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HALF-YEAR FINANCIAL REPORT AS OF 2023-06-30
DEAG Deutsche Entertainment Aktiengesellschaft

// DEAG OVERVIEW

COMPANY PROFILE

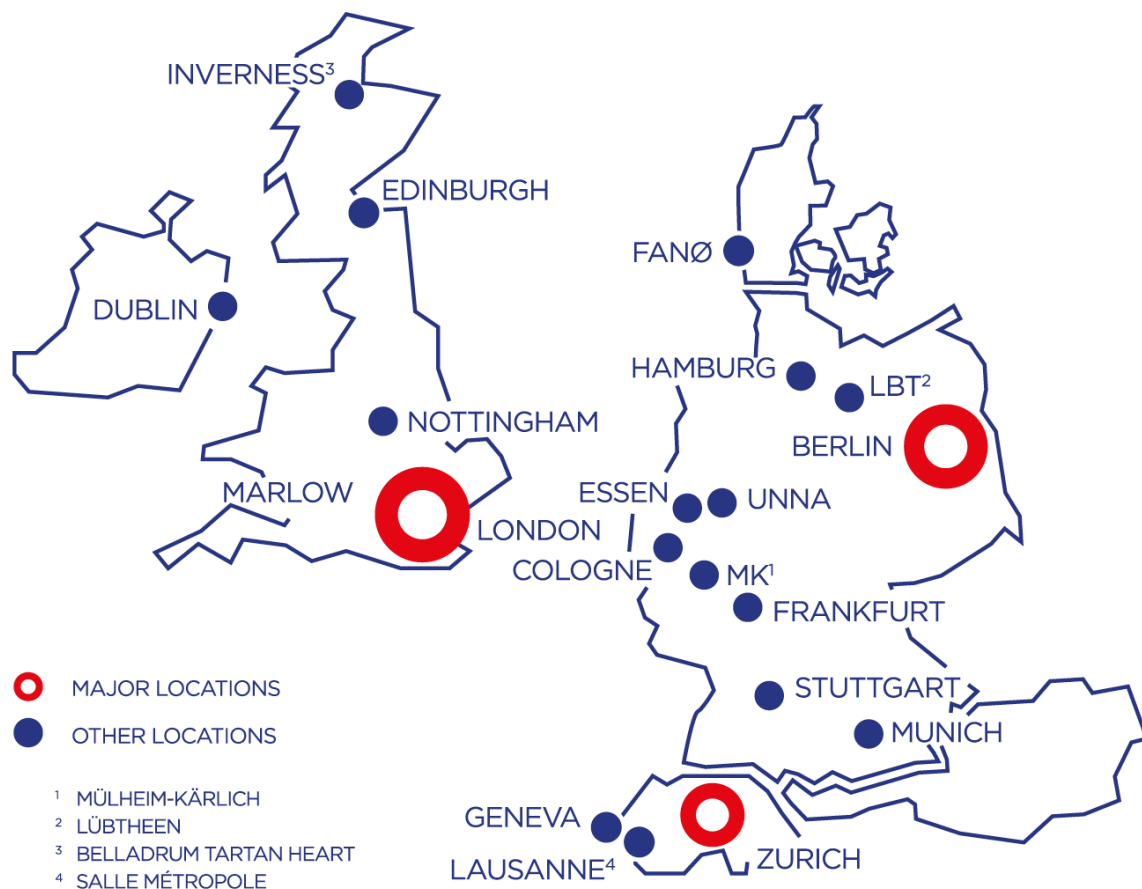
DEAG Deutsche Entertainment Aktiengesellschaft (DEAG), a leading entertainment service company and live entertainment provider, produces and promotes live events of all genres and sizes in Europe. With its group companies, DEAG has been present at 20 locations in its core markets of Germany, Great Britain, 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.com](#) and [tickets.ie](#).

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

DEAG'S CORE MARKETS



// LETTER TO THE INVESTORS

**DEAR LADIES AND GENTLEMEN,
DEAR INVESTORS,**

DEAG can report on a successful first half of 2023 and is initiating the next period of its successful corporate expansion by setting a strategic course. Besides good figures and organic and inorganic growth, the basis for continuing our growth course is sufficient financial scope and a powerful team that will shape DEAG's future.

