Island Entertainment ApS (CSB for short), Fanø (Denmark), a Danish promoter and international producer, via its wholly owned subsidiary DEAG Classics AG, Berlin. The cooperation is expected to generate positive synergy effects in the live entertainment business as well as growth impulses in the ticketing business in Scandinavia. The fixed purchase price amounts to EUR 1.25 million, payable in cash in two purchase price instalments. The first purchase price instalment of EUR 0.6 million has already been paid in cash. The second purchase price instalment is to be paid by no later than 31 December 2021. In addition, a variable purchase price was agreed depending on the future business development. At the present time, the preparation of the closing balance sheet is pending, so that the complete disclosures in accordance with IFRS 3 cannot yet be made.

On 24 March 2021, a principal bank agreed to increase the loan volume and to reduce the term of the loan as part of its annual review of the loan commitment.

From the viewpoint of the Executive Board, there have not been any other material events during the period from 1 January 2021 until the publication of this report.

58 PERSONNEL MATTERS

On the reporting date, the Executive Board was comprised as followings:

Prof. Peter L.H. Schwenkow

Place of residence	Berlin
Profession	Chief Executive Officer
Responsibility within the Group	Strategic Business Development and Operations, Public Relations
Group retainers	Administrative Board Member of AIO Group AG, Glattpark, (Switzerland) Administrative Board Member of Good News Productions AG, Glattpark (Switzerland) Chairman of the Administrative Board of The Classical Company AG, Zürich (Switzerland)
Shares held as at 31.12.2020	239,619
Option rights held as at 31.12.2020	79,394

Christian Diekmann

Place of residence	Berlin
Profession	Dipl.-Kaufmann, Executive Board Member (Chief Operations Officer, Chief Digital Officer)
Responsibility within the Group	Business Operations, German market, Sales, Marketing, Human Resources
Group retainers	Administrative Board Member of AIO Group AG, Glattpark (Switzerland) Administrative Board Member of Good News Production AG, Glattpark (Switzerland), Administrative Board Member of The Smart Agency AG, Glattpark (Switzerland) Administrative Board Member of Fortissimo AG, Glattpark (Switzerland) Administrative Board Member of Venue Consulting AG, Glattpark (Switzerland) Administrative Board Member of The Classical Company AG, Zürich (Switzerland) Supervisory Board Member of DEAG Classics AG, Berlin Supervisory Board Member of mytic myticket AG, Berlin Board Member of Kilimanjaro Holdings Ltd., London (Great Britain)
Shares held as at 31.12.2020	14,069
Option rights held as at 31.12.2020	79,394

Detlef Kornett	
Place of residence	Kleinmachnow
Profession	Kaufmann, Executive Board Member (Chief Marketing Officer)
Responsibility within the Group	Marketing, International Business Affairs
Group retainers	Administrative Board Member of AIO Group AG, Glattpark (Switzerland) Administrative Board Member of Good News Production AG, Glattpark (Switzerland), Administrative Board Member of The Smart Agency AG, Glattpark (Switzerland) Administrative Board Member of Fortissimo AG, Glattpark (Switzerland) Administrative Board Member of Venue Consulting AG, Glattpark (Switzerland) Chairman of the Supervisory Board of mytic myticket AG, Berlin Chairman of Kilimanjaro Holdings Ltd., London (Great Britain) Board Member of Flying Music Holding Ltd., London (Great Britain) Chairman of Live Music Production LMP SA, Le Grand-Saconnex (Switzerland) Chairman of Live Music Entertainment SA, Le Grand-Saconnex (Switzerland) Board member of supervisory board of DEAG Classics AG, Berlin Board member of Gigantic Holdings Limited, London (Great Britain)
Shares held as at 31.12.2020	7,815
Option rights held as at 31.12.2020	79,394

Roman Velke	
Place of residence	Berlin
Profession	Dipl.-Kaufmann, Chief Financial Officer
Responsibility within the Group	Finance, Investor Relations, Taxes
Group retainers	Administrative Board Member of Live Music Entertainment SA, Le Grand-Saconnex (Switzerland) Administrative Board Member of Live Music Entertainment SA, Le Grand-Saconnex (Switzerland) Board member supervisory board mytic Myticket AG, Berlin
Shares held as at 31.12.2020	5,100
Option rights held as at 31.12.2020	79,394

Moritz Schwenkow

Place of residence	Berlin
Profession	Dipl.-Kaufmann, Chief Ticketing Officer
Responsibility within the Group	Ticketing
Group retainers	-
Shares held as at 31.12.2020	509,750
Option rights held as at 31.12.2020	26,465

Supervisory Board

As of 31 December 2019, Prof. Dr. Katja Nettesheim resigned from her position as a member of the DEAG Supervisory Board. The Berlin-Charlottenburg District Court appointed Mr. Tobias Buck, London, (UK), a new member of the Supervisory Board at the request of the DEAG Executive Board. The appointment of the district court is valid until the next Annual General Meeting of DEAG on 25 June 2020, on which Mr. Tobias Buck was elected as a new member of the DEAG Supervisory Board.

