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QUARTERLY FINANCIAL STATEMENT AS OF 2023-03-31
DEAG Deutsche Entertainment Aktiengesellschaft

// DEAG OVERVIEW

COMPANY PROFILE

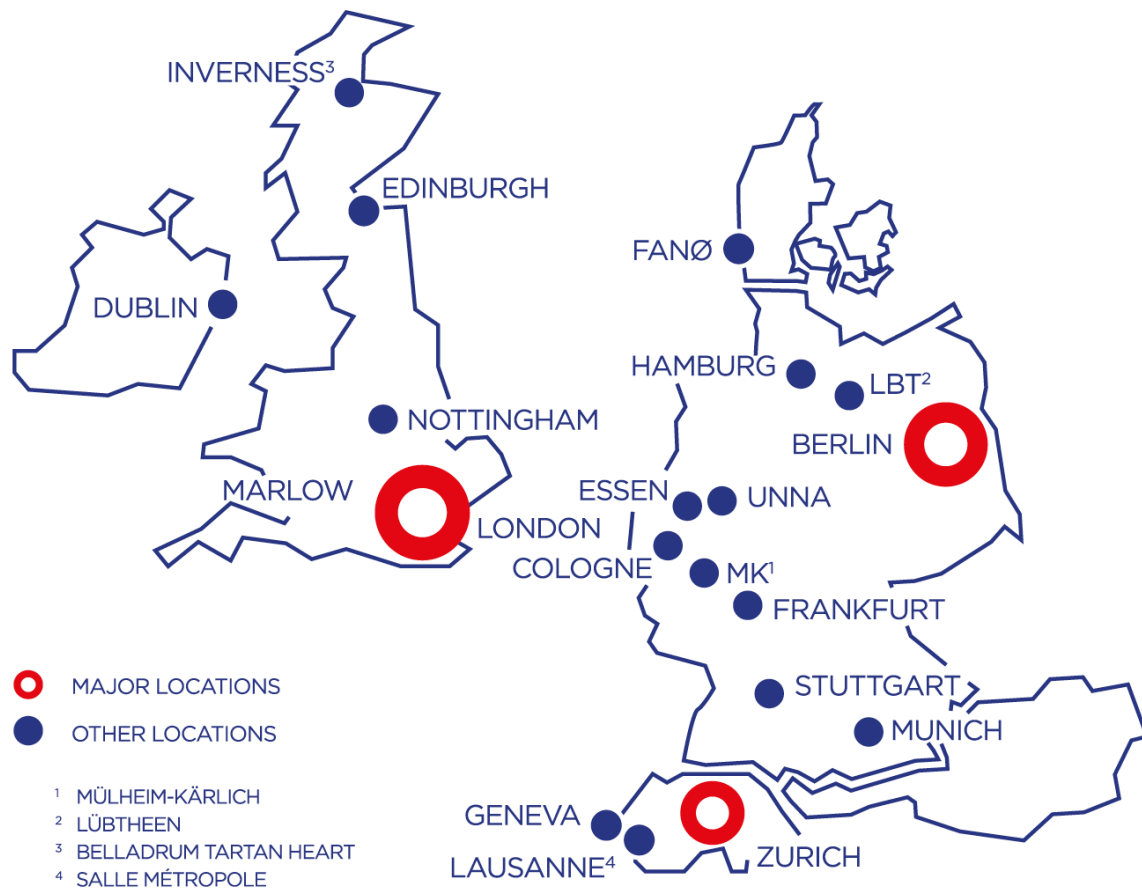
DEAG Deutsche Entertainment Aktiengesellschaft (DEAG), a leading entertainment service company and live entertainment provider, produces and promotes live events of all genres and sizes in Europe. With its group companies, DEAG has been present at 20 locations in its core markets of Germany, Great Britain, 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. Live Entertainment for all generations including Arts+Exhibitions are important building blocks for the further development of DEAG's own content.