The year 2023 thus far can be characterised by a solid first half-year and a very positive start to the third quarter. We successfully staged many concerts, tours, festivals and events in the reporting period. These included concerts by Ed Sheeran, Sam Fender, Rod Stewart, Iron Maiden, Kiss and The Who as well as events for young and old like "Disney on Ice" as well as the world's most successful dance show "Riverdance." Our spoken word and literary events were also a great success, including the international literature festival "lit.COLOGNE" and Germany's largest philosophy festival "phil.COLOGNE." Furthermore, we had a very strong festival summer. Our open-air events in the genres EDM (Electronic Dance Music), Rock/Pop and Classics & Jazz drew a total of over 800,000 visitors between the end of June and the beginning of September and yielded earnings contributions that were above our expectations.

In the first six months of the current financial year, we recorded revenue of EUR 122.7 million, compared to EUR 133.4 million in the same period of the previous year and EUR 63.9 million in the pre-corona year 2019. Since 2019, DEAG has once again significantly expanded its portfolio and scope of business through targeted acquisitions of companies, events and in the ticketing sector. The companies acquired by DEAG in recent years are already making a significant contribution to DEAG's good development. Earnings before interest, taxes, depreciation and amortisation (EBITDA) were EUR 5.1 million compared to EUR 10.1 million in the same period last year. The main focus of the event density in the current business year is on the third quarter, whereas the focus in the previous year was on the second quarter. In addition, the previous year's figures were even more marked by funds from European funding programmes as well as by catch-up effects after the corona pandemic. We expect business to continue to pick up significantly in the second half of 2023. While the focus in the third quarter will be on major tours and festivals, our Christmas business with the successful "Christmas Garden" format with new locations in Karlsruhe and Leipzig, among other places, as well as our Christmas markets and Christmas circuses will be the focus of our business activities in the fourth quarter.

In view of our successful performance to date and our excellent organic and inorganic growth opportunities, DEAG confirms its annual targets for the full year 2023. We expect revenues of over EUR 300 million with a further improvement in EBITDA compared to the previous year. We want to sell more than 10 million tickets to around 6,000 events, compared to 9 million in the previous year. The majority of these tickets will be sold via our own ticketing platforms myticket, gigantic.com and tickets.ie.

In addition to organic growth and the expansion of our event formats and our event pipeline, we intend to continue and intensify our successful Buy & Build strategy of previous years in the current financial year and will continue to play an active role in the consolidation of the European market. We are confident that we will soon be able to welcome new companies to the DEAG family. The focus will be on further expansion in Europe as well as complementary acquisitions in the ticketing sector. We have secured the financing of our growth strategy through our robust financial position with available liquidity of around EUR 80 million as of 30 June 2023 and the successful placement of our Corporate Bond 2023/2026 at the beginning of July this year.

Building on our very good market position after a strong first half of 2023, DEAG is now embarking on the next period of its successful corporate expansion. The acceleration of further growth is also reflected in the composition of the Executive Board: I am pleased that the Supervisory Board has agreed to my personal request

1.2 DEAG CORPORATE BOND 2018/2023

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 June 2023. The price of the bond on the Frankfurt Stock Exchange on 30 June, 2023 was 100.77%. The bond was repaid in full after the balance sheet date.

1.3 INVESTOR RELATIONS

In the reporting period, DEAG carried out various IR activities in addition to its statutory obligations in order to report transparently on its business development and prospects:

- Numerous one-on-one meetings with investors in Germany and abroad
- Publication of corporate news
- Regular quarterly reporting

Detailed information in the Investor Relations section can be found at www.deag.de/ir. DEAG Deutsche Entertainment AG provides continuous information on relevant business developments here. In addition, investors have access to a direct communication channel with the company at deag@edicto.de.

1.4 ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2022 took place on 4 July 2023 in the “Meistersaal” in Berlin. DEAG’s shareholders approved all agenda items with a large majority of more than 98%. Further information on the Annual General Meeting and the detailed voting results are available in the Investor Relations section of DEAG’s corporate website.

1.5 FINANCIAL CALENDAR 2023

Nov: 30.

QUARTERLY FINANCIAL STATEMENT (9M)

// INTERIM GROUP MANAGEMENT REPORT

SIGNIFICANT OPERATIONAL DEVELOPMENTS

DEAG developed according to plan in the first half of the financial year and is on course to achieving its annual targets. In the first half of 2023, DEAG successfully staged a large number of festivals, concerts and tours as well as live events of all genres across Europe. These included spectacular concerts and tours featuring Ed Sheeran, Sam Fender and Limp Bizkit, events for the whole family such as “Riverdance” and “Disney on Ice” or literary festivals in the Spoken Word & Literary Events segment such as “lit.COLOGNE” and “phil.COLOGNE.”

