DEAG entertainment GROUP

2021

ANNUAL FINANCIAL REPORT

DEAG Deutsche Entertainment Aktiengesellschaft

DEAG OVERVIEW

COMPANY PROFILE

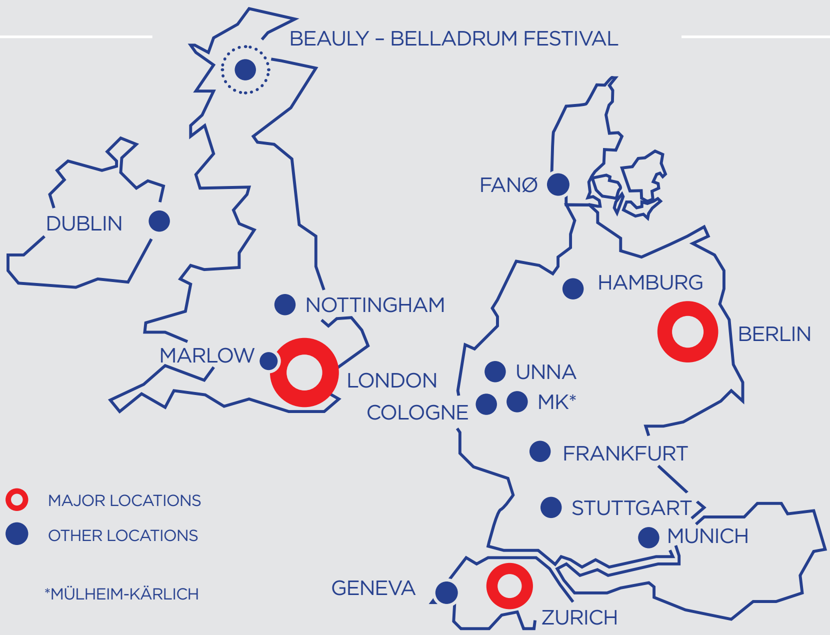
DEAG Deutsche Entertainment AG (DEAG) is a leading entertainment service company and provider of live entertainment in Europe. DEAG has been present with its Group companies at 15 locations in its core markets of Germany, the United Kingdom, Switzerland, Ireland and Denmark. As a live entertainment service provider with an integrated business model, DEAG has extensive expertise in the planning, organization, marketing and promoting 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 are the elementary building blocks for the further development of DEAG's own content.

Until 2019 – before the start of the COVID-19 pandemic –, more than 5 million tickets were sold annually for over 4,000 events - a continuously growing share of these were sold via the Group's own e-commerce platforms MyTicket" and „Gigantic.com" for its own and third-party content.

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

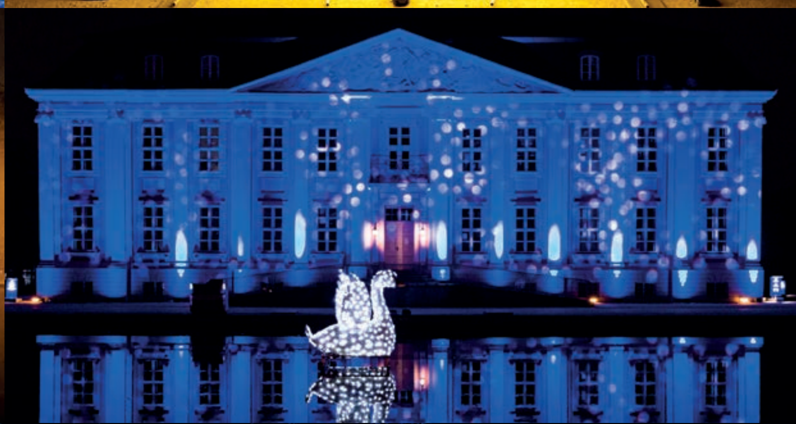
DEAG'S CORE MARKETS



CONTENT

Foto: © shutterstock


LUMIÈRES
EN SEINE



LETTER TO THE INVESTORS

DEAR LADIES AND GENTLEMEN, DEAR INVESTORS,

The situation for DEAG and the entire Live Entertainment industry is improving significantly after two years of the corona pandemic. Many countries are returning to normal. Our ticket sales are at a higher than average level and the enormous customer demand for live entertainment that we expected is in fact materializing. We are heading into 2022 with plenty of tailwind and are therefore optimistic that DEAG will see strong growth in 2022 and return to its old strength. We can also report that the financial year 2021 was very successful despite considerable periods which were still characterised by concert and event cancellations and postponements. We increased our sales by approximately 82.0% from EUR 49.9 million to EUR 90.7 million and our EBITDA from EUR 9.0 million to EUR 22.1 million (+146%). Our consolidated net income after taxes improved significantly from EUR -2.9 million to more than EUR 3.6 million.

In the fourth quarter of 2021, revenues increased significantly to approximately EUR 66 million (previous year: EUR 10.8 million), nearly six times as much as in the previous year. EBITDA for the final quarter was EUR 8.8 million, after EUR 13.3 million in the previous nine-month period. Our business activities in the months of October to December were characterised by our very good Christmas business and strong pre-sales for events in 2022, which are largely processed through our Group's own ticketing platforms. Our Christmas Garden events were once again a great success, after having to cancel them in 2020/2021 with the exception of the Christmas Garden in the UK due to the pandemic, we have expanded them from six locations most recently in the 2019/2020 season to 18 in 2021/2022. Despite corona-related restrictions and the new coronavirus variant "Omicron," we managed to run our successful format smoothly in Germany, the UK, Spain and, for the first time, France. In total, we counted around 1.9 million visitors at all locations. In the fourth quarter alone, we sold 2 million tickets for events in 2021 and 2022, including around 800,000 for our Christmas Garden. For example, we saw high demand for the upcoming Ed Sheeran and Simply Red tours in the UK in the summer of 2022.

Our good performance in 2021 as a whole is attributable in particular to a significant upturn in our business activities in our core markets, especially in the UK, DEAG's most important market outside of Germany. The companies we acquired in 2021 as well as our ticketing platforms also drove the positive trend, and the expansion of DEAG's range of services also contributed to this. Our actions continue to be determined by strict cost awareness and we also received inflows from subsidies and insurance payments on a significant scale in financial year 2021.

In the UK, concerts are already being held again at full capacity. Among other events, we organised sold-out concerts in London with the "Gorillaz" and the British rock band "Bring Me The Horizon." But we were also present again with live events in our other national markets. In Denmark, we saw the situation steadily return to normal after the Danish "Freedom Day" in September. Among other artists, "Rhythm of the Dance" stopped in Denmark on their big Scandinavian tour. In Switzerland, the French chanson singer Patrick Bruel caused goose bumps at his concerts in Lausanne. The Afrofusion superstar, Grammy winner Burna Boy, made the hall in Geneva shake. The first events were also held in Germany. Such included the "Potsdam Schlössernacht", concerts by Chris de Burgh or the "Open Air Schlagerparty am Meer" with Schlager stars like Jürgen Drews and Michelle. In addition, we were also successful on the market with new, digital and COVID-compatible formats. Our livestream for the electro music festival "Mayday" was streamed by 500,000 music fans worldwide.

We also successfully continued our M&A strategy in Germany and other European countries. For instance, we acquired the Danish promoter and international producer CSB Island Entertainment ApS at the beginning of 2021 and further strengthened our market position in the UK through the acquisition of the event promoter UK Live Limited in June. We also significantly expanded the area of the "Spoken Word," which includes author readings, theatre performances and poetry slams, through the acquisitions of lit.COLOGNE GmbH, the organiser of the international literature festival that goes by the same name, and Fane Productions, a leading producer and organiser of literary events in the UK. We are now positioned even more broadly and more internationally in this area. This will result in synergy effects for us in the live entertainment and ticketing business. At the end of 2021, we also acquired a majority share in Hans Boehlke Elektroinstallationen GmbH, which is active in the field of illumination and multimedia design. By acquiring the company we are significantly expanding our activities in the area of technology and light production. We want to continue to play an active role in the consolidation of the live entertainment industry in Europe and drive our growth through M&A. To finance this, we successfully placed a cash capital increase in May and generated gross cash inflow of around EUR 6.1 million.

We expect to see a very significant improvement in EBITDA in 2022 due to the significant recovery in our core markets, strong ticket sales and a continued full event pipeline as well as growth momentum from the companies we acquired in 2021. We are excellently positioned for further growth and have a revenue base with good visibility at the pre-pandemic level. In 2022, we will organise, among other events, the sold-out stadium tour with Ed Sheeran, concerts with Simply Red, KISS, Iron Maiden, Böhse Onkelz, die Toten Hosen, die Ärzte, Tom Jones as well as the Stereophonics. A large share of the business activities in the Rock/Pop segment is conducted through DEAG's established promoters and subsidiaries, Wizard Promotions Konzertagentur and Kilimanjaro. We are well protected against possible risks arising for us due to the corona situation through the public funding and support measures in our core markets as well as our very strong financial position.

Even though we see ourselves as fundamentally well positioned for future growth with our broad product portfolio, there are external events that could have a negative impact on our business. These include, in particular, the current Russian-Ukrainian war. This is already putting a strain on global trade. People are feeling the economic effects in Germany, our other national markets and in many countries around the world, in the form of higher gas and oil prices, for example. In these politically charged and certainly not easy economic times, people are paying closer attention to their spending. The effects of the war on DEAG are not yet foreseeable. However, our business is less susceptible to economic cycles than many other sectors. But even if "business as usual" is difficult at the moment, we want to organise a variety of concerts and events in the coming months to bring joy to people and thus distract them from the concerns of everyday life.

Sincerely yours,

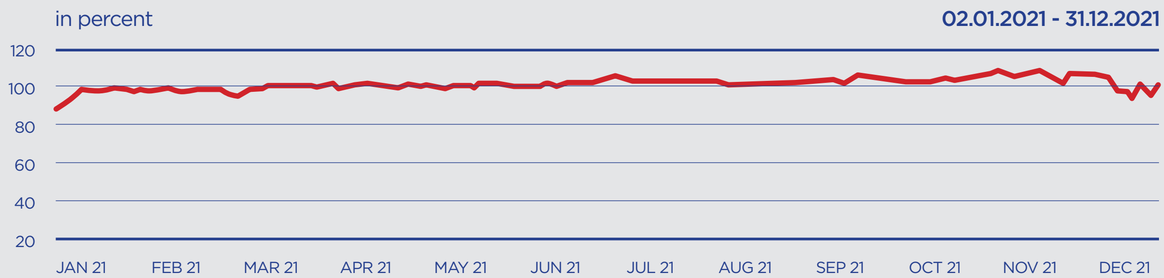
Prof. Peter L. H. Schwenkow

DEAG ON THE CAPITAL MARKET

1.1 PERFORMANCE OF THE DEAG BOND 2018/2023

ISIN	DE000A2NBF25
WKN	A2NBF2
Market segment	Open Market, Segment: Quotation Board
Term	5 years up to and including 31 October 2023
Interest coupon	6.00% p.a.
Denomination (nominal amount)	EUR 1,000.00 per bond
Outstanding volume	EUR 25.0 million
Early redemption	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 showed a very stable performance in financial year 2021 and was quoted at prices of around 100% from the beginning of January through the end of December 2021. The bond price was 99.25% at the end of the year. The outstanding volume of the bond currently amounts to EUR 25.0 million. 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 auditor of DEAG appointed for financial year 2021, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, confirmed on 27 August 2021 that the equity ratio determined in accordance with the terms and conditions of the bond was correctly calculated as of 30 June 2021 and exceeds 15%. This announcement pursuant to Section 8 of the terms and conditions of the bond was published in the Bundesanzeiger (Federal Gazette) together with the publication of the 2021 Half-Yearly Financial Report.



1.2 SHARE

The DEAG share is no longer tradable on the regulated market since the delisting of the company on 9 April 2021. With the delisting of the DEAG share, the company was legally obliged to convert from bearer to registered shares. DEAG's registered shares have been traded on the Hamburg Stock Exchange since 29 July 2021 under the new ISIN: DE000A3E5DA0 | WKN: A3E5DA.

DEAG successfully carried out a cash capital increase in May 2021. As a result, the share capital increased by 1,962,597 shares to 21,588,573 shares. The proceeds of around EUR 6.1 million accruing to DEAG from the transaction will be used to finance the company's M&A activities. The capital increase was subscribed to by Apeiron Investment Group Ltd, DEAG's single largest shareholder, which holds more than 25% in the company.

Following the announcement of plans to delist, the analysts at the research firms FMR Frankfurt Main Research AG, Hauck & Aufhäuser AG, Kepler Cheuvreux, MainFirst Bank AG, Montega AG and Solventis Beteiligungen GmbH discontinued their coverage of the DEAG share.

1.3 INVESTOR RELATIONS

In addition to the statutory obligations due to the listing in the Prime Standard of the Frankfurt Stock Exchange until 8 April 2021 – the delisting of the DEAG share became effective on 9 April 2021 – DEAG continued to carry out further IR activities in the reporting period beyond the statutory requirements for transparency reasons:

- Various individual meetings with investors at home and abroad
- Publication of 10 corporate news and 4 ad-hoc announcements
- Publication of quarterly reports

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

1.4 ANNUAL GENERAL MEETING

DEAG's Annual General Meeting for financial year 2020 was held on 10 June 2021. Due to the COVID-19 pandemic, the Annual General Meeting was once again held virtually, without shareholders or their proxies being physically present, at the company's headquarters in Berlin. Shareholders approved all agenda items by a clear majority of more than 87% of the votes. Detailed information on the Annual General Meeting is available in the Investor Relations section of the company website.

FINANCIAL CALENDAR 2022	
Mar: 30	**Annual Financial Report 2021**
Mar: 31	**IKB German Credit Conference 2022** (Düsseldorf)
May: 31	**Quarterly Financial Statement** (3M)
Jun: 23	**Annual General Meeting** (Virtual)
Aug: 31	**Half-Year Financial Report** (6M)
Nov: 30	**Quarterly Financial Statement** (9M)

REPORT OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2021

DEAR SHAREHOLDERS,

The Supervisory Board of DEAG Deutsche Entertainment Aktiengesellschaft (DEAG) has regularly and very extensively dealt with the situation and development of the company in this once again exceptional financial year. In accordance with the legal requirements, we continuously monitored the Executive Board in its management of the company and regularly advised it on questions of corporate governance, especially in times of the COVID-19 pandemic. We were always able to satisfy ourselves that the management of the company was legal, appropriate and orderly. 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 for the period after the COVID-19 pandemic was also discussed with the Executive Board.

The Executive Board informed the Supervisory Board regularly, promptly and comprehensively in written and oral form about the business development, planning and the situation of the company, including the risk situation and risk management. Documents relevant 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 resolution proposals submitted by the Executive Board and to contribute their own suggestions. In particular, all business transactions of importance to the company were intensively discussed on the basis of written and oral Executive Board reports and checked for plausibility.

On several occasions, the Supervisory Board dealt in detail with the company's risk situation, liquidity planning and equity situation. The Supervisory Board gave its approval to individual business transactions where this was required by law, the Articles of Association or the Rules of Procedure.

In financial year 2021, the Supervisory Board met a total of seven times in ordinary Supervisory Board meetings, of which only meetings were held by video conference. In addition, the Supervisory Board held five extraordinary Supervisory Board meetings in the past financial year, three of which were held as telephone meetings and two as video conferences. 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 determined otherwise. At four of the five extraordinary Supervisory Board meetings, the Supervisory Board met without Executive Board members. Urgent matters were decided by written circular resolutions. All resolutions were made on the basis of detailed draft resolutions and discussions with the Executive Board. Between Supervisory Board meetings, the Chairman of the Supervisory Board maintained close contact and dialogue with the members of the Executive Board. The Chairman of the Supervisory Board then informed the other members of the Supervisory Board about the current development of the business situation and the most important business transactions in the company.

Focal points of the Supervisory Board's deliberations

- At the Supervisory Board meetings held on 24 March 2021 and 31 March 2021, 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 2020 were discussed with the company's auditors. The Supervisory Board dealt intensively with the situation of the company and its Group companies. Following detailed discussion and examination of the submissions of the Executive Board and after taking note of the auditor's report on the main results of his 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 2020. No objections were raised. The Supervisory Board also approved the Annual Financial Statements of the company as of 31 December 2020, which were thus adopted.

- By written circular resolution dated 28 April 2021, the Supervisory Board approved the Management Board's resolution to increase the capital against cash contributions from the Authorised Capital 2019/I. In particular, the Supervisory Board approved the issue price of EUR 3.09 per new share and the exclusion of subscription rights.

- At the Supervisory Board meeting on 27 May 2021, the Executive Board reported on the quarterly financial statements as of 31 March 2021, the current business performance and the forecast for 1/2021, as well as the status of insurance reimbursements and any subsidy programmes.

- At the Supervisory Board meeting on 10 June 2021, which took place after the company's virtual Annual General Meeting, the Executive Board reported on the various funding programmes launched, the status of the insurance reimbursement and the bond.

- By written circular resolution dated 11 June 2021, the Supervisory Board approved the acquisition of 90% of the shares in UK Live Ltd. by the DEAG subsidiary Kilimanjaro Holding Ltd.

- By written circular resolution dated 1 July 2021, the Supervisory Board approved the acquisition of 51% of the shares in Hans Boehlke Elektroinstallationen GmbH by the DEAG subsidiary Christmas Garden Deutschland GmbH.

- At the Supervisory Board meeting on 25 August 2021, the Executive Board reported on the half-year financial statements as of 30 June 2021, on the current business development including the acquisition of lit.COLOGNE GmbH by the subsidiary DEAG Classics AG, and on the forecast 2/2021 taking the ongoing pandemic into account.

- The Supervisory Board meeting on 22 November 2021 dealt with the quarterly financial statements as of 30 September 2021, the report of the Executive Board on the current course of business and the forecast for 2021, the status of insurance and subsidies, and the status of the banks.

- By written circular resolution dated 17 October 2021, the Supervisory Board approved the acquisition of 74.5% of the shares in Fane Productions Ltd. by the DEAG subsidiary Kilimanjaro Holding Ltd.

- The main focus of the Supervisory Board meeting was 16.12.2021 the presentation and discussion of the budget and 2022its adoption by the Supervisory Board, as well as the forecast 03/2021. In addition, the financial calendar 2022 was adopted.