For more than 6,000 events, over 10 million tickets are sold annually for own and third-party content - 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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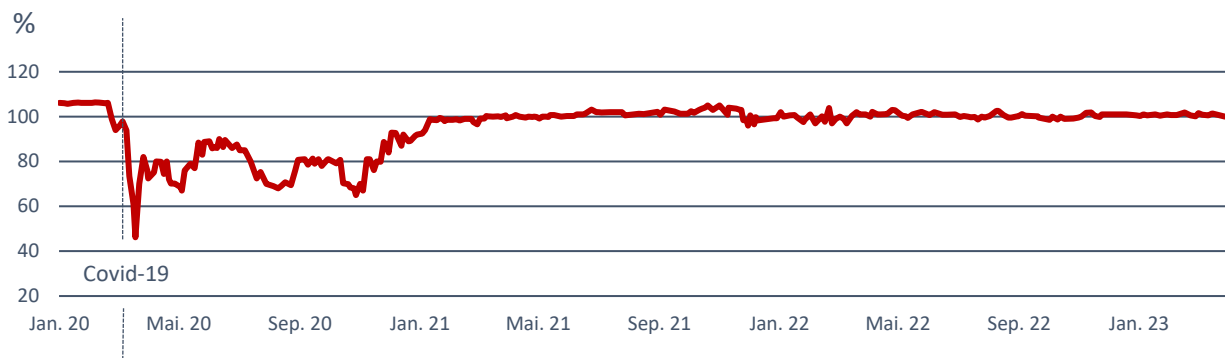
// DEAG ON THE CAPITAL MARKET

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.; since 1 November 2022: 6.50 % p.a.
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) was listed on the Open Market (Segment: Quotation Board) of the Frankfurt Stock Exchange and traded at prices of around 100% between January and the end of March 2023. The price of the bond was 100.0% on 30 March 2023, the last trading day in March 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%. In accordance with clause 2.2 of the Terms and Conditions of the 2018/2023 Corporate Bond, the interest rate on the 2018/2023 Corporate Bond has increased by 0.5 percentage points to 6.5% p.a. since 1 November 2022, as the equity ratio of 15% was not exceeded as of 30 June 2022. The outstanding volume of the bond amounts to EUR 25.0 million.

BOND PRICE FROM 2 January 2020 – 31 March 2023



// INTERIM GROUP MANAGEMENT REPORT

KEY OPERATIONAL DEVELOPMENTS

DEAG has gotten off to a successful start to financial year 2023. Sales revenues increased in the first quarter from EUR 31.0 million to EUR 48 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) were again positive in what is traditionally the weakest quarter of DEAG’s financial year. EBITDA was EUR 3.1 million. This means the operating earning power more than doubled, as the previous year’s figure of EUR 2.8 million still included significant funds from subsidy programmes. DEAG’s own brand and high-margin event formats increasingly contributed to the good development in the first three months of 2023, as did a continued strong ticketing business. Furthermore, the companies acquired by DEAG since 2019 contributed to the good development between January and March.

DEAG staged many concerts and tours of all genres and sizes in the reporting period. Particularly successful events included sold-out events and concerts with superstar Ed Sheeran, tours with the English rock band Don Broco or the Australian comedian Jim Jefferies in the UK, for example. The Nu-Metal band Limp Bizkit thrilled their fans in Switzerland. The anniversary tour of “Riverdance,” the most successful dance show in the world, with a total of around 75,000 visitors, or “Disney on Ice,” for example, were other great successes. DEAG sold a total of 140,000 tickets for the show, which combines first-class figure skating with stories about Mickey Mouse, Donald Duck & Co. from the world of Disney, for the tours through Germany and Austria. DEAG’s Christmas Gardens in Germany and other European countries with their stunning light shows and colourful winter worlds were a source of excitement for young and old alike. In the 2022/2023 season, which lasts until mid-January 2023, DEAG counted a total of over 2 million visitors at 19 locations.

In the Spoken Word & Literary Events division, DEAG organised the popular event format “An Evening with...” in the UK with the award-winning film director and bestselling author Quentin Tarantino and with Sir Ranulph Fiennes, British explorer and author, who, among other things, was the first person to reach both the North and South Poles by land. In March, Cologne also hosted the international literature festival “lit.COLOGNE”, which continued the success of the pre-corona era by drawing 105,000 visitors to around 180 events. Once again this year, many national and international bestselling authors and stars were guests, including 2021 Nobel Peace Prize winner Maria Ressa, Ian McEwan, Frank Schätzing, Julian Barnes, Siri Hustvedt, A.L. Kennedy, Charlotte Link, Paul Maar and Emine Sevgi Özdamar. The “lit.Kid.COLOGNE” programme for children and young people, which is integrated into lit.COLOGNE, also set a new attendance record with around 25,000 literature enthusiasts.

