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QUARTERLY FINANCIAL STATEMENT AS OF 2022-09-30
DEAG Deutsche Entertainment Aktiengesellschaft

// DEAG OVERVIEW

COMPANY PROFILE

DEAG Deutsche Entertainment Aktiengesellschaft (DEAG), a leading entertainment service company and live entertainment provider, produces and promotes live events of all genres and sizes in Europe. With its group companies, DEAG has been present at 17 locations in its core markets of Germany, Great Britain, Switzerland, Ireland and Denmark. As a live entertainment service provider with an integrated business model, DEAG has extensive expertise in the conception, organisation, promotion and production of events.

Founded in Berlin in 1978, DEAG's core business areas today include Rock/Pop, Classics & Jazz, Family Entertainment, Spoken Word & Literary Events, Arts+Exhibitions and Ticketing. Family Entertainment and Arts+Exhibitions in particular are important building blocks for the further development of DEAG's own content.

For more than 5,000 events, over 5 million tickets are sold annually for own and third-party content (pre-pandemic level) - a continuously growing share of these is sold via the Group's own e-commerce platforms "[myticket](#)," "[Gigantic Tickets](#)" and "[tickets.ie](#)."

With its strong partner network, DEAG is excellently positioned in the market.

DEAG'S CORE MARKETS



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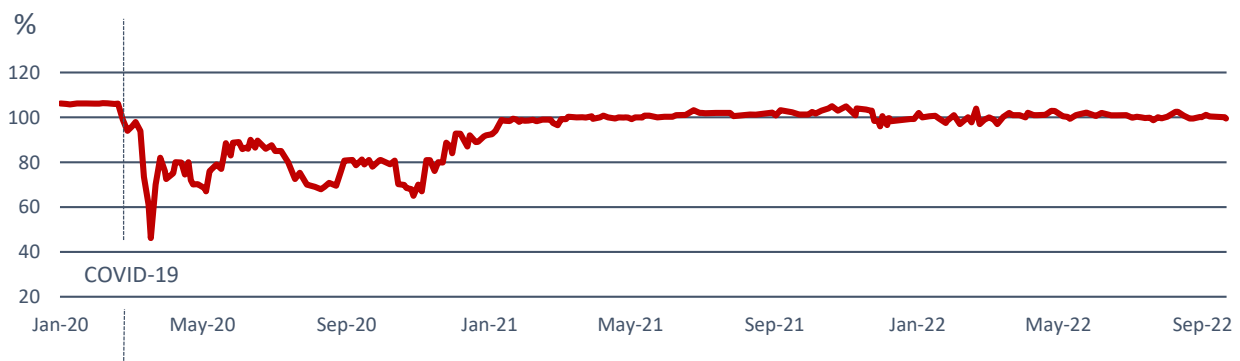
// DEAG ON THE CAPITAL MARKET

1.1 PERFORMANCE OF THE DEAG BOND 2018/2023

ISIN	DE000A2NBF25
WKN	A2NBF2
Market segment	Freiverkehr (Open Market, Segment: Quotation Board)
Term	5 years up to and including 31 October 2023
Interest coupon	6.00% p.a.; 6.50% p.a. as of 1 November 2022
Denomination (nominal amount)	EUR 1,000.00 per bond
Outstanding volume	EUR 25.0 million
Early repayment	Issuer’s call right after year 3 at 102.00% and after year 4 at 101.00% of the nominal amount

The DEAG Corporate Bond 2018/2023 (WKN: A2NBF2, ISIN: DE000A2NBF25) traded on the Open Market (segment: Quotation Board) of the Frankfurt Stock Exchange was quoted at prices of around 100% between January and the end of September 2022. The bond was quoted at a price of 99.5% on 30 September 2022, the last trading day in September on the Frankfurt Stock Exchange. The bearer bonds with a nominal amount of EUR 1,000 each have a term of 5 years and a fixed annual interest rate of 6.00%. The outstanding volume of the bond amounts to EUR 25.0 million. Pursuant to the Terms and Conditions of Clause 2.2 of the 2018/2023 Corporate Bond, the interest rate on the 2018/2023 Corporate Bond will increase by 0.5 percentage points to 6.5% p.a. as of 01 November 2022 because the equity ratio of 15% was not exceeded as of 30 June 2022. Pursuant to § 8 of the Terms and Conditions of the bond, this announcement was made on the same day as the 2022 Half-Year Financial Report.