The Supervisory Board was comprised as followings on 31 December 2020:

Wolf-Dieter Gramatke

Place of residence	Salzhausen/Luhmühlen
Position on Supervisory Board	Chairman of the Supervisory Board
Profession	Freelance media consultant
Retainers on other boards	-
Group retainers	Chairman of the Supervisory Board of DEAG Classics AG, Berlin
Shares held as at 31.12.2020	16,700

Michael Busch

Place of residence	Krems II
Position on Supervisory Board	Vice-Chairman of the Supervisory Board
Profession	Management consultant
Retainers on other boards	Member of the advisory board of SSVL (Monaco) S.A.M.
Group retainers	-
Shares held as at 31.12.2020	6,720

Tobias Buck

Place of residence	London (Great Britain)
Position on Supervisory Board	Board member
Profession	Private Equity Investor, Advisor
Retainers on other boards	-
Group retainers	-
Shares held as at 31.12.2020	11,500

59 DATE OF RELEASE OF THE PUBLICATION

The Executive Board of DEAG approved the Consolidated Financial Statements and the Combined Management Report and Group Management Report for forwarding to the Supervisory Board on 31 March 2021. The financial statements are to be approved at the meeting of the Supervisory Board on 31 March 2021.

Berlin, 31 March 2021

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L.H. Schwenkow Christian Diekmann

Detlef Kornett Roman Velke Moritz Schwenkow

INDEPENDENT AUDITOR’S REPORT

To DEAG Deutsche Entertainment Aktiengesellschaft, Berlin

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of DEAG Deutsche Entertainment Aktiengesellschaft and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the income statement and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2020 to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report and group management report of DEAG Deutsche Entertainment Aktiengesellschaft for the financial year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the corporate governance declaration contained in section 3.1 of the combined management report and group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the group as at 31 December 2020, and of its financial performance for the financial year from from 1 January 2020 to 31 December 2020, and
- the accompanying combined management report and group management report as a whole provides an appropriate view of the group’s position. In all material respects, this combined management report and group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report and group management report does not cover the content of the corporate governance declaration appended.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report and group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report and group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report and group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recoverability of Goodwill

Related Information in the Consolidated Financial Statements and Combined Management Report and Group Management Report

For information on accounting policies and measurement methods concerning goodwill, please refer to the appendix of the combined management report and group management report Section 6 "Accounting Policies and Measurement Methods". For the related disclosures on the discretionary judgment exercised by the legal representative, we refer to the disclosures in the notes to the consolidated financial statements in Section 2 "Accounting Policies". For quantitative information on goodwill, please refer to Section 14.2 "Goodwill", which also includes sensitive information.

Facts and Risks for the Audit

The consolidated financial statements of DEAG Deutsche Entertainment Aktiengesellschaft include goodwill in the amount of € 34,104 thousand (prior year: € 33,379 thousand), which exceeds equity by € 12,653 thousand (prior year: € 8,223 thousand). Goodwill is tested annually for impairment in order to measure a potential need for write-downs. The result of this measurement largely depends on how the legal representatives estimate prospective cash inflows and derive the discount rates used. Owing to the complexity of the underlying measurements, as well as the discretionary judgement exercised, goodwill was a particularly important point during the course of our audit.

Audit Approach and Findings

As part of our audit we analysed the process implemented by the legal representatives of DEAG Deutsche Entertainment Aktiengesellschaft for potential risks of error and examined the accounting and measurement specifications for determining the recoverable amounts of cash-generating units to which goodwill was allocated in order to gain an understanding of the process steps and the internal controls implemented. We assessed management's approach for capitalising interest rates as well as for deriving future profits as specified in IAS 36.

We analysed the corporate planning by comparing it both with previous results achieved and with the current development. We retraced the significant assumptions regarding the future development of the business model after the end of the corona pandemic and the corporate planning with regard to further business development and growth by discussing them in detail with the legal representatives of DEAG Deutsche Entertainment Aktiengesellschaft. On this basis we evaluated their appropriateness.

The appropriateness of other significant measurement assumptions such as the discounting interest rate were evaluated on basis of a market indicators analysis thereby consulting internal valuation specialists. We analysed the parameters used to determine the discounting interest rates as to whether derivation and calculation were in accordance with the requirements of IAS 36.