After the end of the reporting period, DEAG also organised the electro-music festival “Mayday” in Dortmund’s Westfalenhalle in April, which drew 20,000 visitors, as well as stadium and arena tours with Muse or also Sabaton in the UK in April and May.

DEAG again recorded a very dynamic development in the ticketing sector. The company now sells the majority of its tickets via the Group’s own ticketing platforms myticket, Gigantic Tickets and tickets.ie. For the European tour of Rammstein singer Till Lindemann through 13 countries in winter 2023, 50,000 tickets were sold exclusively via myticket for Germany within the first 48 hours of the advance sales launch. DEAG subsidiary Wizard Promotions can already report a record summer 2023 in May. For heavy metal concerts alone, 250,000 tickets were sold for the upcoming summer, including concerts and arena tours by Iron Maiden, Kiss, the Scorpions, Def Leppard and Mötley Crüe and Papa Roach. But it is not only the demand for tickets for events in the heavy metal segment that is high. Advance sales for concerts by Grammy-nominated singer/songwriter Ingrid Andress or the Grammy-nominated sister duo Larkin Poe, for example, are also going very well.

DEAG has a diversified event portfolio, strong Group-owned ticketing platforms and a robust financial structure and considers itself excellently positioned for further growth. In the months ahead, DEAG will be hosting many heavy metal concerts, including stadium shows with British shooting star Sam Fender that are already sold out, the traditional end-of-season concert of the Berlin Philharmonic Orchestra at Berlin’s Waldbühne or the popular

“Potsdamer Schlössernacht” at Sanssouci Palace and Park with a new, varied programme for the whole family. In addition, music fans can look forward to a hot festival summer. Between June and August 2023, DEAG will once again be organising a number of open-air events for every taste across Europe, such as the “Belladrum Tartan Heart Festival” in the Scottish Highlands, the “Edinburgh Castle Concerts” event series in Scotland with sold-out shows by Rod Stewart, The Proclaimers and even The Who, as well as “Kew The Music,” the summer picnic concerts in Kew Gardens in London. At the “Kessel Festival” in Stuttgart, Apache 207, Rea Garvey and Clueso, among others, will put on great performances, while Joss Stone, among others, will present her hits to the audience at the “Sion sous les étoiles” festival in Switzerland.

DEAG’s international expansion strategy continues to include further acquisitions, several of which are currently in the pipeline. DEAG plans to further intensify its M&A activities in the second half of 2023, with a particular focus on the Ticketing segment and expansion into other European countries. In addition to successfully agreeing attractive financing terms with banks in recent months, DEAG continues to consider the issue of a new corporate bond in order to further drive its growth and refinance the current 2018/2023 bond.

EARNINGS POSITION

Sales revenues increased by 55% to EUR 48.2 million (previous year: EUR 31.0 million). Compared to the first quarter of 2019, the last quarter completely unaffected by corona, sales rose by EUR 22.7 million (2019: EUR 25.5 million).

Gross profit amounted to EUR 10.0 million after EUR 6.2 million in the same period of the previous year. The gross profit margin was 20.7% (previous year: 19.8%).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) in the reporting period amounted to EUR 3.1 million (previous year: EUR 2.8 million). In the same quarter of the previous year, EBITDA was significantly affected by the receipt of subsidies and insurance reimbursements.

Depreciation and amortisation of EUR 2.8 million (previous year: EUR 2.4 million) was mainly accounted for by EUR 1.3 million in leasing rights of use (previous year: EUR 1.1 million), EUR 0.8 million (previous year: EUR 0.7 million) in intangible and other tangible assets and EUR 0.7 million in depreciation and amortisation from purchase price allocations (previous year: EUR 0.6 million).

At EUR 0.3 million, EBIT in the reporting period was thus virtually unchanged compared to the same period of the previous year (previous year: EUR 0.4 million).

The financial result amounted to EUR -1.4 million and mainly includes the interest result of EUR -1.2 million.

After taking tax expenses into account, the consolidated result after taxes was EUR -1.4 million (previous year: EUR -1.1 million) and the consolidated result attributable to DEAG shareholders was EUR -2.0 million, compared to EUR -1.4 million in the same period of the previous year.

Non-current assets were nearly unchanged compared to 31 December 2022. Scheduled depreciation was offset by additions, mainly from the first-time consolidation of companies.