BOND PRICE FROM 02 January 2020 – 30 September 2022



// INTERIM GROUP MANAGEMENT REPORT

SIGNIFICANT OPERATIONAL DEVELOPMENTS

DEAG continued its strong operating business performance in the third quarter of financial year 2022. This was despite an overall challenging macroeconomic environment, high inflation rates and a shortage of skilled workers and materials, which put additional pressure on the live entertainment industry. The DEAG Group was able to stage all events as planned and recorded ticket sales at a very high level. Between June and August alone, 3 million tickets were sold for events – a record summer for ticketing. The majority of ticket sales are processed via the Group’s own ticketing platforms myticket and Gigantic Tickets and, since October 2022, also via tickets.ie for own and third-party content.

The dynamic development in the operating business was also reflected in the key financial figures for the third quarter and the first nine months of 2022. Revenue in the first nine months amounted to EUR 235.1 million, of which around EUR 102 million was generated in the third quarter. Earnings before interest, taxes, depreciation and amortisation (EBITDA), amounted to EUR 10.2 million in the third quarter and EUR 20.3 million after nine months. This means that third quarter revenue and EBITDA were not only significantly higher than the previous year 2021 levels of EUR 16.7 million and EUR 4.3 million, respectively, but each was also significantly higher than the comparable period in 2019, the last comparable period before the COVID-19 pandemic. Revenue came to EUR 59.2 million and EBITDA to EUR 4.8 million in the third quarter of 2019. The increase in revenue and EBITDA is due in particular to the full normalisation of business activities and DEAG’s strong market position. In addition, the companies acquired as part of the acquisition and integration strategy contributed significantly to the increase in the key financial figures. For the full year 2022, DEAG confirms its forecast, according to which a significant increase in revenue to over EUR 300 million is expected, with a further improvement in EBITDA.

In the reporting period, DEAG successfully staged a large number of concerts and events in its national markets. In Germany, KISS, Toto and Iron Maiden, among other performers, thrilled many thousands of fans. In the UK, the Stereophonics, Andrea Bocelli and Craig David filled the halls. Ed Sheeran’s UK tour was attended by more than 500,000 music fans. The punk rockers from Die Toten Hosen and Die Ärzte made thousands of fan hearts beat faster in Switzerland. DEAG can look back on a successful festival summer: At the electro-music festivals “NATURE ONE,” “Ruhr-in-Love” and “MAYDAY,” a total of around 100,000 visitors in Germany partied to the electro beats of top international DJs. The sold-out open-air events “Belladrum Tartan Heart Festival” and the “Penn Festival” in the UK with around 18,000 and 12,000 visitors respectively, as well as “Sion sous les étoiles” in Switzerland with around 40,000 visitors were also complete successes. DEAG has a diverse event portfolio with a total of more than 30 festivals lasting either one or several days with currently more than 580,000 visitors in its national markets of Germany, the UK, Switzerland and Ireland. In the area of the “Spoken Word,” DEAG organised the international literature festival “lit.COLOGNE” with around 70,000 visitors and Germany’s largest philosophy festival “phil.COLOGNE” with around 9,000 visitors in the reporting period.

M&A remains an important component of DEAG’s growth strategy. In the first nine months of the year, DEAG acquired a majority stake in the electro-music festival “Airbeat One” in Neustadt-Glewe in Mecklenburg-Western Pomerania, the largest electronic festival in northern Germany and one of the biggest in Germany with around 60,000 visitors each year. DEAG thus strengthened its Rock/Pop business segment and significantly expanded its activities in the area of festivals. In addition, the activities and strong market position in the Classics & Jazz segment were expanded with effect from 01.01.2023 through the acquisition of the “Classic Open Air am Gendarmenmarkt” in Berlin, one of the most renowned classical and crossover events in Germany with around 25,000 to 30,000 visitors every year. For DEAG, these acquisitions result in synergy effects in the ticketing and live entertainment business as well as significant cost synergies and synergies in artist acquisition. In UK, I subscription service LoveMyRead, was acquired. DEAG successfully continued its international expansion course even after the end of the reporting period. The leading position in the market was further strengthened by the