In the first half of the year, DEAG achieved revenue of EUR 122.7 million, compared to EUR 133.4 million the previous year. EBITDA was EUR 5.1 million (previous year: EUR 10.1 million), as expected. While the second quarter of the previous year was characterised by a high density of events, the focus in the current financial year is on the third quarter. In addition, the key financial figures of the previous year’s period were influenced by catch-up effects from the corona pandemic and even more significantly by funds from European funding programmes. Revenue and earnings in the reporting period were significantly higher than in 2019, the last year before the corona pandemic. At that time, revenue and EBITDA were listed at EUR 63.9 million and EUR 3.1 million, respectively. Thus, the business volume has improved significantly compared to 2019.

DEAG successfully placed its new Corporate Bond 2023/2026 with a volume of EUR 50 million and an interest rate of 8.0% p.a. in full at the beginning of July 2023. The first day of trading for the new bond was 12. July 2023. The issue was significantly oversubscribed. The positive response from the capital market reinforces DEAG’s corporate strategy. The Corporate Bond 2018/2023 was repaid in full after the balance sheet date.

The strong business development expected for the third quarter was realised, among other measures, by having a strong festival summer with more than 800,000 visitors at events in the genres EDM (Electronic Dance Music), Rock/Pop and Classics & Jazz between the end of June and the beginning of September. Compared to the previous year, the number of visitors thus increased by around 40%. The EDM- Festival “Nature One” and Festivals such as “Sion sous les étoiles” in Switzerland, “Kew the Music” in London, England, or the “Belladrum Tartan Heart Festival” in Scotland, which will take place for the 20th time in 2024, were also great successes. The majority of the tickets sold were sold, in part exclusively, via DEAG’s own ticketing platforms myticket, gigantic.com and tickets.ie.

The signs are pointing to growth in all areas of the business. Besides the organic expansion of the event pipeline and event formats, M&A remains an important building block in DEAG’s growth strategy. The company plans to intensify its M&A activities in the third quarter and beyond, with a focus on complementary acquisitions in the ticketing sector and expansion in Europe. The liquidity available as of the balance sheet date amounted to around EUR 80 million and increased again very significantly after the balance sheet date to over EUR 100 million due to the net inflow from the DEAG Corporate Bond 2023/2026 in July of this year.

Non-current liabilities amounted to EUR 43.1 million (31 Dec. 2022: EUR 47.5 million). The decrease is mainly due to the change in other non-current financial liabilities.

Net debt, defined as the sum of gross financial liabilities (bond and liabilities to banks) less cash and cash equivalents, amounted to EUR -1.3 million (31 Dec. 2022: EUR -16.5 million). Here, too, the development of the prepayment balance as of the reporting date had a particular impact: while the gross financial liabilities remained virtually constant compared to 31 Dec. 2022, cash and cash equivalents decreased, mainly due to the payments made for events, which will mainly be held in the third quarter.

Equity decreased by EUR 8.4 million to EUR 30.1 million due to the consolidated result and dividends to other shareholders. The equity ratio is therefore 11.5% after 14.4% on 31 Dec. 2022 and 10.6% on 30 June 2022.

FINANCIAL POSITION

The cash outflow from operating activities (total) amounted to EUR 2.9 million, compared to EUR 26.2 million in the same period of the previous year. This is mainly due to the change in the prepayment balance in the previous year, which had decreased more strongly in the comparable period due to the sharp increase in the operating business after the elimination of the COVID-19 restrictions.

The cash outflow from investing activities amounted to EUR 2.6 million, compared to EUR 0.5 million in the same period of the previous year, and resulted mainly from investments in property, plant and equipment and intangible assets.

The cash outflow from financing activities amounted to EUR 10.0 million (30 June 2022: EUR 5.2 million). In addition to the cash outflows from leasing and interest and redemption payments for financial liabilities, the payments of dividends to other shareholders also had an effect in the reporting period.

As a result, cash and cash equivalents on 30 June 2023 decreased by EUR 28.9 million to EUR 58.5 million compared to 30 June 2022 (30 June 2022: EUR 87.4 million).

The available liquidity amounted to around EUR 80 million as of 30 June 2023 and increased again very significantly after the balance sheet date to over EUR 100 million due to the net inflow from the DEAG Corporate Bond in July of this year. Please refer to the comments regarding the Corporate Bond 2023/2026 in the section “DEAG on the Capital Market.”