Composition of the Executive Board and Supervisory Board

The composition of the Executive Board did not change in financial year 2021. The Executive Board consists of the five persons Prof. Peter L.H. Schwenkow, Mr. Christian Diekmann, Mr. Detlef Kornett, Mr. Roman Velke and Mr. Moritz Schwenkow.

The composition of the Supervisory Board did not change in the reporting period either: In financial year 2021, the Supervisory Board consisted of the three members Mr. Wolf-D. Gramatke, Mr. Michael Busch and Mr. Tobias Buck. Mr Wolf-D. Gramatke was Chairman of the Supervisory Board throughout the reporting period and Mr. Michael Busch was Deputy Chairman. No committees of the Supervisory Board 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, Mr. Buck abstained from voting because of a potential conflict of interest due to his work for the shareholder Apeiron.

Corporate Governance

The recommendations of the German Corporate Governance Code in the previous version from 7 February 2017 and the amended version from 16 December 2019 were implemented until DEAG's delisting. With the resolution to delist the company and the associated application to revoke the admission of DEAG shares to the regulated market, the company is no longer obliged to issue a Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG). In light of this, the Executive Board and Supervisory Board updated the Declaration of Conformity from 16 December 2020 on 17 March 2021. 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 information recommended by the GCGC 2019.

Audit of the Annual and the Consolidated Financial Statements

The Annual General Meeting of DEAG on 10 June 2021 appointed Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, to be the auditors of the Annual Financial Statements and the Consolidated Financial Statements for financial year 2021. The auditors audited the 2021 Annual Financial Statements of DEAG, the 2021 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 meeting of the Supervisory Board on 21 March 2022, 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 the company for financial year 2021 were discussed in detail together 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. The Consolidated Financial Statements and Annual Financial Statements were discussed in more detail with the auditor at the Supervisory Board meeting held on 30 March 2022. 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 examination and resolution. Following the Supervisory Board's examination and discussion of the Consolidated Financial Statements and the Combined Management Report and Group Management Report as well as DEAG's Annual Financial Statements, there were no objections to be raised against the result of the auditor's examination of the Consolidated Financial Statements and Annual Financial Statements.

After concluding 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 2021 and approved them. The Supervisory Board also approved the Annual Financial Statements for the company prepared by the Executive Board for financial year 2021 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 German Stock Corporation Act (AktG).

The Supervisory Board would like to expressly thank the Executive Board and all employees of the company and the DEAG Group for their work in the past, extraordinarily demanding and challenging financial year 2021.

Berlin, March 2022

For the Supervisory Board
Wolf-D. Gramatke
Chairman of the Supervisory Board

SUSTAINABILITY

1 FOREWORD

Dear Ladies and Gentlemen,

The success of companies depends to a large extent on how management, employees and[1] a company act in their dealings with stakeholders and how they use their skills to benefit them. Sustainable management and the consideration of ethical, social and ecological aspects (ESG criteria) are playing an increasingly important role in the long-term success of companies. Every day, the employees of DEAG Deutsche Entertainment Aktiengesellschaft (DEAG) and its subsidiaries also take responsibility for their actions towards society's stakeholders such as employees and colleagues, artists, customers, investors, as well as in their cooperation with business partners, authorities and institutions. In the long term, it is crucial to our company's success to align our business activities sustainably, taking ethical, social and ecologically relevant aspects into account.

Our activities in the area of ESG had to be put on hold as a result of the corona pandemic. After resuming regular business operations, however, we will intensively continue to pursue our goals and measures related to the topic of "sustainability." In the meantime, a sustainability committee has been set up that includes a DEAG Executive Board member (CFO) and the Managing Directors of the DEAG Group companies I-Motion and lit.COLOGNE, in order to further promote this topic, which is particularly important in the long term.

Our UK subsidiaries, which were already allowed to return to normal operations a few months ago, have also resumed their activities in the area of climate and environmental protection: For example, Kilimanjaro Live, in an unprecedented collaboration on the topic of "sustainability in touring events" with various partners, had the carbon footprint of the tour of the band "Bring Me The Horizon" determined and, in addition, like all those involved in this process, also supported this project financially.

The evaluation of these measurements showed that the greatest reduction of CO_2 emissions during a tour is achieved in the area of "transport and mobility." In particular, the conversion of the required tour-accompanying trucks to HVO biodiesel led to a considerable reduction in CO_2 values. These and other environmentally friendly measures achieved a considerable improvement in the CO_2 balance compared to the conventional staging of a tour: Overall, 28 tonnes or 38% of CO_2 emissions were saved through various resource-saving measures.

Beyond this first action, it is planned to continue this productive cooperation of the diverse stakeholders with the aim of using and implementing the now existing positive results in the area of environmental sustainability in all future tours as well as to develop further solutions and measures for even more resource-saving and environmentally friendly tour planning and implementation.

You will find an overview of further activities of DEAG and its subsidiaries in the area of ESG on the following pages, as well as our company guidelines, which map minimum standards and provide our employees with concrete instructions for

1 The wording chosen for persons and groups of persons explicitly include all genders. For better readability, however, we always use the generic masculine.

action in their daily work and encourage correct and responsible behaviour. These guidelines are binding, serve as a framework of orientation for all employees of DEAG and its Group companies and are an expression of our understanding of values both internally and externally.

Sincerely yours,

Prof. Peter L.H. Schwenkow
Chairman of the Executive Board

2 ETHICAL COMMITMENT AND COMPLIANCE WITH THE LAW

Ethical conduct is a key part of the company culture at DEAG and its subsidiaries. DEAG Group employees are required to comply with all applicable laws and regulations of the respective country when carrying out the work assigned to them. In the event of uncertainty as to whether an act or omission violates certain laws or regulations, our employees are required to contact the respective superiors.

The ethical guidelines set out in this document for all DEAG employees also apply across the board to the employees of all DEAG subsidiaries in their capacity as employers. Like DEAG, our subsidiaries are obliged towards their employees to comply with the fundamental ethical principles in order to protect their rights and personalities. As part of the decentralised DEAG Group, each DEAG subsidiary is responsible for implementing the ethical guidelines itself. Through regular meetings, presentations and discussions, DEAG ensures that the company philosophy, policy and employee management guidelines are implemented in the parent company and all subsidiaries. The success of integration and the development of a common Group culture are ensured through the continuous exchange of information as well as the organisation of various meetings, workshops, telephone conferences and, since the COVID-19 pandemic, web-based meetings in particular.

3 CONFLICTS OF INTEREST

Conflicts of interest can cast doubt on the integrity of DEAG and/or its subsidiaries. We therefore try to avoid any situation in which there could be a conflict of interest between employees and the company. Our employees are prohibited from using their position in the company to obtain inappropriate benefits for themselves personally or to represent DEAG in business activities where personal benefits could arise. Decisions by employees should be made solely on the basis of business-related content and not under the influence of personal interests. Any conflict of loyalty and/or interest or the risk of such a conflict arising must be discussed immediately with the superior.

4 DISCRIMINATION

Discrimination or harassment in the work environment is not tolerated by DEAG or its Group companies. Regardless of position within the company, we treat every employee fairly and do not discriminate against them. This applies to the same extent to third parties. No employee may discriminate against colleagues or other groups of people on the basis of age, race, skin colour, nationality, religion, disability, marital status, gender or sexual orientation or intimidate colleagues or other groups of people verbally, physically or in any other way.

Also with regard to external groups, DEAG sees it as its mission and economic opportunity to ensure equal access to its events for all groups of people. In the area of ticketing, for example, we ensure broad and equal access to cultural events by always striving to offer our tickets in a socially acceptable price range, inviting socially disadvantaged groups to our events and making sure that they can be attended in particular by people with physical, mental or psychological impairments.

The issue of “gender equality” is also a priority at DEAG and is put into practice. For example, in the organisation of the management level by the Supervisory Board and Executive Board, special consideration is given to the participation of women in management positions.

5 HEALTH AND SAFETY AT WORK

We value the dignity and personal rights of our employees and third parties with whom the company has business contact. We attach great importance to a healthy and hazard-free working environment for our employees by complying with the laws and rules on health and safety at work.

During the COVID-19 pandemic, we made offers to vaccinate our employees against corona very early on, exceeding the legal regulations, and commissioned a company doctor who fully vaccinated our employees and their family members on a voluntary basis. In addition, we offered the option of a booster vaccination, which was gladly taken up. We provided employees who could not work from home due to special operational procedures with free daily testing opportunities and permanently free FFP2 masks. In addition, we provided sufficient disinfection dispensers on DEAG’s premises.

We also comply with legal regulations to ensure fair working conditions, including those on pay, working hours and privacy.

Our employees and their concerns are therefore one of the most fundamental issues in our company culture. We value a creative and self-reliant working atmosphere and therefore have flat hierarchies, short routes and cultivate an open-door culture. At the same time, we always strive to ensure the best possible satisfaction and development of our employees. In the spirit of equal opportunities, DEAG therefore always has an open ear for all employees regarding personal development opportunities and individual career paths. The focal points of the employee training courses that are offered regularly are in particular safety, security, customer service related to events, compliance in relation to events and job-specific training (e.g. social media, graphic design and application, accounting, the use of software).

As a result of the company culture we just described, we have also implemented working from home, part-time work and the promotion of women in management positions in the personnel policy of the DEAG Group. We offer the employees of DEAG and its subsidiaries various part-time models as well as flexible working hours, where, for example, the number of working hours per day can be arranged independently depending on the workload. In addition, employees receive numerous opportunities for further training, in the form of IHK training or participation in the Music Business Summer School, for example.

Annual health days for the workforce have also been established in various Group companies. For example, health checks are carried out and lectures and workshops on the topic of health are held.

In addition to the further professionalization of human resources management, the focus is on positioning DEAG as an employer brand, employee development and anchoring agile cooperation and working methods in the organisation. Another task is the training of young people in various professions and the promotion of young talent.

6 DATA PROTECTION AND INFORMATION SECURITY

DEAG has identified data protection compliance as the greatest material risk in terms of compliance and business ethics.

For this reason, we at DEAG treat all personal data with the utmost sensitivity and take precautions to ensure that no one's right to privacy is impaired by the handling of this data. Especially in our Ticketing business segment, protecting personal data is a top priority for us. Our employees are obliged to handle the data collected with appropriate care and in strict confidence, so that compliance with the applicable laws and regulations is ensured.

To assist them, our employees receive advice and support from qualified lawyers and company data protection officers.

It is of great importance to us to protect DEAG's intellectual property and to respect the intellectual property of others. One of DEAG's most valuable assets is the inventiveness of its employees. When we use third-party intellectual property rights, we ensure that an effective agreement is in place with the rights holder. DEAG holds important intellectual property rights and licences, such as copyrights and trademark rights.

7 BRIBERY AND ACCEPTANCE OF PECUNIARY ADVANTAGES

Our relationships with business partners, public officials and other persons are based on our performance and not on unlawful gifts, payments or favours to decision-makers. No DEAG employee may bribe or offer a bribe to a public official or other person in order to influence that person's decision or to obtain any kind of benefit or information from that person. Nor may DEAG employees grant advantages to any public official or other person if such an act is unlawful or improper, or if it is likely to influence the relationship of the person concerned with DEAG. Business relationships with government agencies are subject to particularly strict requirements. In our dealings with governments and authorities, we act transparently and in accordance with applicable law.

Every DEAG employee may, within reasonable limits, give business partners, their employees and other persons small gifts that are customary in the respective country, e.g. after a successful business transaction and/or as a gesture of courtesy and respect.

Benefits customary in the industry – provided they are within a socially adequate framework – are permissible. However, the allowance may not disproportionately exceed the recipient's normal standard of living.

8 ENVIRONMENTAL SUSTAINABILITY

Environmental and climate protection are part of the company culture at DEAG and its Group companies. One important goal is to improve our own carbon footprint and thus conserve resources while reducing costs. We have been practising this since the company was founded – in other words, for over 40 years: To avoid plastic waste, for example, we provide our employees with free mineral water in returnable glass bottles and use reusable tableware in the offices and wherever possible also in the backstage areas of events. All DEAG Group employees must comply with the applicable national environmental protection regulations and corresponding ordinances. The impact on the environment and climate is to be kept as low as possible and environmental pollution is to be avoided or reduced as far as possible. Resources are to be used efficiently and energy-efficient and environmentally friendly technologies are employed. Training on environmental protection is now part of employee programmes at Group companies such as I-Motion. Employees of the Kilimanjaro Live Group formed an internal "environmental committee" several years ago, which has, for example, ensured that reusable technology and equipment for events has been purchased.

The DEAG Group has already launched a number of initiatives to avoid or reduce the impact on people and nature: Tickets for nearly all events include free return travel by local public transport. In addition, some DEAG Group companies work closely with bus companies from all over Germany and provide shuttle buses to events. In addition, car fleets at DEAG and its subsidiaries have been partially or completely converted to hybrid models. DEAG mainly uses green electricity and energy-saving LED technology at events such as the Christmas Garden and the Potsdamer Schlössernacht. At numerous events, especially at large-scale events such as "Nature One," Ed Sheeran (UK) or the "Kew The Music" event series, there is no longer any disposable tableware, but waste deposit systems and reusable cups instead, which avoid unnecessary plastic waste.

DEAG is continuously developing the topic of "environmental and climate protection" and is constantly examining which further initiatives are possible and feasible in this important area.

9 SOCIAL RESPONSIBILITY

As an internationally active organiser of live events, the DEAG Group is aware of its social responsibility. We strive to fulfil our social responsibility as a recognised part of society. We feel an obligation not only to our employees, but to every single person with whom we interact along our value chain. One of the ways we fulfil our social responsibility is through programmes that support public institutions and associations. For example, the net proceeds from the nostalgic carousel at the Christmas Garden Stuttgart regularly go to the charity Herzenssache. The dress rehearsal for the Berlin Philharmonic Orchestra's end-of-season concert at the Berlin Waldbühne is organised by DEAG free of charge year after year. In addition, 100% of the proceeds for tickets to guests of the orchestra and the recording rbb are regularly donated to Unicef.

10 COMPLIANCE WITH COMPANY GUIDELINES

Employees in all companies belonging to the DEAG Group are obliged to observe the company's principles as set out, regardless of the country in which the company operates. To accompany this, DEAG has launched a company-wide information, education, qualification and monitoring programme. Our employees are encouraged to report any violation of the company guidelines or other significant circumstances concerning these guidelines directly to their superiors or to the Executive Board.

11 NO RETALIATORY MEASURES

Employees who, in good faith, express concerns about events in the company or report suspicions will not suffer any disadvantages. This expressly applies even if these concerns or any suspicions prove to be unfounded. "In good faith" means that the employee is convinced that his or her account is true. We do not tolerate intimidation or retaliation against employees who in good faith seek advice, report violations of company policies or other unlawful or unethical conduct.

Berlin, March 2022

DEAG Deutsche Entertainment Aktiengesellschaft
For the Executive Board

Prof. Peter L.H. Schwenkow
Chairman of the Executive Board

COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT FOR FINANCIAL YEAR 2021

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COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT

1 FUNDAMENTALS OF THE COMPANY AND THE GROUP

1.1 BUSINESS MODEL INCLUDING GOALS AND STRATEGY

DEAG Deutsche Entertainment AG (DEAG) is a leading European live entertainment provider with nearly 45 years of experience and 15 locations in its core markets of Germany, the UK, Switzerland, Ireland and Denmark. As a live entertainment service provider with a vertically integrated business model, DEAG has extensive expertise in organising, marketing and staging 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 business fields of Rock/Pop, Classics & Jazz, Family Entertainment and Arts+Exhibitions, more than 800 artists and over 4,000 concerts and events in years not effected by the COVID-19 pandemic, the company is increasingly targeting less competitive, attractive niche markets and positioning itself in these at an early stage with strong, profitable content. In doing so, DEAG focuses on its own high-margin event formats. These include the Christmas Garden, which was expanded to 18 locations in four countries in the 2021/2022 season, and for which a good share the tickets are processed via MyTicket.

A steadily growing share of the more than 5 million tickets that DEAG has sold in years not affected by the pandemic are handled via the Group's 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 Group'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 the years ahead, DEAG is aiming to sell more than 8 million tickets per year via its own platforms and to become an established distribution channel in its core markets, not only for concerts and events, but also for sports and exhibitions.

With its experienced management, the expertise of its staff and a viable structure, DEAG has a good reputation and very good access to national and international artists. As a specialist for live entertainment events, DEAG is also an important cooperation partner for major media companies. These targeted collaborations open up additional growth potential for DEAG. The company with its subsidiaries are an established player in the European live entertainment industry.

As part of its M&A strategy, DEAG acquired the Danish promoter and international producer CSB Island Entertainment ApS in 2021. This cooperation results in synergy effects in the live entertainment business as well as growth impulses for the ticketing business in Scandinavia. The market position in the UK was further strengthened through the acquisition of the event promoter UK Live Limited. In addition, DEAG expanded its vertical value chain by acquiring a majority stake in Hans Boehlke Elektroinstallationen GmbH. With this acquisition, DEAG has significantly expanded its activities in the area of technology and light production. DEAG has enjoyed a close and trusting working relationship with the company for many years. The company has been a close service partner for the "Christmas Garden" event format since 2016 and is responsible for the implementation of the production at all locations in Germany and abroad. In the product area "Spoken Word," which includes author readings, theatre performances and poetry slams, DEAG has positioned itself even more broadly through the acquisitions of lit.COLOGNE GmbH, organiser of the international literature festival that goes by the same name, and Fane Productions, a leading producer and organiser of literary events in the UK. This will result in further synergy effects in the live entertainment and ticketing business. With these acquisitions, DEAG expands its portfolio, gains access to high-class event formats and venues and strengthens its regional coverage in its core markets. The expansion of its portfolio offers the company high synergy and integration potential. The international activities are also to be expanded further in the future. Besides the organic expansion of the operating business, growth is also to be driven by selective acquisitions of competitors.