majority takeover of the renowned psytrance/Goa festival “Indian Spirit” in Eldena near Ludwigslust, Mecklenburg-Western Pomerania. With around 20,000 visitors annually, “Indian Spirit” is one of the biggest psytrance festivals in Europe. DEAG’s strong ticketing division is also further expanding: The company acquired a majority stake in the Irish company Oshi Software Limited (“Oshi”), operator of the ticketing platform tickets.ie. Through this acquisition, DEAG is further increasing the share of third-party content in ticketing as planned. tickets.ie is one of the leading independent ticketing providers for third-party content in live entertainment in Ireland and is an excellent complement to DEAG’s own ticketing platforms myticket and gigantic.com. DEAG expects synergy effects in particular from the distribution of tickets for Singular Artists events. The concert and event promoter was founded in Ireland in the fall of 2020 by DEAG together with renowned partners and organises around 300 live events in Ireland and Northern Ireland each year.

The company continued its dynamic operational development in the fourth quarter of 2022. With the sold-out electro festival “Syndicate,” DEAG seamlessly continued its successful open-air event summer. Over 30 DJs ensured an exuberant atmosphere among the 20,000 visitors. DEAG expects an excellent fourth quarter, which will be characterised by strong Christmas business. DEAG has been successfully operating Christmas circuses in Essen, Hanover and Regensburg for several years, as well as Christmas markets in Kiel and Wuppertal. The successful “Christmas Garden” format will be expanded to 19 locations in the 2022/2023 season, ten of them in Germany and nine in other European countries. New additions include the Christmas Garden in Rome, Italy, and Chorzow, Poland.

DEAG will remain in acceleration mode in 2023. Due to strong advance sales for events in the coming quarters, a very good start to financial year 2023 is already foreseeable. High-profile events in the coming year include concerts by Iron Maiden, Scorpions, Die Prinzen as well as David Hasselhoff, Muse, Hans Zimmer and Sam Fender. There will also be shows for the whole family like Riverdance, Disney on Ice, Blue Man Group in Switzerland and Hans Klok, and a hot festival summer with open air concerts to suit every musical taste.

DEAG has a diverse event portfolio and high liquidity including available lines of around EUR 68 million. The event pipeline is full to bursting and ticket sales are at a very high level. The company is thus confident with regard to how its business will develop beyond 2022.

ASSET POSITION

Compared to 31 December 2021, total assets decreased by EUR 63.9 million or 20.7% to EUR 244.8 million (31 December 2021: EUR 308.8 million). This decline is mainly due to the change in current assets and current liabilities as a result of the significant increase in the operating business.

Current assets decreased by EUR 57.5 million to EUR 120.5 million compared to 31 December 2021. Due to the many events held in the second and third quarters, cash and cash equivalents in particular declined to EUR 55.5 million (31 December 2021: EUR 118.7 million). The increase in trade receivables by EUR 6.1 million (31 December 2021: EUR 13.2 million) had the opposite effect.

Non-current assets also decreased compared to 31 December 2021: by EUR 6.5 million to EUR 124.3 million (31 December 2021: EUR 130.8 million). The change is mainly due to scheduled depreciation of property, plant and equipment and intangible assets.

Compared to 31.12.2021, current liabilities decreased by EUR 58.6 million to EUR 139.8 million (31 December 2021: EUR 198.4 million). This is mainly due to the sharp increase in operating activities and the associated decline in contract liabilities by EUR 80.6 million to EUR 45.8 million. Compared to the pre-crisis year 2019, the level of contract liabilities as at 30 September 2022 was significantly higher than the level as at 30 September 2019 (EUR 26.0 million) and thus indicates a high event density in the upcoming months as well.

Non-current liabilities amounted to EUR 70.7 million as at the reporting date and thus decreased by EUR 9.9 million compared to the previous year (31 December 2021: EUR 80.6 million). The change is mainly due to the scheduled repayment of long-term liabilities to banks.