We examined potential impairment risks arising from changes in significant measurement assumptions by conducting sensitivity analyses. Moreover, we examined the accuracy of the measurement models under consideration of the requirements of IAS 36.
Based on our audit procedures we were able to ensure that the estimations and assumptions made by the legal representatives regarding the recoverability of goodwill are justified and consistent.

Presentation and recognition of the insurance reimbursements

Related Information in the Consolidated Financial Statements and Combined Management Report and Group Management Report

For information about the accounting policies and measurement methods applied to insurance reimbursements, we refer to the disclosures in the notes to the consolidated financial statements in Section 6 "Accounting Policies and Measurement Methods / COVID -19". For quantitative disclosures concerning on insurance reimbursements, we refer to the disclosures in the notes to the consolidated financial statements in Section 31 "Sales Revenues".

Facts and Risks for the Audit

Insurance reimbursements totalling € 16,904 thousand are reported under revenue in the Consolidated Financial Statements. The insurance reimbursements result from insurance payments for events that were cancelled or relocated due to official event bans in connection with the corona pandemic.

Insurance reimbursements comprise 33.8% of the Group's total revenue and form an important basis for assessing the business development in the reporting year. Project-related damage reports to the insurance companies form the basis for the recording of insurance reimbursements. Depending on the amount and the date on which the damage occurs, expert opinions on the individual insurance claims are available as of the balance sheet date or at the time of the audit. As of the balance sheet date, some of the insurance claims have been concluded, while others are still being settled and the Group companies have only received partial payments on the claims filed.

There is a risk for the financial statements that the amount of insurance reimbursements is inaccurately recognized. Given the underlying complexity and materiality, we consider the presentation of insurance reimbursements to be a key audit issue.

Audit Approach and Findings

As part of our audit, we analysed the process implemented by the legal representatives of DEAG Deutsche Entertainment Aktiengesellschaft for the settlement of insurance claims as well as the accounting and valuation specifications for the recognition of insurance reimbursement in the accounting system in order to verify the recognition of revenue on an accrual basis and presentation in the Consolidated Financial Statements as a whole.

We audited the insurance reimbursements recognised in revenue mainly through individual case reviews. For this purpose, we examined on a sample basis the insurance policies underlying the insurance reimbursements, the damage reports and the related event costs incurred and reported, as well as the available expert opinions. In addition, we analysed the main insurance reimbursements of the financial year to determine, among other things, whether there was a correlation with the related claims and the payments received.

Based on our audit procedures, we were able to assure ourselves that the assessments made by the legal representatives and the assumptions made regarding the presentation and recognition of insurance claims are well-founded and adequately documented.

Other Information

The Executive Directors are responsible for the other information. The other information comprises:

- the corporate governance declaration in accordance with §§ 289f and 315d HGB contained in section 3.1 of the combined management report and group management report
- the responsibility statement pursuant to Section 297(2) sentence 4 HGB and Section 315 (1) Sentence 5 HGB in Section "Declaration of Statutory Representatives" in the 2020 annual report
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements, the combined management report and group management report and our auditor's report

The Supervisory Board is responsible for the following information:

- the report of the Supervisory Board in the 2020 annual report

Our opinions on the consolidated financial statements and on the combined management report and group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report and group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report and Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report and group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report and group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report and group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report and group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report and Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report and group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report and group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report and group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report and group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report and group management report in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report and group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report and group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report and group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

COMMENT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE IN ACCORDANCE WITH SECTION 317 (3B) OF THE GERMAN COMMERCIAL CODE (HGB)

Audit Opinion

We have conducted a reasonable assurance review pursuant to Section 317 (3b) of the German Commercial Code (HGB) of whether the reproductions of the Annual Financial Statements and the Combined Management Report contained in the attached file [deag_188596] (MD5-Hashwert: [13e3bd161d-5b24985516ec4fe2eea393]) and prepared for disclosure purposes (hereinafter also referred to as “ESEF documents”) comply in all material respects with the electronic reporting format (“ESEF format”) requirements of Section 328 (1) HGB. In accordance with German legal requirements, this assessment extends only to the transfer of the information contained in the Annual Financial Statements and the Combined Management Report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the Financial Statements and the Combined Management Report contained in the attached file referred to above and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 (1) HGB. We do not express any opinion whatsoever on the information contained in these reproductions or on the other information contained in the above-mentioned file other than this opinion and our opinions on the accompanying Annual Financial Statements and the accompanying Combined Management Report for the financial year from 1 January 2020 to 31 December 2020 contained in the preceding “Report on the Audit of the Annual Financial Statements and the Combined Management Report.”