In the live business, DEAG is active as a tour organiser and as a local promoter. The company has strong international content to achieve further growth in the years ahead. In Rock/Pop, which contributes more than half of the Group's revenue in years not impacted by the COVID-19 pandemic, DEAG has a broad portfolio of events with well-known artists in all its national markets. DEAG's ticketing business is currently mainly represented in the European growth markets of Germany and the UK. Further growth opportunities arise for the ticketing business with the Group's own ticketing platforms MyTicket and Gigantic.com through the operational launch of Singular Artists in Ireland and the acquisition of CSB Island Entertainment in Scandinavia. DEAG is also a successful operator of several event venues. These include myticket Jahrhunderthalle in Frankfurt (Germany), Salle Métropole in Lausanne and location of the "Sion sous les étoiles" festivals in Sion (both located in Switzerland) as well as properties in Beauly, UK, where the Belladrum Festival takes place, and the venue of the "Nature One" music festival in Kastellaun (Germany). In recent years, DEAG has thoroughly modernised the venues and further digitalised the ticketing system of the Jahrhunderthalle, for example, by introducing MyTicket.

1.2 GROUP STRUCTURE, SHAREHOLDINGS, LOCATIONS AND EMPLOYEES

DEAG reports in the Live Touring and Entertainment Services segments on the business development of DEAG Holding as the Group parent company with its 61 affiliated companies at 15 locations in Germany, the UK, Ireland, Switzerland and Denmark.

The Live Touring segment ("travelling business") reports on the touring business. This includes the activities of DEAG Classics (Berlin) with The Classical Company (Zurich, Switzerland), CSB Island Entertainment (Fanø, Denmark), lit.COLOGNE and litissimo (both based in Cologne), 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) and Hans Boehlke Elektroinstallationen (Berlin), I-Motion GmbH Event & Communication (Mülheim-Kärlich), MEWES Entertainment Group (Hamburg), the subgroup Gigantic Holdings including Myticket Services (London, UK), the subgroup Kilimanjaro (London, UK) including the Flying Music Group, UK Live and the subgroup Fane Production.

The Entertainment Services segment ("stationary business") includes the regional business and the entire service business. This includes the activities of the AIO Group (Glattpark, Switzerland) including the subgroup Live Music Production (LMP)/Live Music Entertainment (LME); both based in Le Grand-Saconnex, Switzerland, Global Concerts (Munich), Concert Concept (Berlin), the subgroup 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), Kultur im Park (Berlin).

In the reporting year, there were changes in the scope of consolidation mainly related to the domestic subsidiaries lit. COLOGNE GmbH and litissimo (since 1 July 2021) and Hans Boehlke Elektroinstallationen GmbH (since 1 December 2021), which were included in the Group for the first time, as well as the foreign subsidiaries CSB Island Entertainment ApS (since 1 January 2021), UK Live Limited (since 1 July 2021) and Fane Productions Limited (since 1 November 2021).

In the financial year, an average of 297 employees (previous year: 272 employees) worked for the DEAG Group in Germany and abroad. DEAG Deutsche Entertainment AG had an average of 33 employees during the year (previous year: 35 employees).

1.3 CONTROL SYSTEM AND PERFORMANCE INDICATORS

DEAG's financial management is organised centrally. In order to minimise risks and exploit Group-wide optimisation potential, the company bundles the main financial decisions within the Group. In the project business, the gross margin and the number of break-even tickets are used as the most important control parameters. In the overall management of the company, sales revenues and earnings before interest, taxes, depreciation and amortisation (EBITDA) are the most important key figures that are also used by market participants, investors and financing banks for valuation purposes. In the case of company acquisitions, the amortisation period of the purchase price is an important decision criterion in addition to the company-related ratios. The Group manages its capital with the objective of ensuring that all Group companies can operate under the going concern premise and, at the same time, maximise the returns to the company's stakeholders by optimising the ratio of equity to debt. The fulfilment of covenant criteria in connection with utilised financing is monitored on an ongoing basis.

2 ECONOMIC REPORT

2.1 OVERALL ECONOMIC ENVIRONMENT AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

The economy in Germany recovered significantly in 2021 compared to the previous year. According to calculations by the Federal Statistical Office (Destatis), price-adjusted gross domestic product (GDP) rose by 2.7% after a pandemic-related decline of 4.9% in 2020. This growth is well above the annual average GDP increase of 1.1% in the period since 2010. Although economic output has not yet returned to pre-crisis levels, it has been able to catch up despite the ongoing corona infection event and the accompanying protective measures. Compared to the pre-crisis reference value of 2019, GDP was still 2.0% lower in 2021. Nearly all sectors of the economy benefited from the economic recovery in 2021. Nevertheless, price-adjusted gross value added in the culture and entertainment sector was still 9.9% below pre-crisis levels. Price-adjusted private consumption expenditure in 2021 remained at the previous year's level, while government expenditure increased by another 3.4% compared to the previous year, mainly due to financing the fight against the pandemic.

After the pandemic situation stabilised at the beginning of 2022, the German economy should continue its recovery course in the further course of the year. The German government forecasts a year-on-year increase in price-adjusted gross domestic product of 3.6% for 2022. In its winter 2022 forecast, the European Commission also assumes an increase of 3.6% in economic output in Germany. For the euro area, the Commission expects growth rates of 4.0% for 2022 and 2.7% for 2023. In 2021, the EU economy already managed to grow by 5.3% and reached the pre-pandemic GDP level in the third quarter of 2021.

After the largest GDP decline in the history of the UK in 2020 of nearly 10%, the British Office for National Statistics calculated a GDP growth rate of 7.5% for 2021. GDP for the fourth quarter was only 0.4% lower than that of the fourth quarter of 2019, and the Office for Budget Responsibility expects GDP to grow by 6.0% in 2022 and 2.1% in 2023. The economic expansion in the UK is supported, among other factors, by broad testing, tracking and vaccination measures to combat the pandemic, as well as an increase in private consumer spending, which rose by 6.1% in 2021 compared to the previous year, but was still 0.4% below pre-pandemic levels at the end of the year.

As figures from SECO – the Swiss State Secretariat for Economic Affairs – show, GDP in Switzerland rose by 3.7% in 2021, following a decline in economic output of 2.4% the year before. Nearly all sectors of the economy recovered in 2021, with particularly strong growth in manufacturing and goods exports. Large parts of the service sector also recovered. For 2022, SECO expects economic growth to increase by 3.0%. Accordingly, growth impulses are to be expected from private consumption and the export economy in particular.

In its study "German Entertainment and Media Outlook 2021-2025," published in 2021, the auditing firm PwC expects average growth rates of 4.5% per year until 2025 for the German media market. Industry revenues are then expected to amount to EUR 69 billion, which represents an increase of EUR 13.6 billion compared to 2020. Furthermore, the pre-crisis level of 2019 is expected to be exceeded as early as 2022. According to PwC's estimates, the media market in the UK will grow by an average of 5.4% annually until 2025 and reach a volume of GBP 87.6 billion.

Against the backdrop of the stabilisation of the pandemic situation, PwC expects turnover of EUR 1.03 billion for the year 2021 in the live music sector in Germany. This equates to an increase of 104.5% compared to the previous year. PwC expects further significant catch-up effects in the years ahead. From 2020 to 2025, average annual growth of 32.8% is forecast for the live music segment. The pre-crisis level is expected to be caught up in 2024 with sales of EUR 2.0 billion. In 2022, the segment is expected to grow by 77.8% to EUR 1.83 billion in revenue. In 2023, the growth rate should slowly turn to normal, at 8.89% and EUR 1.99 billion in total sales, until sales of EUR 2.1 billion are reached in 2025, exceeding the pre-crisis level. The recovery of the live music sector will most likely be made possible by the increase in revenues from ticket sales, which are expected to reach EUR 1.7 billion in 2025. Revenues from sponsorship are also expected to recover, but stagnate at a level of EUR 410 million in annual sales from 2023 onwards, just missing the pre-crisis level of EUR 419 million.

These expectations were formulated before the outbreak of the war between Russia and Ukraine and the sanctions introduced against Russia. The impact on the global economy and the live entertainment industry cannot be foreseen at this point in time.

2.2 BUSINESS DEVELOPMENT

The Group's business activities in financial year 2021 were again strongly affected by the COVID-19 pandemic and the resulting concert cancellations or postponements. Since the summer, however, DEAG has seen a upturn in its business activities following the gradual easing of restrictions and the lifting of corona measures in its core markets. As a result, large-scale events were held again in the UK starting in the third quarter of 2021, and it was possible to hold the pandemic-compliant Christmas Garden format domestically in the fourth quarter. In the reporting period, DEAG succeeded in implementing its M&A activities in line with its strategy and setting the course for the company's long-term growth.

In January 2021, DEAG agreed to a delisting offer made by current investors. DEAG's largest single shareholder Apeiron and its bidder company Musai Capital have pledged in the agreement with DEAG to support the company's further growth strategy after delisting. The delisting of the DEAG share became effective on 9 April 2021.

DEAG reacted early to the COVID-19 pandemic and was again able to meet the high demand for events on the market in 2021 with new, COVID-compatible formats. In the Rock/Pop division, DEAG organised concerts with the "Gorillaz," Chris de Burgh and the "Open Air Schlagerparty am Meer", among other concerts, and in the Classics & Jazz division there were performances by the Berlin Philharmonic Orchestra and Till Brönner, among other performers.

In the Arts+Exhibitions business segment, the Christmas Garden counted a total of 1.9 million visitors at all locations in the 2021/2022 season, which runs until mid-January 2022, despite the restrictions imposed by the pandemic. After the successful format had to be cancelled in the previous year due to the pandemic – with the exception of the Christmas Garden in Nottingham, UK – the number of locations was expanded from six to 18 in four countries.

Ticketing continues to gain in importance for DEAG's business activities. In the fourth quarter of 2021 alone, around 2 million tickets were sold via DEAG's ticketing platforms, including more than 800,000 tickets for the Christmas Garden of the 2021/2022 season. For the coming quarters, DEAG's pipeline currently amounts to more than 5 million tickets sold in its core markets.

Overall, DEAG proved resilient to the pandemic in the reporting period. DEAG's revenue was EUR 90.7 million, compared to EUR 49.9 million in the previous year. EBITDA was EUR 22.1 million after EUR 9.0 million in 2020. In the fourth quarter of 2021, revenue was EUR 66.6 million and EBITDA was EUR 8.8 million, after EUR 10.8 million and EUR 8.8 million respectively. DEAG also received inflows from insurance payments and subsidies in financial year 2021, which had a significant influence on the course of business. DEAG has taken advantage of available funding programmes in all its national markets 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.

2.3 FINANCIAL, ASSETS AND EARNINGS POSITION

2.3.1 Earnings position of the Group

In the past financial year, the DEAG Group achieved sales revenues of EUR 90.7 million (previous year: EUR 49.9 million). Of this revenue, around EUR 67.0 million was generated from operating activities (previous year: EUR 33.0 million) and EUR 23.7 million from insurance refunds for claims resulting from concert cancellations and postponements due to official event bans in all national markets (previous year: EUR 16.9 million). The increase in revenues from operating activities is therefore around 103% (previous year: decrease in revenues of around 82%).

The gross profit on sales was EUR 16.2 million after EUR 12.1 million the previous year. Cost of sales relate to event-related direct costs, which were mainly incurred in the second half of the year, as well as expenses in connection with concert cancellations, which are generally offset by insurance reimbursements in the same amount.

In connection with the recovery of business activities, selling expenses of EUR 9.7 million consequently increased by 56.5% compared to the previous year (previous year: EUR 6.2 million). Administrative expenses increased by EUR 2.7 million from EUR 16.1 million to EUR 18.8 million, mainly due to increased personnel expenses.

Other operating income amounted to EUR 26.7 million compared to EUR 13.2 million the year before. This includes EUR 24.5 million in grants and support from “corona” aid programmes in all national markets. Taking other operating expenses of EUR 1.2 million into account (previous year: EUR 1.9 million), which were mainly non-capitalisable transaction costs incurred in connection with the company transactions carried out in the reporting year, EBITDA amounted to EUR 22.1 million (previous year: EUR 9.0 million).

Depreciation and amortisation of EUR 8.9 million (previous year: EUR 8.0 million) includes exclusively scheduled depreciation and amortisation of property, plant and equipment, intangible assets amounting to EUR 2.1 milion (previous year: EUR 1.8 million) as well as of leasing rights of use amounting to EUR 4.6 million (previous year: EUR 4.0 million). Depreciation as a result of purchase price allocations remains unchanged to previous year and amounted to EUR 2.2 million.

EBIT amounted to EUR 13.2 million in the reporting period (previous year: EUR 1.0 million).

The financial result in the past financial year was EUR -6.1 million (previous year: EUR -4.8 million). This mainly relates to the interest result and interest expenses in connection with lease accounting. In addition, there was a write-down of an investment (EUR 1.1 million), which had a one-time negative impact on the financial result.

Taxes on income amounted to EUR -3.5 million (previous year: EUR 0.9 million).

Consolidated earnings after taxes amounted to EUR 3.6 million (previous year: EUR -2.9 million), which corresponds to earnings of EUR 0.11 per share (previous year: EUR -0.06 per share).

2.3.2 Business Development by Segment

DEAG reports in an unchanged segment structure. This reflects the activities of the Group accurately and clearly.

Revenues

in EUR million

	2021	2020	Change compared to previous year
Live Touring	66.2	25.8	40.4
Entertainment Services	29.9	27.7	2.2

EBITDA

in EUR million

	2021	2020	Change compared to previous year
Live Touring	14.7	2.8	11.9
Entertainment Services	15.7	4.2	11.5

Of the revenues, EUR 14.1 million in the Live Touring segment (previous year: EUR 8.9 million) and EUR 9.6 million (previous year: 8.0 million) in the Entertainment Services segment are attributable to insurance refunds.

2.3.3 Asset position of the Group

As of the reporting date, total assets increased significantly by EUR 122.3 million compared to the previous year to EUR 308.8 million (Dec. 31, 2020: EUR 186.5 million).

Current assets amounted to EUR 178.0 million, compared to EUR 83.8 million in the previous year. Apart from trade receivables (EUR +11.0 million), the positive change relates in particular to a sharp rise in cash and cash equivalents. The increase in trade receivables is the result of the significant revival in operating activities in the final quarter of the reporting year. The development in cash and cash equivalents (EUR +72.7 million) was also positive; these increased by more than 150% as a result of above-average advance sales for 2022 and 2023. This is illustrated by the increase in contract liabilities by EUR 68.3 million to EUR 128.5 million. This item relates to advance payments received from end customers for tickets for future events as of the balance sheet date.

Non-current assets increased by EUR 28.2 million compared to 31 December 2020 to EUR 130.8 million (31 December 2020: EUR 102.6 million). This was mainly due to additions to assets as a result of the five majority shareholdings acquired in the reporting year. This was offset by the scheduled write-downs of both intangible assets and property, plant and equipment.

Similarly, the structure of liabilities changed compared to 31 December 2020. Besides contract liabilities from advance payments received, trade payables (EUR +13.7 million) and other provisions (EUR +15.8 million) increased in particular. The reason for this development is the significantly more lively operating business activity in the fourth quarter compared to the previous year. The changes in liabilities to banks were moderate overall; only the maturity profile showed a shift. While the short-term portion decreased by EUR 9.3 million, the long-term portion increased accordingly. The latter relates mainly to the increased utilisation of funds drawn down from the KfW financing committed in 2020.

Net debt, defined as the sum of gross financial liabilities (to banks and bond) less cash and cash equivalents, amounts to EUR -70.8 million as of December 31, 2021, compared to EUR 1.6 million as of 31 December 2020.

Equity strengthened significantly by EUR 8.3 million to EUR 29.8 million (31 December 2020: EUR 21.5 million). This development is due to the capital increase carried out in the reporting year (EUR +6.1 million) and the significantly improved result compared to the previous year. This corresponds to an equity ratio of 9.7% after 11.5% the previous year. After adjustment for the balance sheet-reducing effect of net debt, the equity ratio is 12.5% (31 December 2020: 11.5%).

2.3.4 Financial position of the Group

in Mio. Euro

	2021	2020
Cash inflow from operating activities (total)	94.4	2.4
Cash outflow from investing activities (total)	-11.7	5.5
Cash outflow/inflow from financing activities (total)	-9.2	1.6
Change in cash and cash equivalents	**73.5**	**-1.5**
Currency effects	-0,8	1.2
Cash and cash equivalents on 1 January	**46.0**	**46.3**
Cash and cash equivalents on 31 December	**118.7**	**46.0**

Cash flow from operating activities amounted to EUR 94.4 million after EUR 2.4 million the previous year. Based on a positive result after taxes from continued operations of EUR 3.6 million (previous year: EUR -2.9 million), the cash inflow in the reporting year resulted mainly from the advance payment balance of EUR 105.6 million, which was significantly higher than in the previous year (previous year: EUR 45.7 million). The increase relates in particular to increased contractual liabilities. The increase in this item by EUR 68.3 million is evidence of the extremely high number of firmly sold tickets for future shows as of 31 December 2021. This is due to the enormous volume of shows, concerts and tours postponed from 2020 and 2021 to 2022, as well as strong pre-sales for 2022 in the fourth quarter.

Cash outflow from investing activities (total) of EUR -11.7 million (previous year: cash outflow of EUR -5.5 million) resulted from purchase price payments (EUR 6.8 million) for acquired majority interests and from payments for investments in intangible assets, property, plant and equipment and financial assets (EUR 5.0 million).

Cash outflow from financing activities (total) of EUR -9.2 million relates to the balance of borrowing and scheduled repayment of financial liabilities (EUR -2.9 million) and, conversely, payments for interest (EUR 3.0 million) and proceeds from the capital increase (EUR 6.1 million). In addition, there were payments to lessors of EUR 6.5 million (previous year: EUR 4.4 million).

Overall – including exchange rate effects – cash and cash equivalents increased significantly by around EUR 72.7 million in the reporting period.

As of the balance sheet date, DEAG had a total of EUR 49.5 million in financing lines at its disposal in addition to the bond of EUR 25.0 million, of which EUR 25.3 million was not drawn down. Including the demand deposits at the parent company and the subsidiaries, the liquid funds available to the Group amounted to approximately EUR 144 million, which are available for financing purposes, among other uses.

2.3.5 Financial, asset and earnings positions of DEAG (Holding)

The further comments on DEAG Holding relate to the Annual Financial Statements prepared in accordance with commercial law.

Earnings position

DEAG achieved a net result of EUR -0.5 million in the past financial year (previous year: EUR -1.6 million). The change is mainly due to the improved investment result. DEAG's income mainly results from service income, commissions and licence fees and amounted to EUR 0.6 million in the financial year (previous year: EUR 0.5 million). Other operating income mainly includes subsidies granted to the company from "corona" aid programmes and amounted to EUR 4.2 million as of the reporting date, compared to EUR 5.2 million the previous year.