Net debt, defined as the sum of gross financial liabilities (to banks and the bond) less cash and cash equivalents, amounted to EUR 1.5 million (31 December 2021: EUR -70.8 million). Thus, the liquid funds almost completely cover the total gross financial liabilities.

Equity increased by EUR 4.5 million to EUR 34.3 million (31 December 2021: EUR 29.8 million). The balance sheet equity ratio is therefore 14.0% after 9.7% on 31 December 2021. Equity was strengthened despite the pandemic: compared to 30 September 2019, it increased by EUR 13.8 million (30 September 2019: EUR 20.7 million).

FINANCIAL POSITION

Cash outflow from operating activities (total) amounted to EUR 64.1 million, compared to cash inflow of EUR 42.6 million in the same period of the previous year. This change is mainly due to the surge in operating activities in the reporting period: whereas the prepayment balance, defined as payments made less contract liabilities, decreased significantly by EUR 80.0 million in the reporting period, it still rose by EUR 21.1 million in the same period of the previous year. The rapid increase in business activities is also very clear in a comparison with 2019: in the same period of the previous year, the prepayment balance declined by EUR 20.2 million.

Net cash from investing activities amounted to EUR 1.1 million, compared to EUR 10.5 million in the same period of the previous year. The change is mainly due to the payments made in connection with the acquisitions in the previous period.

Cash inflow from financing activities amounted to EUR 2.2 million (30 September 2021: cash inflow of EUR 8.0 million). While the balance of scheduled repayments and utilisation of working capital lines had an impact in the reporting period, the previous period was also influenced by the payment of the capital increase.

As a result, cash and cash equivalents decreased by EUR 30.4 million to EUR 55.5 million in the reporting period (30 September 2021: EUR 85.9 million).

As at 30 September 2022, the Group had a financial framework consisting of cash and cash equivalents plus available lines at banks, of around EUR 68 million (30 September 2021: around EUR 110 million).

OPPORTUNITY AND RISK REPORT

The opportunities and risks associated with the Group's business activities are described in the Opportunity and Risk Report in the Combined Management and Group Management Report contained in the Financial Report as of 31 December 2021 (see page 32 et seq.).

The war in Ukraine has not directly affected DEAG's or the Group's business activities thus far, as neither Ukraine nor Russia are national markets for DEAG or the Group. The cost increases in energy prices caused by the reduced gas volumes and the prevailing inflation could affect the purchasing power of DEAG's or the Group's customers, which in turn could have an impact on the Group's business activities.

At the time of preparing this Quarterly Financial Statement 2022, DEAG's Executive Board assumes that the aforementioned risks do not jeopardise the continued existence of the company or the Group. Nevertheless, it cannot be ruled out that further influencing factors, which are currently not yet known or are not yet classified as material, could affect the continued existence of the company or the Group in the future.

The statements contained in the Opportunity and Risk Report in the Annual Financial Report 2021 remain valid.

FORECAST REPORT

Based on the current Quarterly Financial Statement and today's knowledge of the current macroeconomic and industry development, the Executive Board of DEAG is planning revenue of more than EUR 300 million for the full year 2022, accompanied by further improvements in EBITDA. This planning is based on the assumption that events can continue to be held without restrictions and that there will be no significant negative effects from the war in Ukraine with regard to the energy supply and inflation.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current assumptions and forecasts made by DEAG's management. Such statements are subject to risks and uncertainties. These and other factors may cause the results, financial position, performance or achievements of the company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The company assumes no obligation to update such forward-looking statements or to conform them to future events or developments.

// INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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// CONSOLIDATED BALANCE SHEET

TOTAL ASSETS

	2022 per 30.09.2022 - in EUR '000	2021 per 31.12.2021 - in EUR '000	2021 per 30.09.2021 - in EUR '000
Current assets			
Liquid funds	55,542	118,745	85,935
Trade receivables and companies	19,409 19,983	13,294 22,178	5,161 16,411
	821	839	775
Inventories	1,705	1,045	544
	11,543	9,797	10,722
	11,486	12,060	9,443
Current assets	<u>120,489</u>	<u>177,958</u>	<u>128,991</u>
Goodwill	52,213	52,014	42,221
Other intangible assets	29,411	32,740	28,157
Tangible fixed assets	26,878	29,735	20,683
Investment properties	5,625	5,625	5,625
Participations	2,509	3,205	3,423
Loans to participations	576	601	590
Deferred tax assets	809	818	1,940
	4,689	3,863	3,874
	1,610	2,196	1,912
Long-term assets	<u>124,320</u>	<u>130,797</u>	<u>108,425</u>
Total assets	<u><u>244,809</u></u>	<u><u>308,755</u></u>	<u><u>237,416</u></u>

// CONSOLIDATED STATEMENT OF INCOME

	01.07.2022 30.09.2022	01.07.2021 30.09.2021	01.01.2022 30.09.2022	01.01.2021 30.09.2021
	TEUR	TEUR	TEUR	TEUR
Revenues	101,680	16,738	235,086	24,147
Cost of revenues	-81,886	-15,646	-194,537	-22,425
Gross profit	19,794	1,092	40,549	1,722
Distribution costs	-8,869	-1,191	-17,043	-2,576
Administration costs	-5,081	-4,387	-17,164	-11,679
Other operating income / expenses	1,767	6,832	6,695	19,871
Operating result (EBIT)	7,611	2,346	13,037	7,338
Interest income and expenses	-1,284	-983	-3,497	-3,375
Result from investments and participations	121	0	-332	0
Earnings from affiliated companies	-20	-65	-88	-101
Financial result	-1,183	-1,048	-3,917	-3,476
Result before taxes	6,428	1,298	9,120	3,862
Income taxes	-1,840	-832	-3,119	-2,137
Result after taxes from continued operations	4,588	466	6,001	1,725
Result after taxes from discontinued operations	0	1	0	-1
Result after taxes	4,588	467	6,001	1,724
Minority interests	3,095	-830	5,538	715
Group result	1,493	1,297	463	1,009
Earnings per share in EUR (undiluted)				
from continued operations	0.07	0.07	0.02	0.05
from continued and discontinued operations	0.07	0.07	0.02	0.05
Average no. of shares outstanding (undiluted)	21,587,958	19,625,361	21,587,958	19,625,361

// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of comprehensive income from 01.01.2021 to 30.09.2021	III/2022 - in EUR '000	III/2021 - in EUR '000	01.01.-30.09.22 - in EUR '000	01.01.-30.09.21 - in EUR '000
Group result after taxes	4,588	467	6,001	1,724
Other result				
(+/-) Differences from exchange rates (independent foreign units)	-974	78	-1,710	-257
Total result	3,614	545	4,291	1,467
Thereof attributable to				
Non-controlling interest	2,453	-833	4,382	590
DEAG Shareholders	1,161	1,378	-91	877

// CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021
	- in EUR '000	- in EUR '000
Result from continued operations	6,001	1,725
Depreciation and amortisation	7,302	6,001
Change in accruals	3,149	3,034
Changes not affecting payments	669	-
Deferred taxes (net)	-25	495
Result from valuation of affiliated companies	88	101
Cash flow	17,184	11,356
Net interest income	3,497	3,375
Change in working capital	-84,763	27,884
Net cash from operating activities from continued operations	-64,082	42,615
Net cash from operating activities from discontinued operations	-	-1
Net cash from operating activities (total)	-64,082	42,614
Net cash from investment activities from continued operations	-1,111	-10,464
Net cash from financial activities (total)	2,246	8,036
Change in liquidity	-62,947	40,186
Effects of exchange rates	-256	-254
Cash and cash equivalents at beginning of Period	118,745	46,003
Cash and cash equivalents at end of period	55,542	85,935

// SELECTED EXPLANATORY NOTES

NOTES PURSUANT TO IAS 34

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

The Interim Consolidated Financial Statements as of 30 September 2022 do not contain all the disclosures and information presented in the full Consolidated Financial Statements. It is recommended to read them together with the Consolidated Financial Statements as of 31 December 2021.