OPPORTUNITY AND RISK REPORT

At the time of preparing this Half-Year Financial Report, 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

Due to the first half of the year proceeding according to plan and the positive start to the strong third quarter of 2023, and assuming that expectations for the fourth quarter will be met as planned, the Executive Board of DEAG assumes at the time of preparing this Half-Year Financial Report that the annual targets – revenue of over EUR 300 million with a further improvement in EBITDA – will be achieved. To this end, 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 30.06.2023	2022 per 31.12.2022	2022 per 30.06.2022
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
Current assets			
Cash and cash equivalents	58,512	74,780	87,386
Trade receivables	12,319	17,806	20,233
Down payments	36,252	16,214	33,464
Income tax claims	1,894	1,754	832
Inventories	1,085	1,530	1,193
Other current financial assets	6,392	7,586	11,370
Other current non-financial assets	5,271	6,399	9,169
Current assets	<u>121,725</u>	<u>126,069</u>	<u>163,647</u>
Goodwill	56,758	53,777	52,253
Other intangible assets	35,109	36,213	30,911
Tangible fixed assets	29,499	32,728	27,688
Investment properties	5,625	5,625	5,625
Investments	2,689	2,114	1,976
According to the equity method accounted financial assets	613	590	591
Down payments	251	525	789
Other long-term financial assets	7,996	7,858	3,791
Deferred tax assets	827	950	1,989
Long-term assets	<u>139,367</u>	<u>140,380</u>	<u>125,613</u>
Total assets	<u>261,092</u>	<u>266,449</u>	<u>289,260</u>

TOTAL LIABILITIES AND EQUITY

	2023	2022	2022
	per	per	per
	30.06.2023	31.12.2022	30.06.2022
	TEUR	TEUR	TEUR
Bank loans payable	21,883	22,214	7,871
Trade accounts payable	28,936	24,552	39,655
Accruals	19,758	22,112	22,939
Bond	24,787	24,602	-
Contract liabilities	68,729	62,633	89,310
Income tax liabilities	4,320	4,485	3,035
Other current financial liabilities	11,654	11,805	16,139
Other current non-financial liabilities	7,877	8,084	6,409
Current liabilities	187,944	180,487	185,358
Accruals	449	722	663
Bond	0	0	24,417
Bank loans payable	10,514	11,466	14,824
Contract liabilities	40	292	610
Other long-term financial liabilities	23,615	26,294	24,862
Deferred taxes	8,448	8,703	7,824
Long-term liabilities	43,066	47,477	73,200
Share capital	21,587	21,587	21,587
Capital reserve	32,520	32,520	32,520
Retained earnings	-332	-332	-332
Accumulated deficit	-37,049	-32,481	-38,373
Accumulated other income / loss	1,869	1,890	2,161
Equity before other shareholders	18,595	23,184	17,563
Other shareholders	11,487	15,301	13,139
Equity	30,082	38,485	30,702
Total liabilities and equity	261,092	266,449	289,260

// CONSOLIDATED STATEMENT OF INCOME

	01.04.2023 30.06.2023	01.04.2022 30.06.2022	01.01.2023 30.06.2023	01.01.2022 30.06.2022
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
Revenues	74,512	102,389	122,673	133,406
Cost of revenues	-65,415	-87,787	-103,610	-112,651
Gross profit	<u>9,097</u>	<u>14,602</u>	<u>19,063</u>	<u>20,755</u>
Distribution costs	-7,165	-6,617	-12,025	-8,174
Administration costs	-5,734	-6,137	-12,561	-12,083
Other operating income / expenses	2,985	3,201	5,030	4,928
Operating result (EBIT)	<u>-817</u>	<u>5,049</u>	<u>-493</u>	<u>5,426</u>
Interest income and expenses	-1,361	-1,129	-2,605	-2,213
Result from investments and participations	94	-485	-81	-453
Earnings from affiliated companies	2	-22	5	-68
Foreign currency exchange gains / losses	228	0	239	0
Financial result	<u>-1,037</u>	<u>-1,636</u>	<u>-2,442</u>	<u>-2,734</u>
Result before taxes	<u>-1,854</u>	<u>3,413</u>	<u>-2,935</u>	<u>2,692</u>
Income taxes	-634	-911	-996	-1,279
Result after taxes	<u>-2,488</u>	<u>2,502</u>	<u>-3,931</u>	<u>1,413</u>
Minority interests	54	2,139	637	2,443
Group result	<u>-2,542</u>	<u>363</u>	<u>-4,568</u>	<u>-1,030</u>
Earnings per share in EUR (undiluted) from continued and discontinued operations	<u>-0.12</u>	<u>0.02</u>	<u>-0.21</u>	<u>-0.05</u>
Average no. of shares outstanding (undiluted)	<u>21,587,958</u>	<u>21,587,958</u>	<u>21,587,958</u>	<u>21,587,958</u>

// CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022
	<u>TEUR</u>	<u>TEUR</u>
Result from continued operations	-3,931	1,413
Depreciation and amortisation	5,570	4,714
Change in accruals	-2,627	2,175
Changes not affecting payments	-1,226	707
Deferred taxes (net)	-132	-138
Result from valuation of affiliated companies	-5	68
Cash flow	-2,351	8,939
Net interest income	2,605	2,213
Change in working capital	-3,199	-37,369
Net cash from operating activities (total)	-2,945	-26,217
Net cash from investment activities from continued operations	-2,589	-548
Net cash from financial activities (total)	-10,012	-5,181
Change in cash and cash equivalents	-15,546	-31,946
Effects of exchange rates	-722	587
Cash and cash equivalents at beginning of Period	74,780	118,745
Cash and cash equivalents at end of period	58,512	87,386

// CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Balance as at 31.12.2021 TEUR	Changes 01.01.2022- 30.06.2022 TEUR	Balance as at 30.06.2022 TEUR
Share capital	21,587	-	21,587
Capital reserve	32,520	-	32,520
Retained earnings	- 332	-	- 332
Accumulated deficit	- 37,343	- 1,030	- 38,373
Accumulated other income / loss	2,382	- 221	2,161
Equity before other shareholders	18,814	- 1,251	17,563
Other shareholders	10,964	2,175	13,139
Equity	29,778	924	30,702

	Balance as at 31.12.2022 TEUR	Changes 01.01.2023- 30.06.2023 TEUR	Balance as at 30.06.2023 TEUR
Share capital	21,587	-	21,587
Capital reserve	32,520	-	32,520
Retained earnings	- 332	-	- 332
Accumulated deficit	- 32,481	- 4,568	- 37,049
Accumulated other income / loss	1,890	- 21	1,869
Equity before other shareholders	23,184	- 4,589	18,595
Other shareholders	15,301	- 3,814	11,487
Equity	38,485	- 8,403	30,082

DE000A2NBF25) have received a corresponding exchange offer with a multiple purchase option. Further information on the Corporate Bond 2023/2026 is available on the company website under the heading www.deag.de/ir/corporate-bond.

The company’s founder and CEO Prof. Peter L. H. Schwenkow and Detlef Kornett will lead the company together as co-CEOs in the future. Kornett will continue to head off International Business Affairs and Marketing at DEAG and, together with Prof. Schwenkow, he will oversee Corporate Strategy and drive further growth.

Effective from October 1, 2023, David Reinecke will take on the position of Chief Financial Officer. He succeeds Roman Velke, who, after 5 successful years as CFO, is leaving the company at his own request with mutual consent. Velke will continue to support DEAG in an advisory capacity. Beyond this, in the view of the Executive Board, no significant events occurred after the end of the reporting period as of 30 June 2023 that could have a significant impact on DEAG’s earnings, asset and financial positions.

OTHER DISCLOSURES

DEAG held its Annual General Meeting on 4 July 2023 in the Meistersaal in Berlin. The Executive Board and Supervisory Board were discharged for the past financial year and the shareholders passed resolutions regarding the election of the auditor for the current financial year as well as various amendments to the Articles of Association (including the future holding of virtual Annual General Meetings, the virtual participation of members of the Supervisory Board and the composition of the Supervisory Board). Furthermore, the Annual General Meeting voted on the conclusion of a profit and loss transfer agreement between mytic Myticket AG, Berlin, and the parent company.


All resolutions of the Annual General Meeting were passed by a large majority. Detailed information is available on the company website in the Investor Relations section.

Other explanatory notes required by IAS 34.15 ff. are not relevant or of only secondary importance. There have been no material changes since 31 December 2022.