Expenses were mainly incurred for material and personnel costs. The interest result changed by EUR - 0.6 million to EUR - 2.1 million (previous year: EUR -1.5 million). Net income from investments amounted to EUR 6.9 million after EUR 1.8 million the previous year. The change is mainly due to increased profit transfers from subsidiaries.

Financial and asset position

Total assets increased to EUR 89.4 million (31 December 2020: EUR 82.0 million).

Financial assets amount to EUR 19.2 million (31 December 2020: EUR 18.9 million). The change mainly relates to the increase in shares in a subsidiary.

Receivables from affiliated companies amount to EUR 63.8 million (31 December 2020: 53.5 million). The main reason for the change is the receivables from profit and loss transfer agreements.

As of 31 December 2021, cash and cash equivalents amounted to EUR 0.6 million (31 December 2020: 2.9 million). In total, DEAG has financing lines of EUR 39.0 million at its disposal, of which EUR 19.9 million had not been utilised as of 31 December 2021. DEAG thus has free liquidity of EUR 20.5 million.

DEAG's equity amounts to EUR 24.8 million (31 December 2020: EUR 19.3 million). This change relates to the capital increase carried out in the financial year and the annual result. The equity ratio increased by 4% to 28% (31 December 2020: 24%).

Provisions, which include in particular personnel-related provisions, increased from EUR 1.5 million to EUR 3.3 million.

Liabilities consist primarily of the bond, unchanged to previous year at EUR 25 million and liabilities to banks of EUR 19.0 million (31 December 2020: EUR 19.7 million) and liabilities to affiliated companies of EUR 16.1 million (31 December 2020: EUR 15.0 million). The reduced trade payables had the opposite effect, with a change of EUR 0.6 million to EUR 0.3 million. Thus, total liabilities increased slightly by EUR 0.1 million to EUR 61.2 million (31 December 2020: EUR 61.1 million) compared to the previous year.

2.4 OVERALL STATEMENT ON THE ECONOMIC SITUATION OF THE COMPANY

For financial year 2021, the Executive Board planned significant increases in revenues and operating EBITDA for the Group compared to 2020. The prerequisite for this was a levelling off of the infection situation in DEAG's core markets. DEAG expected an increasing recovery of business activity in Germany from the fourth quarter of 2021 and in the UK, the company's most important secondary market, already since the third quarter of 2021 due to the advanced vaccination situation.

The year under review was dominated by the pandemic and the associated restrictions. Nevertheless, a clear revival of business activities in DEAG's core markets, especially in the UK, DEAG's most important market outside Germany, was noticeable from the third quarter on. The fourth quarter in particular was characterised by very good Christmas business compared to the previous year and strong pre-sales for events in 2022, which are largely handled via our Group's own ticketing platforms. The Christmas Garden, which was expanded from six locations in 2019 to 18 locations in the 2021/2022 season, was again a great success. Despite the current corona restrictions and the new coronavirus variant "Omicron," it was possible to carry out the successful format smoothly in Germany, the UK, France and Spain. A total of around 1.9 million visitors were counted at all locations. In the fourth quarter alone, 2 million tickets were sold for events in 2021 and 2022, including around 800,000 tickets for the Christmas Garden pro-ject series. High demand was also recorded for the upcoming Ed Sheeran tour in the summer of 2022 and concerts by Simply Red. The majority acquisitions drove the positive trend, and the expansion of DEAG's range of services also contributed. The operating business continues to be determined by strict cost awareness. In addition, inflows from aid programmes and insurance payments have had an impact.

In financial year 2021, consolidated revenues amounted to EUR 90.7 million (previous year 49.9 million). EBITDA for financial year 2021 amounted to EUR 22.1 million (previous year 9.0 million).

DEAG considers itself to be well-positioned in the long term and, following the transition year 2021, expects its business activities to return to almost fully normal in 2022. The company has an intact business model, strong financial resources and a well-filled event pipeline. As of the end of December 2021, the available liquidity in the Group totalled around EUR 144 million.

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 the unchanged strong impairments of the operating business due to the pandemic.

3 RISK REPORT

Risks are an inherent part of entrepreneurial activity and thus DEAG and the DEAG Group are exposed to general market and business risks as well as specific industry risks.

DEAG has therefore set up a Group-wide monitoring system, the purpose of which is to identify any developments that could jeopardise the continued existence of the company and the Group at an early stage. The monitoring of business activities for the early detection of risks threatening the existence of the company is currently carried out to a large extent by the Executive Board and the Corporate Controlling department at headquarters. The monitoring and control system focuses on liquidity planning, project calculations and monitoring of the pre-sales figures of all operating Group companies as well as the ongoing forecast of the earnings situation of the individual companies and the Group. The Group is managed on the basis of financial performance indicators such as revenues, EBITDA and EBIT, as well as non-financial performance indicators (ticket sales). The risks identified are reviewed regularly during the year with those responsible for the business units, with the goal of preventing the occurrence of existing risks or minimising their impact on DEAG and the DEAG Group. As part of this process, opportunities and risks are identified, quantified jointly by the Executive Board and the managing bodies of the subsidiaries, and control measures are defined, which are checked regularly and adjusted where necessary.

3.1.1 Market/Competition

The DEAG Group operates in a highly competitive market. We strive to identify and respond to changes in the market at an early stage. Nevertheless, the market environment can change unexpectedly, which could entail risks for the Group's business activities. This applies to possible changes in leisure and consumer behaviour, for example, which could have a negative impact on ticket sales in live entertainment. The DEAG Group's business is largely dependent on ticket sales.

The general conditions for the availability of artists who meet the public's taste could also change and possibly new, strong competitors could enter the market and thus compete with the DEAG Group.

In addition, business success, especially in the Rock/Pop sector, depends on the extent to which DEAG's subsidiaries succeed in counteracting the artists' rising fee demands. The decline in recorded music sales increases the importance of promoters, which improves their negotiating position.

The DEAG Group's business is also determined by the availability of appropriate venues. Essentially, venues are rented for the respective event. If it is not possible to play the respective venues, this can have a negative impact on the Group's business. DEAG has secured exclusive access to nine 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 succeeds in identifying and acquiring majority shareholdings in attractive companies that are suitable in terms of their origin and business model to contribute appropriately to business development. In principle, there are still good opportunities to contribute through acquisitions, growth and synergies, even though DEAG is operating in an increasingly consolidating market. In order to achieve broader diversification, DEAG is constantly examining the possibility of expanding existing genres and/or entering new areas of business.

Furthermore, there is a dependency on artists, agents, producers and other players in the industry for existing business relationships as well as for establishing new business relationships. Due to the activities in the core market of the UK, there could still be restrictions on the use of intra-European freedom of movement as a result of the Brexit that took place last year.

The availability of distribution channels, especially advance booking systems, also has a major impact on business success. DEAG is becoming increasingly independent through the establishment and expansion of the Myticket platforms as well as the ticketing platform Gigantic.com in the UK.

The business performance of the Group is also influenced by whether it continues to succeed in attracting and retaining qualified employees and industry experts for the company or, in the case of a departure, to compensate for the know-how lost. This is particularly the case in the entertainment industry, which depends heavily on the relationships and contacts of individuals. Of particular importance here are the members of DEAG's Executive Board and the Managing Directors of the subsidiaries and shareholdings. Fluctuation in these employee groups was low in the financial year. In order to further motivate these employees in the long term and to give them a share in the company's success, a performance-based bonus programme was set up in the financial year for the Executive Board as well as members of the management of the subsidiaries and other managers.

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

Events due to force majeure such as terrorist attacks and health risks such as the still ongoing COVID-19 pandemic can have an impact on DEAG's business success.

In this regard, there are in principle various insurance policies within the DEAG Group. These insurances are intended to cover risks in connection with business activities, in particular with the staging and cancellation of concerts and other events. Of particular note are the risks of concerts or other events having to be cancelled at short notice because the respective artist does not or cannot perform or due to force majeure. Previously, risks in connection with the COVID-19 pandemic were covered. Currenty, there is no insurance coverage in this respect. In the meantime, specific subsidy programmes for the event industry in individual country markets cover related risks. In Germany, for example, the special fund for cultural events closes financing gaps caused by officially ordered capacity restrictions at events and cancellations due to corona.

With regard to management's current assessment of the impact of this risk in connection with the pandemic, please refer to the Forecast Report under point 5.

If a company included in the Consolidated Financial Statements is not or not sufficiently insured in such a case or in the case of other loss events, the obligations arising from the respective loss event could have an impact on the earnings, asset and financial positions of this company and thus also of the Group.

3.1.2 Valuation of goodwill and other intangible assets

Due to the uncertainties described in the DEAG Group's operating business, if the actual results of the subsidiaries deviate from expectations, further write-downs on goodwill or financial assets and on the other intangible assets of the Group recognised as part of the purchase price allocation cannot be ruled out in the future. This applies both to the existing goodwill and to any new goodwill arising from further company acquisitions. Impairment tests are carried out for the goodwill of each of the Group's cash-generating units.

In the Group, part of the difference between the purchase price and the equity of the acquired shares is allocated to brands, artist and agent relationships and other rights. This part is depreciated according to schedule.

3.1.3 Investment property

The Group continues to report in the balance sheet under the item "Investment property" partial plots of land around the Frankfurt Jahrhunderthalle that are for sale or construction (Note 17 of the Notes to the Consolidated Financial Statements).

In 2015, DEAG established a 50:50 joint venture with a Frankfurt/Main-based real estate investor in connection with the Jahrhunderthallen 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 completed and the entire site or parts thereof are to be fully developed and marketed by the joint venture under the leadership of the real estate investor. In the event of a positive and successful development of the land, an additional profit will be generated that exceeds the book value (EUR 5.6 million). Up to now, concerns with regard to the neighbourhood of the Hoechst Industrial Park and resulting legal questions concerning the applicability of the so-called Seveso III Directive, according to which minimum distances between construction projects and certain operational areas must be observed, have blocked concrete planning procedures. Nevertheless, DEAG considers the creation of building rights to be realistic in the medium term and is encouraged by the developments in 2018. For example, the City of Frankfurt and the industrial park operators had reached an agreement according to which the operators of the industrial park will not take legal action against (residential) construction projects outside a radius of 500m (measured from the site boundary) in the future. In return, the City of Frankfurt/Main undertook not to plan and approve any uses requiring special protection, such as residential buildings, schools and homes for the elderly, which are located within the 500m radius. The legal certainty created by this agreement now allows the construction of up to 3,000 flats near the industrial park, especially in Parkstadt Unterliederbach at the Jahrhunderthalle, and an associated infrastructure development, e.g. with retail.

Should the development not be approved as planned or the estimated prices per square metre be significantly reduced for other reasons, there is a risk of a material impairment, which would have a negative impact on the company's asset and earnings positions.

3.1.4 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 tap external sources of financing (debt or equity).

DEAG has therefore agreed extensive framework lines with its domestic principal banks, which are held for the purposes of acquisition financing (EUR 7.5 million), pre-financing of tour and concert events (EUR 6.0 million) and ongoing business (EUR 10.5 million). Outside Germany, DEAG has access to government-backed financing of GBP 4.4 million and CHF 1.6 million from its respective principal banks.

The current interest rate of the respective drawings and drawdowns is based on the general development of the EURIBOR.

The respective financing conditions reflect the favourable market level as well as DEAG's rating. The framework lines could be terminated on the basis of the general terms and conditions of business if the asset, financial and earnings positions of the DEAG Group have deteriorated in the long term compared to the time at which they were granted and compensatory measures (such as the provision or strengthening of bank collateral to secure the respective claims) are not successful.

Furthermore, DEAG issued a corporate bond in the amount of EUR 20 million in October 2018. This corporate bond was increased by a further EUR 5.0 million in 2019. The bonds from the corporate bond 2018/2023 are admitted to trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The bonds bear interest at a rate of 6% p.a. Interest is payable annually in arrears in October of each year. Unless already redeemed in whole or in part or purchased and cancelled, DEAG is obliged to redeem the Bonds at par 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 first tranche of EUR 15 million has been drawn down in full. The loan was extended via the house banks. DEAG was able to forego drawing on the second tranche of up to EUR 10 million in December 2021 due to the Group's good liquidity situation. The loan bears an interest rate of 2% p.a. The term of the loan is six years. After the grace period of the first year, the loan will be repaid on a quarterly basis starting in March 2022. Otherwise the terms of the loan contain customary conditions.

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

DEAG is dependent on successful ticket sales and thus positive business performance to finance its operating business, including organic and external growth. In individual cases, DEAG has entered into obligations (especially for fee payments) and must make advance payments on the liquidity side, as there are temporary differences between the outgoing payments and incoming payments from ticket sales. In these cases, the relevant advance costs would have to be covered from other sources – from other uncommitted financial resources or by drawing on framework lines with the house banks, for example.

Based on revenue and earnings forecasts and the liquidity derived from them, the Executive Board assesses this and the financial position of the company and the Group as orderly, also with regard to financing requirements for internal and external growth.

The COVID-19 pandemic continued to influence the DEAG Group's operating business in its core markets. Therefore, DEAG and its subsidiaries also made and continue to make use of government-subsidised opportunities. In addition, the management is strengthening the currently good liquidity position. This includes, in particular, measures to strengthen equity and to increase flexibility and expand existing credit lines with the principal banks.

If the course of business were to deteriorate permanently and sustainably compared to planning, and thus the profitability of the DEAG Group, a liquidity shortfall could occur if the planned financial inflows and framework lines were not available to a sufficient extent. DEAG would then be dependent on tapping additional sources of finance (debt or equity).

At the time 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.

3.1.5 Financial instruments

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

Parts of the interest payments on the loans taken out by the Group are made directly on a EURIBOR basis. The cost of capital is therefore partly subject to interest rate risk. Despite the current slight rise in the interest rate curve, the Executive Board considers the risk for DEAG and the Group to be low. Therefore, no interest rate hedges were undertaken in the reporting period.

Fee payments for artists, orchestras, show productions, etc. are partly made on a USD basis and are thus subject to currency risk against the euro or CHF or GBP. The same applies to dividend payments of foreign subsidiaries, which are made in CHF and GBP. The company regularly undertakes analyses to anticipate the effects of currency fluctuations and to assess whether hedging transactions are advantageous. Currency hedging transactions (USD and GBP) were carried out for intercompany loans in the reporting period and for the following financial year.

With regard to receivables from business partners, DEAG and the DEAG Group are dependent on the continued existence and creditworthiness of these partners and thus their solvency. Active receivables management is carried out to minimise risk. In addition, payments on account are agreed. In the reporting period, precautions were taken through the individual value adjustment of some receivables.

Possible liquidity risks are recorded through short- and medium-term planning. The task of financial management is to ensure the timely servicing of all liabilities. In addition, compliance with financial and non-financial covenants vis-à-vis banks and bondholders 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 in the balance sheet; the amount of the financial assets corresponds to the maximum default risk. Insofar as default risks are identifiable for the financial assets, these risks are recognised through value adjustments.

3.1.6 Tax risks

A tax risk management system has been implemented for DEAG and its main subsidiaries, which includes measures for recording, assessing and minimising the effects of potential tax risks. Experts are consulted on special topics. Their expert opinions are reviewed at headquarters and the results are then taken into account accordingly.

For sufficiently concrete, assessable tax risks whose probability of occurrence is predominantly probable, existing tax assets were reduced or corresponding provisions were recognised as liabilities.

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

3.1.7 Litigation and lawsuits

DEAG is currently conducting both asset and liability litigation. Insofar as claims for damages from ongoing proceedings are capitalised, these are – if material – secured by litigation guarantees. Insofar as risks are identifiable, these risks are generally recognised in the Consolidated Financial Statements through value adjustments to assets on the one hand and through provisions on the other. In the reporting year, provisions were only made for litigation costs where necessary. There are no individual risks from litigation on the liabilities side that require provisions. For the amount of the resulting contingent liabilities, we refer to our comments in Note 49 of the Notes to the Consolidated Financial Statements.

3.1.8 Corona-related aid

In the previous year and in the reporting period, DEAG and its subsidiaries applied for and were partially granted conditional and unconditional funding from „corona“ aid programmes. In the case of unconditional funding and if the respective funding period covered the reporting year, these claims were capitalised, taking into account any reductions by the relevant funding providers. In the case of conditional funding, these funds can only be realised once the funding requirements have been fully met.

There are risks that subsidies granted will not be recognised to the extent applied for.

3.1.9 Holding structure

The company itself conducts almost no operating business, but acts as a holding company for the DEAG Group. The company's assets currently consist largely of the shares in and receivables from its operating subsidiaries. The company is partly linked to these through control and profit transfer agreements. The company itself is therefore dependent on the operating companies of the DEAG Group generating and transferring profits to it in order to generate income. Conversely, the company is obliged vis-à-vis its affiliated companies, which are linked to it by control and profit transfer agreements, to offset any losses incurred by them. This could have a material adverse effect on the asset, financial and earnings positions of the company.

In order to avoid or minimise these risks, the company operates a risk management system at Group level, which includes all subsidiaries. This risk management system records and evaluates opportunities and risks at the Group level, defines and monitors control measures and ensures a uniform Group accounting process.

4 OPPORTUNITIES REPORT

DEAG has an intact business model and expects business activities to increasingly normalise in 2022 after 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 very strong financial position with liquid assets, including bank credit lines, of EUR 144 million. DEAG has continued to receive payments from its insurance company for cancelled and rescheduled events due to force majeure in 2021, as well as taking advantage of available funding programmes in all its national markets. DEAG 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. The equity base was also strengthened by a cash capital increase carried out in May 2021, in the course of which DEAG received gross proceeds of around EUR 6.1 million. DEAG has a revenue base with high visibility at pre-pandemic level and corresponding catch-up effects.