The accounting, consolidation, currency translation and recognition and measurement principles applied in the Consolidated Financial Statements as of 31 December 2021 were essentially retained.

For further information, please refer to the Notes to the Consolidated Financial Statements included in the 2021 Annual Financial Report (see pages 48-64).

The new and amended standards and interpretations did not have any effects on the asset, financial and earnings positions.

For selected information on the segments (IAS 34.16A), we refer to the section “Development of the segments” of the Interim Group Management Report in this Half-Year Financial Report.

The report has not been audited. An auditor’s review has also not taken place.

CHANGES IN THE SCOPE OF CONSOLIDATION

In this Interim Financial Statement, DEAG as the parent company includes those companies for which the control concept is fulfilled. Companies that were founded, acquired or sold during the reporting period are included from the date of foundation, the date of acquisition or until the date of sale.

The following changes in the scope of consolidation occurred in the reporting period:

By way of the purchase agreement dated 30 April 2022, DEAG acquired a 100% stake in LoveMyRead Ltd., London (UK), via its subsidiary Fane Productions Ltd., London (UK). The cooperation is expected to generate positive synergy effects, particularly in the Spoken Word segment. The purchase price was paid in cash. At the present time, the preparation of the final balance sheet is still outstanding, so that the complete information according to IFRS 3 cannot yet be provided.

As of 1 July 2022, DEAG acquired a 55% stake in the “Airbeat One” festival, an electronic music festival, through its subsidiary medi Produkt & Service GmbH, Berlin. The company was renamed into Airbeat One GmbH, Berlin.

At the time of preparing this quarterly financial statement, the two purchase price allocations could not yet be finalised, as the investigations with regard to the closing balance sheets have not yet been completed.

In addition, the following transactions were concluded in the reporting period, which will not take economic effect until 1 January 2023 and will have a changing effect on the scope of consolidation from this date:

- By way of the purchase agreement dated 25 April 2022, DEAG increased its current share in A.C.T Artist Agency GmbH, Berlin, from 50% to now 100% via its wholly owned subsidiary DEAG Concerts GmbH, Berlin. The purchase and assignment of the shares will take economic effect as of 1 January 2023 and the company, which until then had been managed as a joint venture, will be fully consolidated in the Consolidated Financial Statements as of this date. The purchase price was paid in cash. At the present time, the preparation of the closing balance sheet is still outstanding, so that the complete disclosures in accordance with IFRS 3 cannot yet be made.
- Through its wholly owned subsidiary DEAG Classics AG, Berlin, DEAG acquired a majority shareholding in MEDIA ON-LINE Management GmbH & Co. Classic Open Air KG, Berlin, the organiser of the "Classic Open Air am Gendarmenmarkt", with effect from 1 January 2023.

The purchase price allocations for the shares in UK Live Ltd., London (UK) and for the shares in lit.COLOGNE GmbH / litissimo gGmbH, both located in Cologne, both acquired in July 2021, were completed in the reporting period. There were no changes compared to 31 December 2021. Please refer to the explanations in the Annual Financial Report 2021 (p. 70 and 71).

EQUITY


By resolution of the Annual General Meeting of 23 June 2022, the Executive Board is authorised to increase the share capital by up to EUR 10,794,286.00 by 22 June 2027 (Authorised Capital 2022/I). Authorised Capital 2021/I no longer exists.

SUPPLEMENTARY REPORT

As at 01 October 2022, DEAG acquired a majority stake in Oshi Software Ltd, Dublin/Ireland, operator of the ticketing platform tickets.ie, via its British subsidiary Myticket Services Ltd., London/UK.

As at 01 November 2022, DEAG acquired a 55% stake in the “Indian Spirit” festival, an electronic music festival, through its subsidiary Friedrichsbau Varieté Stuttgart Betriebs- und Verwaltungs GmbH, Stuttgart. The change of the company’s name to Indian Spirit GmbH and the relocation of its registered office to Berlin were filed for entry in the commercial register.

Beyond this, in the view of the Executive Board, no significant events have occurred after the end of the reporting period as of 30 September 2022 that could have a significant impact on DEAG’s earnings, asset and financial position.



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