Current liabilities increased by EUR 1.3 million to EUR 181.8 million compared to 31 December 2022 (EUR 180.5 million). The contract liabilities and thus the income for ticket sales for future events increased by EUR 10.2 million. This was offset by the reduction in trade payables and liabilities to banks in particular. The prepayment balance, defined as the difference between advance payments made less contract liabilities, remained virtually unchanged compared to 31 December 2022 at EUR -46.0 million (31 December 2022: EUR -46.2 million).

Net debt, defined as the sum of gross financial liabilities (to banks and the bond) less cash and cash equivalents, amounted to EUR -14.6 million (31 December 2022: EUR -16.5 million). Here, too, the development of the prepayment balance had an effect: while there was a slight increase in gross financial liabilities, cash and cash equivalents declined due to advance payments made for future events.

Non-current liabilities amounted to EUR 44.8 million (31 December 2022: EUR 47.5 million). The decrease is mainly due to the change in other financial liabilities.

Equity declined by EUR 2.2 million to EUR 36.3 million due to the change in the consolidated result. The equity ratio was therefore 13.8% after 14.4% on 31 December 2022.

FINANCIAL POSITION

Cash inflow from operating activities (total) amounted to EUR 2.4 million after cash outflow of EUR 15.7 million in the comparable period of the previous year. This change was mainly due to the reduction in the prepayment balance compared to the first quarter of the previous year. While this was still EUR -94.7 million in the previous year due to the limited operating activities, it levelled off at EUR -46.0 million in the reporting period.

The outflow of funds from investment activities increased slightly to EUR 1.5 million compared to EUR 0.4 million the previous year. This is due to investments in property, plant and equipment and intangible assets.

The cash outflow from financing activities of EUR 5.4 million (previous year: cash inflow of EUR 1.2 million) was mainly related to the balance from taking up and scheduled repayment of financial liabilities (EUR 2.8 million) and interest payments (EUR 1.3 million).

Cash and cash equivalents at the end of the period of EUR 70.2 million thus declined by EUR 33.8 million compared to EUR 104.0 million in the first quarter of 2022 due to the normalisation of business operations.

As of the quarterly reporting date, DEAG had, in addition to the bond in the amount of EUR 25.0 million, a total of around EUR 53 million in financing lines at its disposal, of which around EUR 23 million were not utilised. Including the demand deposits with the parent company and the subsidiaries, the liquid funds available to the Group amounted to approximately EUR 93 million.

OPPORTUNITY AND RISK REPORT

At the time of this Quarterly Financial Statement, DEAG's Executive Board assumes that there are no risks that could jeopardise the continued existence of the company or the Group. However, it cannot be ruled out that influencing factors that 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.

For information on the risks and opportunities of the Group, please refer to the Opportunity and Risk Report on page 32 et seq. of the Combined Management and Group Management Report contained in the Annual Financial Report as of 31 December 2022.

The statements made in the Opportunity and Risk Report in the 2022 Annual Financial Report continue to be considered accurate.

FORECAST REPORT

The Executive Board of DEAG expects to see a continuous development for the financial year with sales of over EUR 300 million and a further improvement in EBITDA. To achieve this, DEAG plans to sell more than 10 million tickets for around 6,000 events in 2023.

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.

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// CONSOLIDATED BALANCE SHEET

TOTAL ASSETS

	2023 per 31.03.2023	2022 per 31.12.2022	2022 per 31.03.2022
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
Liquid funds	70,176	74,780	104,000
Trade receivables	13,657	17,806	13,312
Down payments	26,628	16,214	37,900
Incom tax receivables	986	1,754	825
Inventories	978	1,530	1,084
Other current financial assets	5,496	7,586	7,794
Other current non-financial assets	4,653	6,399	12,160
Current assets	122,574	126,069	177,075
Goodwill	56,048	53,777	52,002
Other intangible assets	35,491	36,213	31,789
Tangible fixed assets	31,087	32,728	28,607
Investment properties	5,625	5,625	5,625
Investments	2,184	2,114	3,045
According to the equity method accounted financial ass	599	590	597
Down payments	499	525	906
Other long-term financial assets	7,957	7,858	3,753
Deferred tax assets	924	950	2,379
Long-term assets	140,414	140,380	128,703
Total assets	262,988	266,449	305,778