External growth opportunities: DEAG has extensive M&A expertise and continues to pursue a consistent buy & build strategy with synergy potential and additional growth opportunities in all business areas. In the reporting period, DEAG successfully continued its international expansion course despite the COVID-19 pandemic. In January 2021, DEAG acquired the Danish promoter and international producer CSB Island Entertainment ApS. Through the cooperation with CSB, the company expects synergy effects in the live entertainment business as well as growth impulses for the ticketing business in Scandinavia. In June, DEAG acquired the British event organiser UK Live Limited and further strengthened its market position in the UK. DEAG significantly expanded its business activities in the "Spoken Word" segment, which includes author readings, theatre performances and poetry slams, by acquiring lit.COLOGNE GmbH, organiser of the international literature festival that goes by the same name, and Fane Productions, a leading producer and organiser of literary events in the UK. DEAG expects this to generate synergy effects in the live entertainment and ticketing business. In December, DEAG significantly expanded its vertical value chain by acquiring a majority stake in Hans Boehlke Elektroinstallationen GmbH. With the acquisition of the company, which is active in the field of illumination and multimedia design, DEAG is significantly expanding its activities in the area of technology and light production. The companies acquired by DEAG will in all likelihood increase turnover 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. In doing so, one focus will be on complementary ticketing acquisitions as well as expansion into new European markets.

European growth markets: DEAG continues its expansion into other European countries. With its subsidiaries, DEAG is currently present at 15 locations. In addition to Germany, the company's core markets include the UK, Switzerland, Ireland and Denmark. This gives DEAG a heterogeneous and broad range of events across Europe with considerable revenue and synergy potential. In addition, this results in high growth opportunities for the ticketing business.

Family Entertainment: DEAG sees above-average growth opportunities in the Family Entertainment segment thanks to its attractive content and established formats. It can look forward to an attractive range for 2022 and the coming years. With various shows such as "Disney on Ice" in Germany and Switzerland, DEAG can benefit from internationalisation through licensing models as well as increasing ticket sales – especially in distribution via its own ticketing platforms.

Arts+Exhibitions: The Arts+Exhibitions business area includes events such as Potsdamer Schlössernacht and the Christmas Gardens. These have been very popular with visitors for years. In the 2021/2022 season, the Christmas Gardens attracted 1.9 million visitors at 18 locations, ten of them in Germany and eight in other European countries.

Rock/Pop: DEAG also sees high growth opportunities in the Rock/Pop segment. In years not impacted by the COVID-19 pandemic, this segment contributes more than half of the revenue in the financial year. Here, DEAG has a broad event portfolio in all its national markets and organises several thousand concerts a year, ranging from club concerts to major stadium tours. The Rock/Pop business segment is characterised by high advance sales for concerts, which are largely handled via DEAG's ticketing platforms. In 2022, DEAG will organise, among other events, the sold-out stadium tour with Ed Sheeran, concerts with Simply Red, KISS, Iron Maiden, Böhse Onkelz, die Toten Hosen, die Ärzte, Tom Jones as well as the Stereophonics. In addition, the Rock/Pop segment also includes festivals such as the Belladrum Festival in Beauly, UK, or the „Sion sous les étoiles" festival in Sion, Switzerland. A large share of the business activities in the Rock/Pop segment is conducted through DEAG's established promoters and subsidiaries, Wizard Promotions Konzertagentur and Kilimanjaro. Rock/Pop will continue to be an important part of DEAG and contribute a significant share to growth.

Spoken Word: The Spoken Word product area includes author readings, theatre performances and poetry slams. Through the acquisitions of lit.COLOGNE GmbH and Fane Productions, DEAG significantly expanded its business activities in this area in 2021. Through the cooperation, DEAG expects synergy effects in the development of new formats as well as in the acquisition of new locations and in the ticketing business. With up to 200 events and its own programme for children and young people (lit.kid.COLOGNE), lit.COLOGNE is now one of the largest literature festivals in Europe with over 100,000 visitors. With other festival formats such as phil.cologne, lit.COLOGNE Spezial and lit.RUHR, lit.COLOGNE has very successfully expanded its activities in recent years and has an extensive and very stable partner network. Fane successfully launched its first own app in November 2021, which allows users worldwide to book tickets for events, buy books and watch events via live streaming as well as ask questions and participate in surveys via "Fane TV". In the medium term, DEAG expects revenues in the international Spoken Word segment to double to around EUR 15 million to EUR 20 million per year.

Ticketing: As a tour operator and local promoter in the live entertainment industry, DEAG sold more than 5 million tickets in years not impacted by the pandemic. An increasingly larger share of ticket sales for events is handled 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.

5 FORECAST REPORT

DEAG has an intact business model and, as a live entertainment service provider, has further consolidated its broadly diversified business model with the five business segments Rock/Pop, Classic & Jazz, Family Entertainment, Arts+Exhibitions and Ticketing on the market in financial year 2021 and, through the successfully implemented organic and inorganic growth steps of recent years, has laid the foundation for the continued dynamic development of the company in terms of revenues and earnings. The further development of the profitable business areas and the creation of own brands and rights are, in addition to the fast-growing Ticketing area, the main drivers of the future business development.

After a financial year 2021 largely shaped by the effects of the pandemic, the Executive Board expects an almost complete return to pre-pandemic levels and corresponding catch-up effects for 2022, which should lead to significant increases in revenues and EBITDA. The prerequisites for this are the further leveling off of the infection in DEAG's core markets and the associated further easing of restrictions in connection with the planning, organisation and execution of live events. DEAG expects a full recovery of business activities in Germany from the second quarter of 2022 and in the UK, the company's most important secondary market, already from the first quarter of 2022 due to the advanced vaccination situation.

At present, it cannot be ruled out that general event bans will be imposed again in the future as a result of a renewed increase in the number of infections, which means that future periods could be affected. Therefore, the Executive Board does not rule out a similar development for the current financial year as in 2021. In addition, there are negative macroeconomic effects as a result of the war in Ukraine, the duration and further development of which cannot be predicted. Therefore, a detailed outlook for the current year as of the reporting date is not possible from today's perspective.

Forward-looking statements

In addition to past statements and values in the context of the Consolidated and Annual Financial Statements, this report also contains forward-looking statements. The actual developments can differ from these statements.

Berlin, 30 March 2022

DEAG Deutsche Entertainment Aktiengesellschaft
The Executive Board

Prof. Peter L.H. Schwenkow Christian Diekmann

Detlef Kornett Roman Velke Moritz Schwenkow

CONSOLIDATED FINANCIAL STATEMENTS

Foto: © shutterstock

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR thousand

	Note	31 Dec. 2021	31 Dec. 2020
Cash and cash equivalents	8	118,745	46,003
Trade receivables	9	13,294	2,329
Down payments	10	22,178	14,051
Income tax claims		839	908
Inventories	11	1,045	665
Other current financial assets	12	9,797	11,775
Other current non-financial assets	12	12,060	8,107
Current assets		**177,958**	**83,838**
Goodwill	14	52,014	34,104
Other intangible assets	14	32,740	29,530
Property, plant and equipment	15	29,735	23,771
Property held as an investment	17	5,625	5,625
Investments	18	3,205	2,753
Financial assets accounted for using the equity method		601	571
Down payments	10	818	460
Other non-current financial assets	19	3,863	3,865
Deferred tax assets	20, 39	2,196	1,964
Non-current assets		**130,797**	**102,643**
		308,755	**186,481**

EQUITY AND LIABILITIES

in EUR thousand

	Note	31 Dec. 2021	31 Dec. 2020
Bank loans payable	21, 28	5,318	14,598
Trade accounts payable	22	23,717	10,024
Provisions	23	20,695	4,906
Contractual liabilities	24	126,303	60,220
Income tax liabilities		2,697	1,337
Other current financial liabilities:	26	12,110	9,738
Other current non-financial assets	26	7,523	4,634
Current liabilities		**198,363**	**105,457**
Provisions	23	662	265
Bond	25	24,231	24,261
Bank loans payable	21, 28	18,435	8,697
Contractual liabilities	24	2,249	26
Other non-current financial liabilities	27	26,868	20,189
Deferred tax assets	20, 39	8,169	6,135
Non-current liabilities		**80,614**	**59,573**
Subscribed capital		21,587	19,625
Capital reserve		32,520	28,695
Retained earnings		-332	-466
Balance sheet loss		-37,343	-37,729
Cumulative other result		2,382	1,954
Equity atrributable to DEAG		**18,608**	**12,079**
Shares of other shareholders		10,964	9,372
Equity	29	**29,778**	**21,451**
		308,755	**186,481**

CONSOLIDATED STATEMENT OF INCOME

in EUR thousand

	Tz.	1 Jan. to 31 Dec. 2021	1 Jan. to 31 Dec. 2020
Revenues with customers		67,012	33,041
Other revenues*		23,671	16,904
Revenues	31	**90,683**	**49,945**
Cost of sales	32	-74,449	-37,849
Gross profit		**16,234**	**12,096**
Distribution costs	33	-9,667	-6,215
Administrative expenses	34	-18,840	-16,103
Other operating income	35	26,712	13,180
Other operating expenses	36	-1,212	-1,948
Operating profit (EBIT)		**13,227**	**1,010**
Financing income and expenses	37	-4,908	-4,198
Income from investments	38	-1,031	-398
Shares in profits and losses in companies accounted for using the equity method		-150	-194
Financial result		**-6,089**	**-4,790**
Earnings before taxes		**7,138**	**-3,780**
Income tax	39	-3,542	893
Earnings after taxes from continued business units		**3,596**	**-2,887**
Profit after tax from discontinued business operations		**-**	**-21**
Consolidated earnings after taxes		**3,596**	**-2,908**
of which attributable to other shareholders		1,351	-1,674
of which attributable to DEAG shareholders (Group result)		**2,245**	**-1,234**
Earnings per share in EUR (diluted/undiluted)			
from continuing operations	29	0,11	-0,06
from continued and discontinued operations	29	0,11	-0,06
„Average number of shares in circulation (diluted / undiluted)“	29	20,926,590	19,625,361

* These are Insurance reimbursements related to events which had to be cancelled or postponed due to governmental event bans.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand

	2021	2020
Consolidated earnings after taxes	**3,596**	**-2,908**
Other result		
(+/-) currency conversion differences (independent foreign units)	526	467
Amounts that may be reclassified to the income statement in future periods	**526**	**467**
(+/-) actuarial gains and losses recorded in equity	36	61
(+/-) Deferred tax assets	-7	-11
Amounts that are not reclassified to the income statement	**29**	**50**
Total other result	**555**	**517**
Total comprehensive income	**4,151**	**-2,391**
of which attributable to		
shares of other shareholders	*1,779*	*-1,418*
the equity provider of the parent company	*2,372*	*-973*

CONSOLIDATED STATEMENT OF CASH FLOWS (TZ. 42)

in EUR thousand

	2021	2020
Group result from continued operations after taxes	3,596	-2,887
Depreciation and amortisation	8,894	8,029
Income from retirement of fixed assets	-21	-310
Changes not affecting payments	185	-15,528
Changes in other accruals	12,638	-2,661
Deferred taxes (net)	2,062	-1,194
Share of profits and losses of companies accounted for using the equity method	150	194
Cashflow before changes in net assets	**27,504**	**-14,357**
Net financial income/expenses	4,908	4,198
Changes to receivables, inventories and other assets	-13,412	8,674
Changes to other loan capital without financial debts	75,441	3,907
Net cash inflow from continued operations	**94,441**	**2,422**
Net cash outlow from discontinued operations	0	-18
Net cash inflow from operating activities (total)	**94,441**	**2,404**
Outflow from investing activities in…		
…intangible assets	-2,347	-879
…Property, plant and equipment and investments	-2,682	-2,075
Payments made to acquire consolidated companies and business units	-6,818	-3,980
Asset retirements	10	1,320
Interest income	89	81
Net cash outflow from investing activities (total)	**-11,748**	**-5,533**

in EUR thousand

	2021	2020
Increase in capital of DEAG Deutsche Entertainment AG	6,064	-
Cost of capital increase (net)	-277	-
Raising of financial debt	9,700	14,942
Repayment of financial debt	-12,627	-5,601
Cash payments by a lessee for the reduction of the outstanding liability relating to lease obligation	-6,535	-4,369
Interest expenditure	-2,985	-2,589
Dividend shares of other shareholders	-314	-749
Payments to other shareholders	-2,184	-
Cash outflow/inflow from financing activities (total)	**-9,158**	**1,634**
Changes in cash and cash equivalents	**73,535**	**-1,495**
Currency adjustments	-793	1,157
Cash and cash equivalents as of 01.01.	46,003	46,341
Cash and cash equivalents as of 31.12.	**118,745**	**46,003**

DEVELOPMENT OF EQUITY IN THE GROUP (TZ. 29)

	Number of shares issued	Subscribed capital	Capital reserve
	Qty.	EUR thousand	EUR thousand
As of 1 January 2020	**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**
Total comprehensive income	-	-	-
Capital increase	1,962,597	1,962	3,868
Dividend	-	-	-
Acquisition / sale of shares from other shareholders	-	-	-
Other changes	-	-	-
As of 31 December 2021	**21,587,958**	**21,587**	**32,563**

[1] IFRS 16 (Revaluation)
[2)] Stock top-ups (-1,859 EUR thousand; PY: nil EUR thousand)

Retained earnings	Balance sheet loss	Cumulative other result	Equity attributable to DEAG	Shares of others shareholders	Equity
EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
-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**
-	2,245	428	2,673	1,434	**3,901**
-	-	-	5,787	-	**5,830**
-	-	-	-	-314	**-314**
-	-	-	-	678	**678**
134 [1]	-1,859 [2]	-	-1,725	-	**-1,725**
-332	**-37,343**	**2,382**	**18,814**	**11,170**	**29,778**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION ABOUT THE COMPANY

DEAG Deutsche Entertainment Aktiengesellschaft (DEAG) is a stock corporation incorporated in Germany with its registered office on Potsdamer Straße in 5810785 Berlin. The company is registered with the Commercial Register of the Charlottenburg Local Court under the Commercial Register Number HRB 69474 B.

The admission of DEAG shares to the regulated market was revoked ("delisting") with effect from 9 April 2021. Since then, the DEAG share has no longer been admitted to the regulated market. As a result, the company was legally obliged to convert from bearer shares to registered shares. DEAG's share and corporate bond 2018/2023 have since been traded on the open market.

In 2019 – before the start of the COVID-19 pandemic – more than 5 million tickets were sold annually for over 4,000 events, a continuously growing share of these via the Group's own e-commerce platforms "MyTicket" and "Gigantic.com" for its own and third-party content.

DEAG's core business areas include Rock/Pop, Classics & Jazz, the fast-growing Family Entertainment sector and Arts+Exhibitions. The Family Entertainment segment in particular is a fundamental building block for the further development of DEAG's own content. A network of strong partners positions DEAG excellently in the market as an internationally active live entertainment Group.

2 ACCOUNTING PRINCIPLES

These Consolidated Financial Statements of DEAG as of 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as adopted by the EU and the additional requirements of German commercial law.

The financial statements have been prepared in accordance with Section 315 e of the German Commercial Code (HGB). The term IFRS also includes the International Accounting Standards (IAS) still in force 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 annual financial statements of the Group companies, which were prepared in accordance with the German Commercial Code (HGB), including the accounting standards adopted by the German Accounting Standards Committee (GASC) on the balance sheet date in accordance with Section 342 HGB, and the German Stock Corporation Act (AktG), in the case of foreign companies in accordance with their national regulations, in accordance with consistently and uniformly applied accounting and valuation principles on a uniform balance sheet date. An interim financial statement had to be prepared for the company CSB Island Entertainment ApS, Fanø (Denmark), which is included in the scope of full consolidation and has a different financial year from 1 July to 30 June.

The individual financial statements and the interim financial statements of the companies included in the Consolidated Financial Statements are prepared as of the reporting date of the Consolidated Financial Statements. Valuations based on tax regulations are not included in the Consolidated Financial Statements. The reconciliation of the valuations according to the rules of the IFRS was carried out outside the individual financial statements under commercial law at the level of the Group in a so-called "commercial balance sheet II."

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

The items summarised in the Consolidated Balance Sheet and the Income Statement are explained in the Notes to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, discretionary decisions, estimates and assumptions must be made to a limited extent, which have an impact on the amount and disclosure of the assets and liabilities recognised in the balance sheet, the income and expenses as well as the contingent assets and liabilities. This applies in particular to the recognition of goodwill and contingent purchase price liabilities in the context of purchase price allocations and their annual impairment tests or subsequent valuations, the determination of the interest rate for leases, as well as 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 goodwill impairment test was in each case the value in use of the cash-generating units (CGUs), the calculation of which was derived from a multi-year plan on the basis of forecast earnings depending on the CGUs. The value in use was determined using the discounted cash flow method. These calculations must be based on assumptions that stem from management estimates. If developments occur that are beyond the management's control, the future carrying amounts can deviate from the originally expected estimated values. If the actual development differs from the expected development, the premises and, if necessary, the carrying amounts of the goodwill of EUR 52,014 thousand (31 December 2020: EUR 34,104 thousand) are adjusted accordingly. Please refer to our comments in Note 14.

Furthermore, the premises and, if necessary, the carrying amounts of intangible assets of EUR 32,740 thousand (31.12.2020: EUR 29,530 thousand) are adjusted if developments occur that are beyond management's control and would cause the original estimated values to differ from the future carrying amounts.

In addition, estimates and assumptions are required in the valuation and adjustment of receivables and payments made, the measurement and estimation of the probability of occurrence in relation to provisions and contingent liabilities, the estimates of the amount of usable deferred tax assets on loss carry-forwards and, in particular, the impairment test of companies included using the equity method and the determination of fair values of financial assets and investments.

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

3 CHANGES TO ACCOUNTING STANDARDS

The following new or amended standards are mandatory for DEAG for the first time for financial years beginning on 1 January 2021:

- » IFRS 16 – Leases: COVID-19 Related Lease Concessions
- » Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rates Benchmark Reform– Phase 2

The Consolidated Financial Statements take into account all IASB standards that were mandatory in the EU on the balance sheet date as well as the valid IFRIC and SIC.