Basis for our audit opinion

We conducted our review of the reproductions of the Annual Financial Statements and the Combined Management Report contained in the above-mentioned attached file in accordance with Section 317 (3b) HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with Section 317 (3b) HGB (IDW EPS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility thereunder is described further in the section entitled "Auditor's Responsibility for the Audit of the ESEF Documents." Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The company's legal representatives are responsible for the preparation of the ESEF documents including the electronic reproductions of the Annual Financial Statements and the Combined Management Report in accordance with Section 328 (1) sentence 4 no. 1 HGB.

Furthermore, the company's legal representatives are also responsible for the internal controls that they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether intentional or unintentional, with the requirements of Section 328 (1) HGB regarding the electronic reporting format.

The company's legal representatives are also responsible for submitting the ESEF documents, together with the auditor's statement and the accompanying audited Annual Financial Statements and audited Combined Management Report, as well as other documents required to be disclosed, to the operator of the German Federal Gazette (Bundesanzeiger).

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Review of the ESEF Documents

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. While conducting our review, we exercise professional judgment and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, plan and perform audit procedures to address these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- we obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 as amended on the reporting date regarding the technical specification for this file.
- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited Financial Statements and the audited Combined Management Report.

Auditor's Responsibility for the Audit of the ESEF Documents

Our responsibility is to perform an audit of the ESEF documents in accordance with Section 317 (3b) HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with Section 317 (3b) HGB (IDW EPS 410) and the International Standard on Assurance Engagements 3000 (Revised). Due to the circumstances described in the section "Basis for the Declaration of Non-issuance of an Audit Opinion," we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the ESEF documents.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 25 June 2020. We were engaged by the supervisory board on 27 January 2021. We have been the group auditor of the DEAG Deutsche Entertainment Aktiengesellschaft without interruption since the financial year 2015.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Note on the supplementary audit

We issue this opinion on the consolidated financial statements, the combined management report and group management report and the ESEF documents based on our audit, which we completed in accordance with professional standards on 31 March 2021, and our supplementary audit, which we completed on 30 April 2021 and which related to the ESEF documents now presented.

German Public Auditor Responsible for the engagement

The German Public Auditor responsible for the engagement is David Reinhard.

Berlin, 31 March 2021/ limited to the ESEF documents mentioned in the supplementary audit report: 30 April 2021

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Udo Heckeler	David Reinhard
Wirtschaftsprüfer	Wirtschaftsprüfer

DECLARATION BY THE STATUTORY REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable accounting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and income of the Group, and the Combined Management Report and Group Management Report 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.

Berlin, 31 March 2021

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L.H. Schwenkow

Christian Diekmann

Detlef Kornett

Roman Velke

Moritz Schwenkow

FINANCIAL STATEMENTS - STATUTORY ACCOUNTS (HGB)

Condensed Balance sheet (according to HGB)

Assets in EUR‘000

	31.12.2020	31.12.2019
Intangible and tangible fixed assets	159	184
Investments	18,929	17,178
Total fixed assets	**19,088**	**17,362**
Receivables and deferrals	60,029	52,598
Cash, cash equivalents and securities	2,885	97
Total current assets	**62,914**	**52,695**
Assets	**82,002**	**70,057**

Shareholders‘ equity and liabilities in EUR‘000

	31.12.2020	31.12.2019
Share capital	19,625	19,625
Capital reserves	3,171	3,171
Retained income	697	697
Accumulated losses	-4,162	-2,570
Shareholders‘ equity	**19,331**	**20,923**
Accurals and provisions	**1,546**	**1,516**
Liabilities to financial institutions	19,662	11,441
Bond	25,000	25,000
Other liabilities	16,463	11,177
Total liabilities	**61,125**	**47,618**
Shareholders‘ equity and liabilities	**82,002**	**70,057**

Condensed Profit and Loss Accounts (according to HGB)

Assets in EUR‘000

	2020	2019
Revenues	546	1,745
Distribution costs	-645	-1,239
General and administration costs	-6,854	-7,486
Other operating income and expenses	5,115	838
Interest result and other financial result	-1,456	-1,505
Income from investments	1,765	3,132
Income before taxes	**-1,529**	**-4,515**
Income taxes	-63	0
Net income after tax = loss of the year	**-1,592**	**-4,515**
Accumulated losses at beginning of the period	-2,570	-14,939
Release of capital reserves	-	16,884
Accumulated losses at the end of the period	**-4,162**	**-2,570**

LEGAL NOTICE

CONTACT

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MORE INFORMATION

This Financial Report and the latest information on DEAG and the DEAG share are available on the company's website under: www.deag.de/ir

EDITING AND COORDINATION

DEAG Deutsche Entertainment Aktiengesellschaft
edicto GmbH - Agentur für Finanzkommunikation und Investor Relations

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