TOTAL LIABILITIES AND EQUITY

	2023	2022	2022
	per	per	per
	31.03.2023	31.12.2022	31.03.2022
	TEUR	TEUR	TEUR
Bank loans payable	19,946	22,214	11,769
Trade accounts payable	19,154	24,552	17,586
Accruals	23,117	22,112	19,106
	24,694	24,602	-
Contract liabilities	72,860	62,633	130,326
Income tax liabilities	3,973	4,485	3,296
Other current financial liabilities	10,519	11,805	13,657
Other current non-financial liabilities	7,580	8,084	5,021
Current liabilities	181,843	180,487	200,761
Accruals	448	722	662
Bond	-	-	24,324
Bank loans payable	10,908	11,466	15,063
Contract liabilities	311	292	2,228
Other long-term financial liabilities	24,628	26,294	26,074
Deferred taxes	8,549	8,703	8,184
Long-term liabilities	44,844	47,477	76,535
Share capital	21,587	21,587	21,587
Capital reserve	32,520	32,520	32,520
Retained earnings	-332	-332	-332
Accumulated deficit	-34,507	-32,481	-38,736
Accumulated other income / loss	1,725	1,890	1,875
Equity attributable to DEAG shareholders	20,993	23,184	16,914
Equity attributable to non-controlling interest	15,308	15,301	11,568
Equity	36,301	38,485	28,482
Total liabilities and equity	262,988	266,449	305,778

// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	I/2023	I/2022
from 01 January - 31 March	TEUR	TEUR
Group result after taxes	-1,443	-1,089
Other result		
(+/-) Differences from exchange rates (independent foreign units)	-251	-1,067
Total result	-1,694	-2,156
Thereof attributable to		
Non-controlling interest	497	-254
DEAG Shareholders	-2,191	-1,902

// CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	As of	changes	as of
	31.12.2021	01.01.2022 -31.03.2022	31.03.2022
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
Share capital	21,587	-	21,587
Capital reserve	32,520	-	32,520
Retained Earnings	-332	-	-332
Accumulated deficit	-37,343	-1,393	-38,736
Accumulated other income / loss	2,382	-507	1,875
Equity attributable to DEAG shareholders	18,814	-1,900	16,914
Equity attributable to non-controlling interest	10,964	604	11,568
Equity	<u>29,778</u>	<u>-1,296</u>	<u>28,482</u>

	As of	changes	as of
	31.12.2022	01.01.2023 -31.03.2023	31.03.2023
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
Share capital	21,587	-	21,587
Capital reserve	32,520	-	32,520
Retained Earnings	-332	-	-332
Accumulated deficit	-32,481	-2,026	-34,507
Accumulated other income / loss	1,890	-165	1,725
Equity attributable to DEAG shareholders	23,184	-2,191	20,993
Equity attributable to non-controlling interest	15,301	7	15,308
Equity	<u>38,485</u>	<u>-2,184</u>	<u>36,301</u>

// 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 31 March 2023 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 2022.

The accounting, consolidation, currency translation and recognition and measurement principles applied in the Consolidated Financial Statements as of 31 December 2022 were essentially retained.

For further information, please refer to the Notes to the Consolidated Financial Statements included in the 2022 Annual Financial Report (see pages 52-69).

The new and amended standards and interpretations did not have any effects on the asset, financial and earning 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 Quarterly Financial Statement.

This report has not been audited and has not been reviewed by an auditor.

CHANGES IN THE SCOPE OF CONSOLIDATION

In these Interim Consolidated Financial Statements 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.

A.C.T. Artist Agency GmbH, Berlin, as well as the companies acquired in the previous year, Media On-Line Management GmbH & Co. Classic Open Air KG and Media On-Line Management GmbH, both based in Berlin, were included in the Consolidated Financial Statements for the first time in the reporting period within the framework of full consolidation.

There were no other changes to the scope of consolidation in the reporting period.

The preliminary purchase price allocations listed in the Annual Financial Report for the shares in companies acquired in financial year 2022 (see Annual Financial Report, the Notes to the Consolidated Financial Statements, p. 75ff) had not yet been completed as of the quarterly reporting date and were therefore taken into account unchanged as of 31 December 2022 with preliminary figures.

SUPPLEMENTARY REPORT

In the view of the Executive Board, no significant events occurred after the end of the reporting period as of 31 March 2023 that could have a significant impact on DEAG’s earnings, asset and financial positions.

// LEGAL NOTICE

// CONTACT

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// MORE INFORMATION

This Quarterly Financial Statement and the latest information on DEAG
are available on the company's website at: www.deag.de/ir

// EDITING AND COORDINATION

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DEAG Deutsche Entertainment Aktiengesellschaft



Foto: Klaus Zakowski

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