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

The following amendments to standards and interpretations were adopted by the IASB and IFRS Interpretations Committee (IFRS IC). These are not yet mandatory for financial year 2021 and have not been applied:

Already incorporated into EU law:

- » IFRS 16 – Leases: COVID-19 Related Lease Concessions after 30 June 2021 (anzuwenden in Berichtsperioden, die am oder nach dem 01.04.2021 beginnen)
- » IAS 16 – Property, Plant and Equipment: Revenue before Intended Use (effective for annual periods beginning on or after 1 January 2022)
- » IFRS 3 – Business Combinations: Reference to the IFRS Framework (effective for annual periods beginning on or after 1 January 2022)
- » IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts: Contract Performance Costs (effective in reporting periods beginning on or after 1 January 2022)
- » Annual Improvements to IFRSs (2018-2020 cycle) – IFRS 1 “First-time Adoption by a Subsidiary,” IFRS 9 “Charges in the 10% Present Value Test before Derecognition of Financial Liabilities” and IAS 41 “Taxation of Fair Value Measurements” (effective for annual periods beginning on or after 1 January 2022)
- » IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Improving Disclosures about Accounting Policies: Guidance for Applying the Materiality Criterion in Disclosures about Accounting Policies (effective on or after 1 January 2023)
- » IAS 8 – Clarification on the distinction between changes in accounting policies and accounting estimates (to be applied on or after 1 January 2023)

Not yet endorsed into EU law:

Amendments to IAS 1 – Presentation of Financial Statements: Adjustment of the criteria for classifying liabilities as current or non-current (to be applied in reporting periods beginning on or after 1 January 2023)

- » IAS 1 - Presentation of Financial Statements: Adjustment of the criteria for classifying liabilities as current or non-current (to be applied in reporting periods beginning on or after 01.01.2023)
- » IAS 12 – Income Taxes: Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction (to be applied on or after 1 January 2023)

The Group intends to apply these standards and interpretations from their effective date. Overall, the impact of these standards on the asset, financial and earnings positions of the DEAG Group is expected to be immaterial.

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 2021, in addition to DEAG, the scope of consolidation included 62 (previous year: 51) 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 and five shareholdings are shown at cost, unchanged to previous year. As in the previous year, one 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 %
	DEAG Classics AG, Berlin	100.0 %
	The Classical Company AG, Zurich (Switzerland)	100.0 %
	Wizard Promotions Konzertagentur GmbH, Frankfurt/Main	75.1 %
	CSB Island Entertainment ApS, Fanø (Denmark)	75.0 %
	lit.COLOGNE GmbH, Cologne	66.7 %
	litissimo gGmbH zur Förderung der Literatur und Philosophie, Cologne	66.7 %
	KBK Konzert- und Künstleragentur GmbH, Berlin	51.0 %
	MEWES Entertainment Group GmbH, Hamburg	51.0 %
	Hans Boehlke Elektroinstallationen GmbH, Berlin	51.0 %
	I-Motion GmbH Events & Communication, Mülheim-Kärlich	50.1 %
	Kilimanjaro Holdings Limited, London (Great Britain)	49.7 %
	Kilimanjaro Live Limited, London (Great Britain)	49.7 %
	Wakestock Limited, London (Great Britain)	49.7 %
	Matterhorn Events Limited, London (Great Britain)	49.7 %
	Ben Wyvis Live Ltd., Glasgow (Great Britain)	49.7 %
	Flying Music Holdings Limited, London (Great Britain)	49.7 %
	The Flying Music Group Limited, London (Great Britain)	49.7 %
	Flying Music Company Limited, London (Great Britain)	49.7 %
	Flying Entertainment Limited, London (Great Britain)	49.7 %
	MyTicket Services Ltd., London (Great Britain)	49.7 %
	Stage2View Ltd., London (Great Britain)	49.7 %
	Stage2View Productions Ltd., London (Great Britain)	49.7 %
	UK Live Limited, London (Great Britain)	44.7 %
	Gigantic Holdings Ltd., London (Great Britain)	37.3 %
	Gigantic Tickets Ltd., London (Great Britain)	37.3 %

Segment	Company	Shareholdings
	Fane Productions Limited, London (Great Britain)	37.0 %
	Fane Productions (Australia) PTY Limited, Victoria (Australia)	37.0 %
	Kontour Production Services Limited, London (Great Britain)	27.8 %
	Singular Artists Limited, Dublin (Irland)	27.3 %
	Kilimanjaro Theatricals Limited, London (Great Britain)	25.3 %
	Cluedo Stage Productions Ltd., London (Great Britain)	25.3 %
Entertainment Services		
	Concert Concept Veranstaltungs-GmbH, Berlin	100.0 %
	Global Concerts GmbH, Munich	100.0 %
	Elbklassik Konzerte 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 %
	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 %
	Grandezza Entertainment GmbH, Berlin	90.0 %
	Viel Vergnügen GmbH, Essen	90.0 %
	LiveGeist Entertainment GmbH, Frankfurt/Main	75.1 %
	FOH Rhein Main Entertainment GmbH, Frankfurt/Main	75.0 %
	handwerker promotion e. gmbh, Unna	74.9 %
	pro Media GmbH, Unna	74.9 %
	Live Music Production SA, Le Grand-Saconnex (Switzerland)	60.0 %
	Live Music Entertainment LME SA, Le Grand-Saconnex (Switzerland)	51.0 %
	Kultur im Park GmbH, Berlin	51.0 %
	C^2 Concerts GmbH, Stuttgart	51.0 %
	Kessel Festival GmbH, Stuttgart	51.0 %
	Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt/Main	49.0 %
	Kessel Festival GmbH & Co. KG, Stuttgart	46.0 %
Discontinued Operations		
	DEAG Music GmbH, Berlin	100.0 %
	Blue Moon Entertainment GmbH, Wien (Österreich)	100.0 %

On 25 January 2021, DEAG acquired a 75% share of the voting rights in CSB Island Entertainment ApS, Fanø (Denmark) via its wholly owned subsidiary DEAG Classics AG, Berlin.

Kilimanjaro Holdings Limited has held 90% of the voting rights of UK Live Ltd., London (UK) since 14 June 2021. UK Live Ltd. is therefore fully consolidated in the Consolidated Financial Statements.

With the purchase agreement signed on 6 July 2021, DEAG Classics AG acquired a 66.7% stake in lit.COLOGNE GmbH and litissimo gGmbH for the promotion of literature and philosophy, both based in Cologne.

On 19 October 2021, Kilimanjaro Holdings Limited, London/UK acquired a 74.5% share of the voting rights in Fane Productions Limited, London/UK. Fane Productions Ltd., London holds 100% of the voting rights in each of Fane Productions (Australia) PTY Ltd., Victoria/Australia, and Fane Productions Inc, New York/USA, and 75% of the voting rights in Kontour Production Services Limited, London/UK. These companies are therefore fully consolidated in the Consolidated Financial Statements.

Christmas Garden Deutschland GmbH, Berlin, a 100% subsidiary of DEAG, acquired an interest in Hans Boehlke Elektroinstalltionen GmbH, Berlin, with effect from 18 November 2021 and has held 51% of the voting rights since then.

DEAG holds 51% of the voting rights (49.7% of the capital shares) in MyTicket Services Ltd., London (UK) via its wholly owned subsidiary DEAG Concerts GmbH. DEAG has the final decision-making right for decisions of the Management Board of MyTicket Services Ltd., London (UK). The control concept according to IFRS 10.7 is therefore fulfilled here.

MyTicket Services Ltd., London (UK) holds a 75.0% share in the equity of Gigantic Holdings Ltd., London (UK). Gigantic Holdings Ltd., London (UK) and its wholly owned subsidiary Gigantic Tickets Ltd., London (UK) are therefore included in the scope of consolidation.

Concert Concept GmbH, a 100% subsidiary of DEAG, holds 51% of the shares in C^2 Concerts GmbH, Stuttgart. C^2 Concerts GmbH holds 90% of the shares in Kesselfestival GmbH & Co. KG and 100% of its general partner GmbH Kesselfestival GmbH.

DEAG Concerts GmbH holds 49.7% of the capital shares in Kilimanjaro Holdings Ltd., London/UK, while the voting rights amount to 51%. Therefore, the control concept according to IFRS 10.7 still applies and Kilimanjaro Holdings Ltd. and its subsidiaries continue to be included in the Group of consolidated companies within the scope of full consolidation.

Kilimanjaro Holdings Limited holds 55% of the voting rights in Singular Artists Ltd., London/UK. Singular Artists Ltd. is therefore fully consolidated in the Consolidated Financial Statements.

DEAG has the final decision-making right for the approval of the annual budget at Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt/Main. Thus, the control concept according to IFRS 10.7 is fulfilled and the company is included in the Consolidated Financial Statements within the scope of full consolidation.

The following companies are managed as joint ventures and valued according to the equity method and thus recognised at the proportionate 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
Entertainment Services	EIB Entertainment Insurance Brokers GmbH, Hamburg	49.0 %
	Verescon AG, Berlin	44.0 %
	Rock the Ring AG, Hinwil (Switzerland)	35.0 %
Live Touring	Seefestspiele Berlin GmbH, Berlin	40.0 %
	Collective Form Limited, London (Great Britain)	16.6 %

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

DEAG held a 16.6% stake in Collective Form Limited, London (UK) via Kilimanjaro Holdings Limited, London (UK).

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

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 and Fane Productions Inc. The Company has either discontinued its business activities in the financial year 2021 and was dormant during the financial year, respectively.

The information in accordance with Section 315e 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'000)	Earnings in financial year (in EUR'000)
medi Produkt & Service GmbH	Berlin	100.0 %	47	5
Fane Productions Inc.	New York (USA)	37.0 %	-	-

The Group of consolidated companies of DEAG Group changed as follows in financial year 2021:

Segment	Company	Addition
Live Touring	CSB Island Entertainment ApS, Fanø (Denmark)	01 January 2021
	Stage2View Ltd., London (Great Britain)	01 January 2021
	Stage2View Productions Ltd., London (Great Britain)	01 January 2021
	Cluedo Stage Productions Ltd., London (Great Britain)	01 January 2021
	UK Live Limited, London (Great Britain)	01 July 2021
	Lit. COLOGNE GmbH, Cologne	01 July 2021
	Litissimo gGmbH zur Förderung der Literatur und Philosophie, Cologne	01 July 2021
	Fane Productions Limited, London (Great Britain)	01 November 2021
	Fane Productions (Australia) PTY Limited, Victoria (Australia)	01 November 2021
	Kontour Productions Limited, London (Great Britain)	01 November 2021
	Hans Boehlke Elektroinstallationen GmbH, Berlin	01 December 2021

With effect from 1 July 2021, DEAG increased its share of voting rights in the subsidiary handwerker promotion e. gmbh, Unna, which was already included in the full consolidation, by 23.9% to 74.9% via its wholly owned subsidiary Concert Concept Veranstaltungs GmbH Berlin.

With effect from 1 October 2021, DEAG increased its share of the voting rights in the subsidiary Grandezza Entertainment GmbH, Essen, which was already included in the full consolidation, by 39.0% to 90.0%.

With effect from 1 January 2021, DEAG increased its share of the voting rights in the subsidiary Flying Music Holdings Ltd., London/UK, which was already included in the full consolidation, to 100% via its subsidiary Kilimanjaro Holdings Ltd.

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), in the UK the Pound Sterling (GBP) and in Denmark the Danish Kroner (DKK). 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.

	Exchange rate in EUR		Average exchange rate in EUR	
	2021	**2020**	**2021**	**2020**
1 Pound Sterling	1.1901	1.1123	1.1630	1.1246
1 Swiss Franc	0.9680	0.9258	0.9250	0.9343
1 Danish Kroner	0.1345	0.1344	0.1345	0.1341

6 ACCOUNTING PRINCIPLES

COVID-19

The effects of the COVID-19 pandemic were still felt clearly worldwide in financial year 2021. Companies continued to struggle with sharp declines in sales and interrupted supply chains. The DEAG Group was affected in the financial year to the extent that, due to current regulations, nearly no events could be held, particularly in Germany and in the first half of the year. In the previous year, the Group had implemented a number of measures 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. The insurance claims include event-related costs and, in some cases, project profits. In the event of an event being cancelled, the event-related costs are recognised in cost of sales and distribution costs; claims for reimbursement in this regard are recognised in the amount of the expected reimbursement in revenue, provided there is sufficient certainty that the insurance company will compensate for the loss; for further information, see Note 31.

DEAG received conditional and unconditional funding from “Corona” aid programmes in the reporting period. If the funding is unconditional and the respective funding period covered the reporting year, these claims were capitalised, taking any reductions by the relevant funding providers into account. In the case of conditional subsidies, these funds can only be realised in other operating income when the subsidy requirements have been met in full. For further information on this, see Note 35.

As a further measure to combat the consequences of COVID-19, particularly on the economy and the labour market, the federal government in Germany adopted temporary relief for access to short-time work benefits and, upon application, reimbursement by the Federal Employment Agency of the social security contributions to be borne by the employer in the Ordinance on Relief for Short-Time Work of 25 March 2020 (KugV), which was extended again in the financial year. Similar programmes were launched in the other core markets and are still partly being used by the subsidiaries located there. The 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 offset against the corresponding personnel expenses.

In addition, the Group has sufficiently considered the risk of the COVID-19 pandemic when assessing the recoverability of assets, especially goodwill. Reference is made to the explanations in Note 2, 14 and 15.

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 first tranche of EUR 15 million has been drawn down in full. The loan was extended via the house banks. DEAG was able to forego drawing on the second tranche of up to EUR 10 million in December 2021 due to the Group's good liquidity situation. The loan bears an interest rate of 2% p.a. The term of the loan is six years. After the grace period of the first year, the loan will be repaid on a quarterly basis starting in March 2022. The terms of the loan contain otherwise customary conditions.

In addition, subsidiaries in Germany, in the UK and Switzerland have utilised corona-related loans. For further information, please refer to 21 for further information.

The voucher solution adopted by the Federal Government in Germany in the previous year expired on 31 December 2021. The voucher solution stated that tickets purchased before 8 March 2020 could be exchanged for vouchers. A payment of the ticket price can be demanded from ticket holders since 1 January 2022. The voucher entitles the holder to attend the postponed concert. In this respect, the use of the voucher regulation has no effect on the Group's accounting and valuation methods and the resulting obligations to the voucher holders are recorded in other non-financial liabilities.

Notes to the balance sheet

Intangible assets acquired for consideration are capitalised at acquisition cost and amortised on a straight-line basis over their expected useful economic life of 3 to 20 years.

Intangible assets – usually trademarks, artist and agent relationships and order backlogs acquired in a business combination – are recognised separately from goodwill and measured at fair value at the acquisition date. In subsequent periods, these intangible assets are measured at cost less accumulated amortisation and impairment losses in the same way as individually acquired assets. In the case of artist and agent relationships, the amortisation period is generally 15 years; orders on hand are amortised after the conclusion of the respective concert events. The item also includes other rights, essentially licensing, usage and implementation rights, which are amortised in accordance with the contractually secured periods (3 to 24 years).

In the case of acquired brands for which a specific useful life can be defined, scheduled amortisation is carried out.

Goodwill acquired in connection with acquisitions is capitalised at cost in accordance with IFRS 3 (Business Combinations). The option to apply the full goodwill method is not used.

This goodwill is subjected to an annual impairment test on the basis of cash generating units (CGU) and, if necessary, written down on a non-scheduled basis. Reversals of impairment losses on goodwill are not permitted.

Property, plant and equipment, with the exception of leasing rights of use, are valued at acquisition cost, plus incidental acquisition costs, less purchase price reductions for depreciable assets, less use-related depreciation. Depreciation is calculated on a straight-line basis over the expected useful life of the asset.

The scheduled depreciation of property, plant and equipment is essentially based on the following useful lives:

Buildings and structures	4 to 25 years
Technical equipment and machinery	3 to 10 years
Office furniture 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 obtained for a certain period of time in return for payment.

Lease rights of use are valued at the beginning of the lease term (“provision date”) at acquisition cost, which results in particular in the amount of the corresponding lease liabilities, and lease prepayments made, taking lease incentives received into account. Current depreciation is calculated on a straight-line basis.

DEAG has decided to include non-lease components (so-called service components) as part of the determination of the rights of use.

Lease liabilities are recognised at the provision date at the present value of the lease payments not yet made and reported in other financial liabilities. Discounting is generally determined using term- and currency-specific marginal borrowing rates, as the interest rates underlying the leases cannot be determined on a regular basis. The lease liabilities are updated in accordance with 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 a reason to assume an impairment.

Scheduled depreciation is reported proportionately under cost of sales or administrative expenses, write-ups under other operating income and unscheduled depreciation under other operating expenses.

Investment properties are measured at fair value according to IAS 40.30/40.33.

Shares in joint ventures and associated companies are accounted for at equity. The same principles apply to the allocation of differences from initial consolidation as to full consolidation.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control if the strategic financial and operating policies associated with the joint venture's activities require the consent of all parties that have joint control. Interests in joint ventures are accounted for using the equity method. The Consolidated Statement of Income includes the Group's share of income and expenses and changes in equity of investments accounted for using the equity method. If the Group's share of the loss of the joint venture exceeds the share accounted for using the equity method, this share is written down to zero. Further losses are not recognised unless the Group has a contractual obligation or has made payments for the benefit of the joint venture. Unrealised gains or losses on transactions of Group entities with the joint venture are eliminated against the carrying amount of the investment in the joint venture (losses not exceeding the carrying amount of the investment).

Inventories are valued at acquisition cost. If the net sales proceeds on the balance sheet date are below the acquisition costs, corresponding value adjustments are made.

Payments made are costs paid in advance that relate to events after the balance sheet date and are accrued accordingly.

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

Provisions are recognised at the settlement amount which, according to reasonable commercial judgement, is necessary at the balance sheet date to cover future payment obligations, identifiable risks and contingent liabilities. Long-term provisions are discounted in accordance with IAS 37. If the discounting effect is material, the provisions are recognised at the present 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 Commercial Balance Sheet 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 obligation was calculated in accordance with IAS 19 using the projected unit credit method. This method is based on the years of service at the time of calculation and takes into account future developments by including discounting, salary development and the probability of withdrawal until the start of benefit payments as well as pension indexation in the years after the first payment of recurring benefits. Actuarial gains and losses are recognised immediately in other comprehensive income.

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 measured at transaction price and all other financial assets and liabilities are measured at fair value. Transaction costs are included if the financial assets and liabilities are subsequently measured at amortised cost. Otherwise, they are expensed immediately.

Initial recognition and derecognition of regular way sales and purchases of financial assets are 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 other comprehensive income
» At fair value through profit or loss

If an asset is held to collect contractual 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 possible sale, it is measured at fair value through other comprehensive income. In all other cases, the valuation is made at fair value through profit or loss.