Berlin, 31 August 2023


DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board


Prof. Peter L. H. Schwenkow


Christian Diekmann


Detlef Kornett


Roman Velke


Moritz Schwenkow

DATE AND APPROVAL OF PUBLICATION

The Executive Board of DEAG (registered office: Potsdamer Straße 58 in 10785 Berlin, Germany) approved these Interim Consolidated Financial Statements and the Interim Group Management Report on 31 August 2023.

// LEGAL NOTICE

// CONTACT

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// MORE INFORMATION

This Half-Year Financial Report and the latest information on DEAG 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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DEAG Deutsche Entertainment Aktiengesellschaft

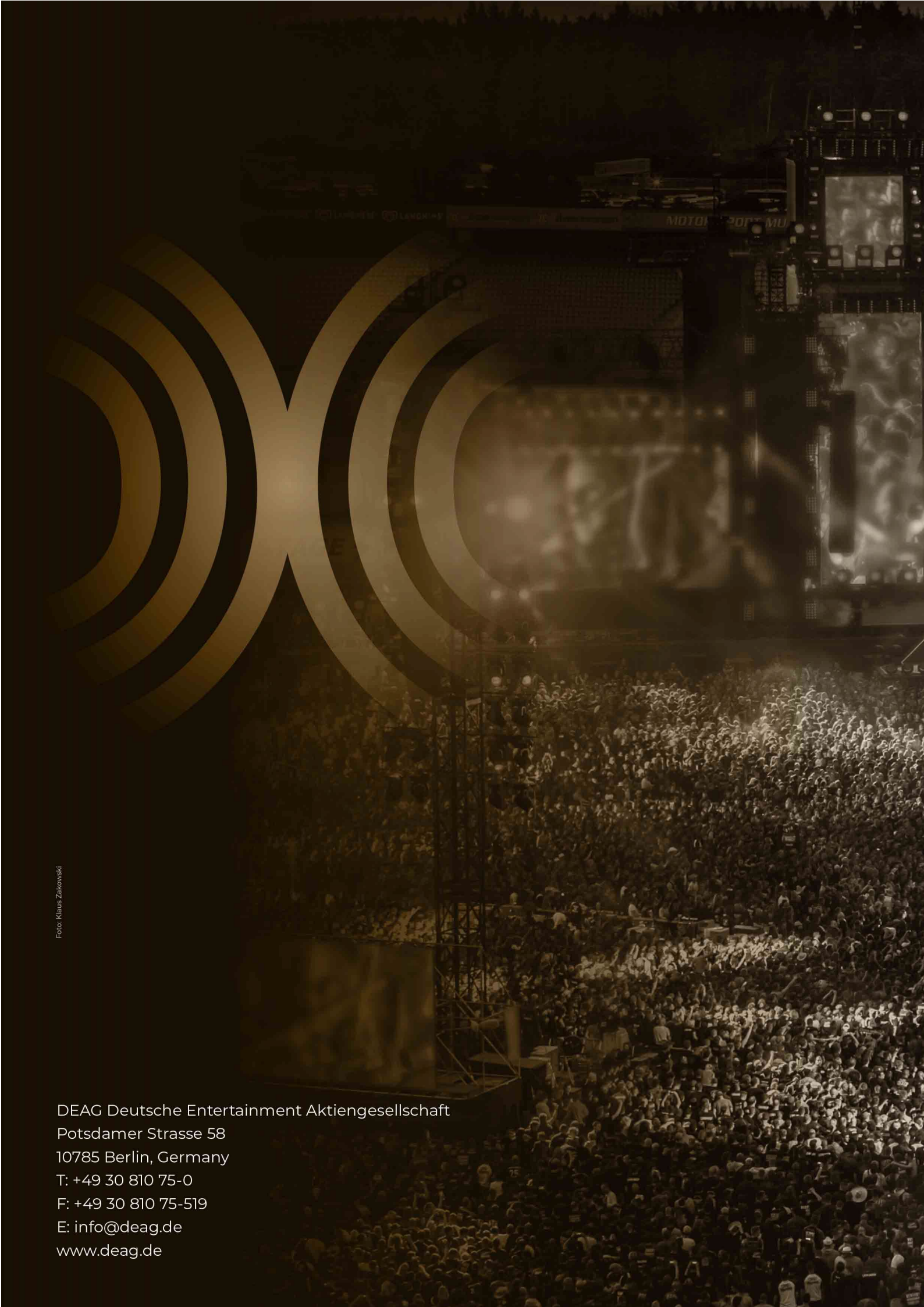


Foto: Klaus Zakowski

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