The valuation hierarchy described below is used for financial assets and liabilities as well as investment property for which a determination of fair value is planned:

» **Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities
» **Level 2:** Valuation parameters that are quoted prices included within Level 1 but are observable for the asset or liability, either directly or indirectly
» **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 inputs is given priority over the use of unobservable inputs. 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 carried out according to the following principles:

Contingent purchase price liabilities (earn-out agreements) and put options from company acquisitions are recognised at fair value after initial recognition and reported under financial liabilities. If reliably determinable, the fair value is derived from the estimated earnings of the acquired companies in the years prior to the possible exercise dates. The discount rates are determined on the basis of the Group's weighted average cost of capital. The results on which the valuation is based are generally EBIT. Changes in fair value are recognised in the income statement under other operating income or expenses.

Significant investments are measured at fair value. The fair value is determined primarily on the basis of a value from equity measures recognised by third parties or alternatively using recognised valuation methods, in particular the discounted cash flow method (DCF method), on the basis of the expected investment results. The unrealised gains and losses resulting from the change in fair value are recognised directly in profit or loss in the income from investments.

In the context of the conditional sale of the investment property, a minimum price was agreed between the parties for the partial properties, which, due to the fact that it was achieved in one transaction, is to be used in preference to a fair value determined by an expert valuation. For financial year 2021, the price agreed in 2015 subject to conditions precedent continued to be used as the best indicator of the fair value.

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

Impairment losses on financial assets classified at amortised cost are recognised in accordance with the IFRS 9 impairment model, taking expected credit losses (ECL) into account. The model requires the Executive Board to make estimates in connection with the question of how changes in economic factors affect expected credit losses. For this purpose, assumptions are made on the basis of reliable weighted information.

DEAG uses the simplified approach for allowances on trade receivables to assess default risks. Expected credit losses (ECL) are calculated using a risk provision taking the expected maturity into account. Expected credit losses over the term are credit losses resulting from various default events (e.g. expected uncollectibility of a receivable due to payment stagnation and/or cessation of payments) during the expected term of the financial instrument. In order to map the risk provision, the Group has prepared an analysis based on historical default events. As revenues are mainly generated from pre-sales and the past default events are immaterial from the Group's perspective, no impairment matrix was presented.

For all other financial assets for which the credit risk has not increased significantly since initial recognition, the expected credit loss to be expected within the next 12 months is recognised. For financial instruments for which there has been a significant increase in credit risk, the risk provision is determined in the amount of the expected credit loss over the remaining term. In determining whether there has been a significant increase in the credit risk of a financial asset since initial recognition and in estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue time and cost. This includes both quantitative and qualitative information and analysis based on the Group's past experience and sound judgement, including forward-looking information.

Financial assets continue to be written off in full or in part as part of individual value adjustments if, after reasonable assessment, it can no longer be assumed that full realisation is possible. The Group makes an individual assessment of the timing and amount of the write-off based on whether there is a reasonable expectation of recovery.

DEAG assesses at each reporting date whether financial assets at amortised cost are credit-impaired. A financial asset is impaired if one or more events occur that have 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 behaviour

The determination of 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.

A financial asset is derecognised when the rights to receive cash flows from the asset expire or are transferred, and thus when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are derecognised if the obligation underlying the respective liability has either expired, been cancelled or already been fulfilled.

Gains and losses from derecognition, value adjustments and differences from currency translation are recognised in profit or loss under 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 relate mainly to consulting costs and issuing fees.

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 life of the bond using the effective interest method.

Where DEAG has issued financial guarantees (e.g. letters of comfort) for third parties, these are recognised as financial liabilities if the risk of their being called upon is considered to be predominantly probable because the beneficiary cannot settle current and future obligations to third parties from his own cash flow.

In accordance with IAS 1, the balance sheet is broken down into non-current and current assets and liabilities. Assets and liabilities are classified as current if they are due within one year, are expected to be realised within the normal operating cycle or are held for trading purposes. In accordance with IAS 12, deferred taxes are reported as non-current assets or liabilities and are not discounted.

Notes to the profit and loss account

According to IFRS 15, revenue is recognised when the customer obtains control over the agreed goods and services and can derive benefits from them. Sales revenues are to be recognised at the amount of the consideration that the company expects to receive. Sales and other revenues include all revenues for services already rendered. The performance of a concert, show or tour is generally considered to have been rendered at the end of the concert or show. The ticket monies collected in the respective advance sales period are recognised as contract liabilities until then. The contract liabilities are then transferred to sales revenue when the event takes place.

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

» Identification of the contract with the client
» Identification of the separate performance obligations
» Determination of the transaction price
» Allocation of the transaction price to the separate performance obligations, and
» Revenue recognition upon fulfilment of individual performance obligation

For revenue from insurance claims, please refer to the section “COVID-19.”

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 costs on borrowed capital are posted as current expenses.

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) mit The Classical Company (Zürich, Switzerland), CSB Island Entertainment (Fanø, Dänemark), lit.COLOGNE und litissimo (both seated in Cologne), 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) and Hans Boehlke Elektroinstallationen (Berlin), I-Motion GmbH Event & Communication (Mülheim-Kärlich), MEWES Entertainment Group (Hamburg), the sub-group Gigantic Holdings including Myticket Services (London, UK), the sub-group Kilimanjaro (London, UK) including the activities of the Flying Music Group, UK Live and the sub-group Fane Production.

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 sub-group Live Music Production (LMP)/Live Music Entertainment (LME); both seated in Le Grand-Saconnex, Switzerland, Global Concerts (Munich), Concert Concept (Berlin), 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).

Segment data

In EUR'000

	Live Touring		Entertainment Services		Total Segments	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Revenues	66,209	25,791	29,867	27,735	96,076	53,526
Other income	11,102	3,225	15,218	1,860	26,320	5,085
Total earnings	**77,311**	**29,016**	**45,085**	**29,595**	**122,396**	**58,611**
- thereof internal income	710	3,521	7,728	515	8,438	4,036
Cost of sales*	55,254	21,507	23,684	19,203	78,938	40,710
Operating expenses	12,009	8,262	8,224	8,410	20,233	16,672
Depreciation and amortisation (for information only)* - scheduled	5,620	4,857	2,736	2,850	8,356	7,707
Segment result (EBIT)	9,068	-2,057	12,945	1,317	-22,013	-740
Full-time employees as at 31.12.	125	98	91	91	216	189
Return on sales	13.7%	8.0 %	43.3 %	4.7 %	22.9 %	-1.4 %

* Including proportional, scheduled depreciation

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	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Revenues	96,076	53,526	-5,393	-3,581	90,683	49,945
Other income	26,320	5,085	392	8,095	26,712	13,180
Total earnings	**122,396**	**58,611**	**-5,001**	**4,514**	**117,395**	**63,125**
- thereof internal income	8,438	4,036	-8,438	-4,036	-	-
Cost of sales	78,938	40,710	-4,488	-2,862	74,450	37,848
Operating expenses	20,233	16,672	8,274	5,646	28,507	22,318
Segment result (EBIT)					22,013	-740
Unallocated expenditure and income (incl. DEAG and consolidation effects)					-8,786	1,750
Operating result (EBIT)					**13,227**	**1,010**
Income shares in companies accounted for using the equity method					-150	-194
Other financial result					-5,939	-4,596
Result before taxes (EBT)					**7,138**	**-3,780**
Taxes on income and earnings					-3,542	893
Result from continuing operations after taxes					**3,596**	**-2,887**
Result from discontinuing operations after taxes					**-**	**-21**
Group result after taxes					**3,596**	**-2,908**
thereof attributable to other shareholders					1,351	-1,674
thereof attributable to DEAG shareholders (Group Result)					**2,245**	**-1,234**

EBITDA in the Live Touring segment is EUR 14.7 million (previous year: EUR 2.8 million) and in the Entertainment Services segment EUR 15.7 million after EUR 4.2 million the previous year.

In the Group, EBITDA is EUR 22.1 million (previous year: EUR 9.0 million) and taking into account scheduled depreciation of EUR 8.9 million (previous year: EUR 8.0 million) results in Group EBIT of EUR 13.2 million (previous year: EUR 1.0 million).

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	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Revenues	39,950	30,348	50,733	19,597	90,683	49,945

Other countries' revenue mainly relates to the UK-based companies in the amount of EUR 46,996 thousand (previous year: EUR 12,825 thousand) and to the in Switzerland and Denmark based companies in the amount of EUR 3,737 thousand (previous year: EUR 6,772 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

	31.12.2021	31.12.2020
Trade receivables (gross)	13,402	2,384
Allowance	-108	-55
Trade receivables	**13,294**	**2,329**

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 mainly pertain to finished products and goods.

12 OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

Other current financial assets comprise the following:

in EUR‘000

	31.12.2021	31.12.2020
Insurance claims	3,014	5,246
Claims for damages	2,811	2,611
Receivables from assosciated companies	1,847	1,695
Loans	424	677
Creditors with debit balances	476	317
Deposits	389	238
Receivables from cooperation contracts	48	169
Others	788	822
Other current financial assets	**9,797**	**11,775**

Other current non-financial assets essentially comprise the following:

in EUR‘000

	31.12.2021	31.12.2020
Governmental grants	8,276	5,890
Down payments and deferred income	2,097	1,060
Tax authorities claims	789	658
Input tax deductible in the following year	628	30
Others	270	469
Other current non-financial assets	**12,060**	**8,107**

13 DISCLOSURES ON SUBSIDIARIES

Acquisitions

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

Purchase price allocation of CSB Island Entertainment ApS, Fanø (Denmark)

Through its wholly owned subsidiary DEAG Classics AG, DEAG acquired a 75.0% share of the voting rights in CSB Island Entertainment ApS, Fanø (Denmark). This significantly expands DEAG’s activities and presence in Scandinavia. Through the cooperation with CSB, DEAG expects positive synergy effects in the live entertainment business as well as growth impulses for the ticketing business in Scandinavia.

The fixed purchase price of EUR 1.2 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 2022 depending on the future business development of the company in the period 1 July 2021 –30 June 2022.

The values of the purchase price allocation are as follows:

Share of capital and voting rights in	
CSB Island Entertainment ApS, Fanø (Denmark)	75,0 %
Date of initial consolidation	01 January 2021
Purchase Price (in EUR'000)	1,215
Ancillary acquistion costs	78

in EUR'000	Carrying amount at time of acquistion	Adjustment amount*)	Fair value at time of acquistion
Assets			
Goodwill	-	1,062	1,062
Other rights	-	-	-
Software	-	-	-
Fixed assets	6	-	6
Cash and cash equivalents	928	-	928
Current assets	320	-	320
Deferred tax assets	36	-	36
	1,290	**1,062**	**2,352**
Liabilities			
Current liabilities	24	–	24
Deferred tax liabilities	1,063	-	1,063
	1,087	**-**	**1,087**
Net assets	**203**	**1,223**	**1,265**
Equity attributable to non-controlling interests			51

*) 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.

Since the date of initial consolidation, CSB Island Entertainment ApS has contributed EUR 431 thousand to revenue, EUR -152 thousand to EBIT and EUR -117 thousand to the consolidated result after minority interests.

Preliminary purchase price allocation of lit. COLOGNE GmbH and litissimo gGmbH zur Förderung der Literatur und Philosophie, both seated in Cologne

With the acquisition of 66.66% of the shares in lit.COLOGNE GmbH, Cologne and litissimo gGmbH, Cologne in 2021, DEAG is expanding its activities in the "Spoken Word" product area. Through this cooperation, DEAG expects synergy effects in the development of new formats as well as in the acquisition of new locations and in the ticketing sector.

The fixed purchase price of EUR 2.2 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 be due in 2022 to 2023 depending on the future business development of the company. In addition, the two parties have concluded an option on the purchase/sale of the remaining shares. The option is recognised in other non-current financial liabilities.

The purchase price allocation is as follows:

Share of capital and voting rights in	
lit. COLOGNE GmbH and litissimo gGmbH zur Förderung der Literatur und Philosophie, Cologne	66.66 %
Date of initial consolidation	01 July 2021
Purchase Price (in EUR'000)	2,701
Ancillary acquistion costs	38

in EUR'000	Carrying amount at time of acquistion	Adjustment amount*)	Fair value at time of acquistion
Assets			
Goodwill	-	2,031	2,031
Other rights	5	1,800	1,805
Fixed assets	40	-	40
Cash and cash equivalents	1,691	-	1,691
Current assets	697	-	697
Deferred tax assets	40	-	40
	2,474	**3,831**	**6,305**
Liabilities			
Current liabilities	2,454	-44	2,410
Deferred tax liabilities	-	553	553
	2,454	**509**	**2,963**
Net assets	**20**	**3,322**	**3,342**
Equity attributable to non-controlling interests			437

*) 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.

Since the date of initial consolidation, lit. COLOGNE and litissimo have contributed EUR 672 thousand to revenue, EUR 182 thousand to EBIT and EUR 48 thousand to consolidated net income after minority interests. Its revenue on a pro forma basis according to IFRS 3.B64(q) amounts to EUR 1,736 thousand with net result of EUR -267 thousand.

Preliminary purchase price allocation of UK Live Limited, London (Great Britain)

Through its subsidiary Kilimanjaro Holdings Ltd., DEAG acquired 89.55% of the shares in the British promoter and event organiser UK Live Limited during the financial year. With the investment in UK Live, DEAG is expanding its business activities in the UK, the company's most important secondary market. DEAG also expects the investment in UK Live to generate positive synergy effects with regard to the ticketing business in the UK.

The fixed purchase price of GBP 3.7 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 be due in the years 2022 to 2025 depending on the company's future business development. In addition, the two parties have concluded an option on the purchase/sale of the remaining shares. The option is recognised in other non-current financial liabilities.

The purchase price allocation is as follows:

Share of capital and voting rights in	
UK Live Ltd., London (Great Britain)	89.55 %
Date of initial consolidation	01 July 2021
Purchase Price (in EUR'000)	7,103
Ancillary acquistion costs	288

in EUR'000	Carrying amount at time of acquistion	Adjustment amount*)	Fair value at time of acquistion
Assets			
Goodwill	-	7,748	7,748
Other rights	-	2,000	2,000
Fixed assets	686	-	686
Cash and cash equivalents	2,279	-	2,279
Current assets	4,209	-	4,209
Deferred tax assets	506	-	506
	7,680	**9,748**	**17,428**
Liabilities			
Non-current liabiltities	874	-	874
Current liabilities	9,522	-1,529	7,993
Deferred tax liabilities	-	671	671
	10,396	**-858**	**9,538**
Net assets	**-2,716**	**10,606**	**7,890**
Equity attributable to non-controlling interests			15

*) 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.

Since the date of initial consolidation, UK Live Ltd. has contributed EUR 7,720 thousand to revenue, EUR 300 thousand to EBIT and EUR 244 thousand to the consolidated result after minority interests. The revenue on a pro forma basis according to IFRS 3.B64(q) amounts to EUR 7,720 thousand with a net result of EUR -1,050 thousand.

Preliminary purchase price allocation of Fane Productions Limited, London (Great Britain)

In 2021, DEAG acquired a 74.5% stake in Fane Productions Ltd., London/UK, a producer and organiser of literary events in the UK, through its subsidiary Kilimanjaro Holdings Ltd., London/UK. This will expand DEAG's activities in the Spoken Word product area and strengthen its position in the British entertainment market. The cooperation is also expected to generate positive synergy effects in the area of the Spoken Word, especially in relation to lit.COLOGNE.

The fixed purchase price of GBP 2.6 million was paid in cash as of the balance sheet date.

In addition, the two parties have concluded an option to buy/sell the remaining shares.

The purchase price allocation of Fane Productions Ltd. incl. its subsidiaries Fane Productions (Australia) PTY and Kontour Productions Ltd. (Great Britain) is provisional as of 31 December 2021, as the investigations with regard to the closing balance sheets and the acquired assets had not yet been completed. The disclosures in accordance with IFRS 3 are made after the purchase price allocation has been completed
.
The preliminary purchase price allocation is as follows:

Share of capital and voting rights in	
Fane Productions Ltd., London (Großbritannien) inkl. Fane Productions (Australia) PTY	74.5 %
Kontour Productions Ltd. (Großbritannien)	55.9 %
Date of initial consolidation	01 November 2021
Purchase Price (in EUR'000)	3,115
Ancillary acquistion costs	146

in EUR'000	Carrying amount at time of acquistion	Adjustment amount*)	Fair value at time of acquistion
Assets			
Goodwill	-	2,881	2,881
Other rights	57	-	57
Software	110	-	110
Fixed assets	1,573	-	1,573
Cash and cash equivalents	1,964	–	1,964
Current assets	4	-	4
	3,708	**2,881**	**6,589**
Liabilities			
Current liabilities	3,394	-	3,394
	3,394	**-**	**3,394**
Net assets	**314**	**2,881**	**3,195**
Equity attributable to non-controlling interests			80

*) 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.

Since the date of initial consolidation, Fane Productions Ltd. and its subsidiaries have contributed EUR 4,776 thousand to revenue, EUR 846 thousand to EBIT and EUR 491 thousand to consolidated profit after minority interests. The revenue on a pro forma basis according to IFRS 3.B64(q) amounts to EUR 7,285 thousand with net profit of EUR 558 thousand.

Preliminary purchase price allocation of Hans Boehlke Elektroinstallationen GmbH, Berlin

Christmas Garden Deutschland GmbH, Berlin, a 100% subsidiary of DEAG, acquired 51% of the shares in Hans Boehlke Elektroinstallationen GmbH, Berlin ("Hans Boehlke GmbH"), during the financial year. The company is active in the field of illumination and multimedia design and offers services such as trade fair and outdoor advertising lighting, indoor and outdoor lighting concepts and lighting installations. With the investment in Hans Boehlke Elektroinstallationen GmbH, DEAG is expanding its activities in the field of technology and light production.

The fixed purchase price of EUR 2.6 million and the payment into the capital reserve of EUR 0.1 million were paid in cash as of the balance sheet date. The remaining purchase price will be due in the years 2022 to 2023 depending on the future business development of the company.

As of 31 December 2021, the purchase price allocation of Hans Boehlke GmbH had not yet been completed, as investigations with regard to the closing balance sheet and the acquired assets have not yet been concluded. The disclosures in accordance with IFRS 3 are made after the purchase price allocation has been completed.

The preliminary purchase price allocation is as follows:

Share of capital and voting rights in	
Hans Boehlke Elektroinstallationen GmbH, Berlin	51.0%
Date of initial consolidation	01 December 2021
Purchase Price (in EUR'000)	2,700
Ancillary acquistion costs	95

in EUR'000	Carrying amount at time of acquistion	Adjustment amount*)	Fair value at time of acquistion
Assets			
Goodwill	-	3,063	3,063
Other rights	5	-	5
Software	1,693	-	1,693
Fixed assets	213	-	213
Cash and cash equivalents	955	–	955
Current assets	359	-	359
	3,225	**3,063**	**6,288**
Liabilities			
Non-current liabilities	1,935	–	1,935
Current liabilities	2,101	-	2,101
	4,036	**-**	**4,036**
Net assets	**-811**	**3,063**	**2,252**
Equity attributable to non-controlling interests			-397

*) 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.

Since the date of initial consolidation, Hans Boehlke Elektroinstallationen GmbH has contributed EUR 4,775 thousand to revenue, EUR 748 thousand to EBIT and EUR 511 thousand to consolidated profit after minority interests. Revenue on a pro forma basis according to IFRS 3.B64(q) amounts to EUR 6,783 thousand with net profit of EUR 206 thousand.

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**
01.01.2021	**34,104**	**21,234**	**20,519**	**2,553**	**44,306**
Reclassification	**-**	-	351	-351	**-**
Additions from initial consolidation	**16,967**	-	3,882	110	**3,992**
Additions	**494**	-	466	98	**564**
Change in scope of consolidation		-	1,105	-	1,105
Disposals		-	-2	-16	**-18**
Currency adjustments	**449**	394	772	57	**1,223**
31.12.2021	**52,014**	**21,628**	**27,093**	**2,451**	**51,172**
Acquisition or production costs					
Depreciation					
01.01.2021	**-**	**9,130**	**3,821**	**1,825**	**14,776**
Reclassification			330	-330	**-**
Additions from initial consolidation	**-**	-	78	48	**126**
Additions	**-**	1,286	1,614	223	**3,123**
Disposals	**-**	-	-	-16	**-16**
Currency adjustments	**-**	284	90	49	**423**
31.12.2021	**-**	**10,700**	**5,933**	**1,799**	**18,432**
Balance sheet values 31.12.2021	**52,014**	**10,928**	**21,160**	**652**	**32,740**

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**
31.12.2021	**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 31.12.2020	**34,104**	**12,104**	**16,698**	**728**	**29,530**

14.2 GOODWILL

As of 31 December 2020, the goodwill reported relates to the Live Touring segment with EUR 33,471 thousand (2020: EUR 16,208 thousand) and the Entertainment Services segment with EUR 18,543 thousand (2020: EUR 17,896 thousand).

The goodwill in the Live Touring segment relates to new acquired shares in UK Live with EUR 7,912 thousand, the Kilimanjaro subgroup, unchanged from the previous year, at EUR 6,475 thousand, Gigantic subgroup at EUR 4,501 thousand (31 December 2021: EUR 4,207 thousand), new acquired shares in Hans Boehlke Elektroinstallationen at EUR 3,063 thousand, new acquired shares in subgroup Fane Productions at EUR 2,900 thousand, DEAG Classics AG in the unchanged amount to the previous year of EUR 2,473 thousand, new Acquired shares in lit.COLOGNE subgroup in the amount of EUR 2,031 thousand, in the amount unchanged to the previous year of EUR 1,592 thousand to Wizard Promotions Konzertagentur GmbH, new acquired shares in CSB Island Entertainment at EUR 1,062 thousand, 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.

In the Entertainment Services segment, the AIO Group accounted for EUR 11,315 thousand (2020: EUR 10,822 thousand) and EUR 3,530 thousand to LMP/LME. The change is due to the currency-related increase of EUR 493 thousand (AIO group) and EUR 154 thousand (LMP/LME). The remaining portion of the Group's goodwill remains unchanged at EUR 1,552 thousand for the domestic sub-group C² 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 thou-sand 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. An impairment loss was identified but not recognised due to immateriality.

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).

After the transition year 2021, DEAG expects its business activities to return to almost normal in 2022, so that this temporary impairment of operating activities will not have a permanent effect on the assessment of goodwill and there is no need for impairment.

Pre-tax interest rates between 13.1% and 14.2% (previous year: between 10.3% and 10.8%) for the CGUs were determined as discount rates. The CGU AIO Group is an exception. The discount rate for this CGU is 10.2% (previous year: 7.7%).

For the reporting year and the previous year, a growth discount rate of 1% was applied in the standard year. Even after a 1 percentage point increase in the discount rate, there would be no relevant indications of impairment for goodwill, with the exception of the immaterial impairment requirement of one CGU.

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 additions mainly relate to assets acquired as a result of the acquisitions made in 2021.

The artist and agency relationships are generally amortised on a straight-line basis over 15 years, the other rights according to the respective contract term.

The remaining amortisation period for artist and agency relationships is between 1 and 8 years and between 1 and 21 years for other rights.

Trademarks are generally amortised on a straight-line basis over a period between 8 and 20 years.

Software is generally amortised on a straight-line basis over a period between 3 and 5 years.

15 PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment in financial years 2021 and 2020 was as follows:

in EUR'000

Acquisition or production costs	Land and buildings (historical cost)	Technical plant and machinery (historical cost)	Other fixtures fittings and equipment (historical cost)	Leasing rights	Total tangible assets
01.01.2021	**1,816**	**2,970**	**5,102**	**27,215**	**37,103**
Reclassification	-	122	-122	-	-
Additions from initial consolidation	992	1,227	5,897	787	8,903
Additions	21	293	930	7,825	9,069
Disposals	-	-64	-79	-1,480	-1,623
Currency adjustments	-1	42	66	27	134
31.12.2021	**2,828**	**4,590**	**11,794**	**34,374**	**53,586**

Depreciation					
01.01.2021	**620**	**1,484**	**3,405**	**7,823**	**13,332**
Reclassification	-	71	-71	-	-
Additions from initial consolidation	811	539	4,233	-	5,583
Additions	150	331	705	4,588	5,774
Disposals	-	-59	-76	-760	-895
Currency adjustments	-1	32	42	2	75
31.12.2020	**1,580**	**2,398**	**8,220**	**11,653**	**23,851**
Balance sheet values 31.12.2021	**1,248**	**2,192**	**3,574**	**22,721**	**29,735**

in EUR'000

Acquisition or production costs	Land and buildings (historical cost)	Technical plant and machinery (historical cost)	Other fixtures fittings and equipment (historical cost)	Leasing rights	Total tangible assets
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**
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 adjustments	-6	-16	-16	-1	-39
31.12.2020	**620**	**1,484**	**3,405**	**7,823**	**13,332**
Balance sheet values 31.12.2020	**1,196**	**1,486**	**1,697**	**19,392**	**23,771**

At a German subsidiary, liabilities to banks in the amount of approximately EUR 0.6 million euros (31.12.2020: 0 TEUR) were secured by land charges.

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 2021, 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

	31.12.2021	31.12.2020
Beginning of period	22,371	21,461
Additions	7,952	3,437
Interest	1,720	1,842
Payments	-6,535	-4,369
End of Period	**25,508**	**22,371**
thereof short-term	*5,215*	*4,439*
thereof long-term	*20,293*	*17,932*

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 7,481 thousand (31 December 2020: EUR 8,282 thousand). In contrast, leasing liabilities of EUR 8,965 thousand (31 December 2020: EUR 9,472 thousand) were recognised.

The maturity analysis of leasing is shown in Note 50.

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

in EUR'000

	31.12.2021	31.12.2020
Depreciation on Right of Use	4,589	3,992
Interest expense on leasing liabilities	1,720	1,842
Total	**6,309**	**5,834**

The Group's cash outflows for leases amounted to EUR 6,535 thousand in the reporting year (31 December 2020: EUR 4,369 thousand). In addition, the Group reported non-cash additions to the rights of use and leasing liabilities in 2021 in the amount of EUR 6,309 thousand (31 December 2020: EUR 5,834 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 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

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 significant investments in the income statement. The valuation as of the reporting date was carried out using DCF method. The valuation of the investment in Time Ride GmbH resulted in a fair value of EUR 859 thousand as of reporting date (31 December 2020: EUR 1,914 thousand).

In addition, the item mainly includes minority shareholdings in the UK in the amount of EUR 2,281 thousand (previous year: EUR 779 thousand) and in Switzerland in the amount of EUR 31 thousand (previous year: EUR 28 thousand).

19 OTHER NON-CURRENT FINANCIAL RECEIVABLES

Other non-current financial receivables in the amount of EUR 3,863 thousand (31 December 2020: EUR 3,865 thousand) have a term of more than one year. These essentially contain a purchase option of EUR 2,406 thousand (31 December 2020: EUR 2,391 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 51.

20 DEFERRED TAXES

The deferred tax assets in the amount of EUR 3.4 million (31 December 2020: EUR 3.2 million) mainly relate to deferred taxes on losses carried forward offset against deferred tax liabilities of EUR 1.2 million (31 December 2020: 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 first tranche of EUR 15 million was called up. The loan is granted via the principal banks. DEAG was able to waive the utilisation of the second tranche of up to EUR 10 million in December 2021 due to the Group's good liquidity situation. The loan bears an interest rate of 2% p.a. The effective interest rate of the liability is 2.2% per annum. The loan has a term of six years. After the repayment-free first year, quarterly repayment takes place starting in March 2022. Otherwise, the loan terms contain usual conditions.

In addition, DEAG has drawn on the credit lines agreed with its principal banks for working capital and acquisition and project financing totalling € 4.1 million.

There are further liabilities to banks at German subsidiaries amounting to EUR 2.0 million. These are in particular utilisations of working capital lines and investment loans.

In addition, subsidiaries of DEAG agreed with their respective principal banks on government-backed financing specifically designed to cushion the effects of the COVID 19 pandemic, which was utilised in the amount of GBP 1.4 million and CHF 1.5 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 01.01.2021	Changes in conso-lidations	Usage	Disposal	Addition	Currency adjustment	As of 31.12.2021
Contractual obligations	1,771	2,085	2,786	473	14,022	63	14,682
Personnel obligations	2,049	403	1,642	67	3,072	28	3,843
Consulting and audit fees	360	23	357	8	401	10	429
Other accruals	991	855	332	1	889	-	2,402
Total	**5,171**	**3,366**	**5,117**	**549**	**18,384**	**101**	**21,356**

in EUR‘000

	As of 01.01.2020	Usage	Disposal	Addition	Currency adjustment	As of 31.12.2020
Contractual obligations	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**

The provisions – except for EUR 662 thousand (31 December 2020: EUR 265 thousand) in provisions for personnel liabilities – are, as a matter of principle, due within one year.

The increase in provisions for contractual obligations is mainly due to contractual obligations in connection with projects postponed to 2022, particularly in the UK.

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 “Revenues.”

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 year 2018. This corporate bond was increased by 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/corporate bond.

26 OTHER CURRENT FINANCIAL AND NON-FINANCIAL LIABILITIES

Other current financial liabilities comprise the following:

in EUR'000

	31.12.2021	31.12.2020
Finance liabilities	5,960	4,776
Escrow monies from ticket sales	4,818	3,026
Other	1,332	1,936
Other current financial liabilities	**12,110**	**9,738**

The financial liabilities essentially relate to short-term leasing liabilities in the amount of EUR 5.2 million (31 December 2020: EUR 4.4 million).

Other current non-financial liabilities:

in EUR'000

	31.12.2021	31.12.2020
Tax liabilities	4,096	2,522
Vouchers	2,902	1,669
Prepayment of cooperation agreements	229	45
Social security liabilities	136	320
Other	160	78
Other current non-financial liabilities	**7,523**	**4,634**

27 OTHER NON-CURRENT FINANCIAL LIABILITIES

in EUR‘000

	31.12.2021	31.12.2020
Leasing liabilities	20,293	17,932
Contingent purchase price liabilities	6,575	2,257
Other non-current financial liabilities	**26,868**	**20,189**

EUR 8,397 thousand (31 December 2020: EUR 9,472 thousand) of the leasing liabilities relates to the lease of the Jahrhunderthalle in Frankfurt/Main and EUR 11,896 thousand (31 December 2020: EUR 8,967 thousand) to other lease obligations.

Please refer to the comments in Notes 6, 16 and 51.

28 COLLATERALISATION

To secure liabilities to banks (31 December 2021: EUR 2,208 thousand; 31 December 2020: EUR 4,375 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 140 thousand (31 December 2020: EUR 2,476 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.

At a German subsidiary, liabilities to banks in the amount of approximately EUR 0.6 million (31.12.2020: EUR 0) were secured by land charges.

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

29 EQUITY

Based on the authorisation granted by resolution of the Annual General Meeting on 27 June 2019, the share capital was increased by EUR 1,962,597.00 from EUR 19,625,976.00 by resolutions of the Executive Board and the Supervisory Board on 28 April 2021.

Thus, as of 31 December 2021, the share capital of DEAG amounts to EUR 21,588,573.00, divided into the same number of registered shares in the form of no-par value shares with a notional interest in the share capital of EUR 1.00 per share.

The capital increase was entered in the commercial register on 4 May 2021.

The share capital of the company is fully paid up.

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 are mainly consulting costs and issuing fees. The revaluation reserve for property, plant and equipment formed in previous years resulted from the revaluation of owner-occupied property after deduction of deferred taxes in accordance with IAS 16. As a result of the Jahrhunderthalle transaction, the remaining revaluation reserve was transferred in full to the capital reserve in 2015 without affecting profit or loss.

The revenue reserve in the amount of EUR -332 thousand (preious year: EUR -466 thousand) includes effects of IFRS 16 application, which are not recognised in profit or loss.

The accumulated deficit includes the consolidated 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 profit by the weighted number of shares outstanding.

The calculation of the undiluted earnings per share according to IAS 33 is based on 21,587,958 shares (21,588,573 issued shares less 615 treasury shares). The weighted average number of shares for 2021 is 20,926,590 (previous year: 19,625,361). The underlying consolidated result amounts to EUR 2,245 thousand (previous year: EUR -1,234 thousand).

Conditional capital

Based on the resolution of the Annual General Meeting of 10 June 2021, the conditional capital 2019/I was cancelled.

The resolution on the cancellation of the conditional capital (2019/I) was entered in the commercial register on 16 July 2021.

Authorised capital

The Annual General Meeting on 10 June 2021 created new authorised capital by cancelling the partially unused authorised capital (authorised capital 2019/I). The Executive Board was authorised, with the consent of the Supervisory Board, to increase the share capital by a total of EUR 9,812,988.00 until 9 June 2026 (Authorised Capital 2021/I).

The resolution on the Authorised Capital 2019/I was entered in the commercial register on 16 July 2021.

The Authorised Capital (2021/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 2021 and 2020, respectively:

in EUR'000

	As of 01.01.2021	Variance in reporting year	As of 31.12.2021
Balancing item actuarial gain or losses (IAS 19.93A)	671	29	700
Balancing item for foreign currency translation	1,283	399	1,682
Accumulated other income	**1,954**	**428**	**2,382**

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	1,077	206	1,283
Accumulated other income	**1,698**	**256**	**1,954**

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
» 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 142 thousand (2020: EUR 234 thousand) were paid to these persons and companies in the reporting year.

Executive Board

The total remuneration granted, including fringe benefits, to the Executive Board in the financial year amounted to 4.4 million euros (previous year: 2.9 million euros);

Supervisory Board

Members of the Supervisory Board are remunerated in line with the Articles of Incorporation. In the year under review, remuneration totalled EUR 161 thousand (2020: EUR 163 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

	31.12.2021	31.12.2020	01.01.2020
Trade receivables	13,294	2,329	12,704
Contractual liabilities	128,552	60,246	50,094

The increase in trade receivables by EUR 10,965 thousand and in contract liabilities by EUR 68,306 thousand is mainly due to the significantly busier operating activities in the fourth quarter of 2021 and above-average advance ticket sales for the years 2022 and 2023.

Of the trade receivables and contract liabilities, EUR 2,029 thousand and EUR 6,101 thousand, respectively, are attributable to the change in the scope of consolidation.

During financial year contractual liabilities comprises the following:

Reconcilation of contract liabilities

in EUR‘000

	2021	2020
Income included in contract liabilities at the beginning of the period	-12,982	-26,153
Additions from payments received net of amounts recoginised as sales in the reporting period	81,288	36,305
Total	**68,306**	**10,152**

The revenues mainly comprise income from customer contracts of EUR 67.0 million (2020: EUR 33.0 million) and insurance refunds of EUR 23.7 million (2020: EUR 16.9 million) for events that had to be cancelled or postponed due to official event bans. Revenues from customer contracts of EUR 52.1 million (2020: EUR 16.9 million) were generated by the Live Touring segment and EUR 20.3 million (2020: EUR 19.8 million) by the Entertainment Services segment. Revenues from customer contracts of EUR 34.6 million (2020: EUR 17.1 million) were generated in Germany, EUR and 34.6 million (2020: EUR 15.9 million) in the other core markets of DEAG, in UK, Switzerland and Denmark.

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 6.2 million (previous year: EUR 5.6 million)) incurred to achieve sales revenue are recognised as cost of sales.

33 DISTRIBUTION COSTS

Distribution costs amounted to EUR 9.7 million after EUR 6.2 million the previous year. This includes personnel expenses (EUR 1.8 million, 2020: EUR 1.7 million), system fees (EUR 1.6 million, 2020: EUR 1.4 million) and other distribution-related material costs (EUR 6.3 million, 2020: EUR 3.1 million).

34 ADMINISTRATIVE EXPENSES

Administrative expenses increased by EUR 2.7 million to EUR 18.8 million compared to the previous year. They consist of personnel expenses (EUR 9.7 million, 2020: EUR 9.7 million), other administration-related material costs (EUR 6.4 million, 2020: EUR 4.0 million) and the pro rata scheduled depreciation in the amount of EUR 2.7 million (2020: EUR 2.4 million).

35 OTHER OPERATING INCOME

Other operating income of EUR 26.7 million (previous year: EUR 13.2 million) mainly includes govern-ment grants of EUR 24.5 million from Corona aid programmes in all country markets (previous year: EUR 8.5 million). For more informa-tion, see note 6.

36 OTHER OPERATING EXPENSES

Other operating expenses decreased by EUR 0.7 million to EUR 1.2 million compared to the previous year (previous year: EUR 1.9 million). Other operating expenses mainly includes expenses for EUR 0.6 million, which relates to the business acquisitions transacted in 2021 and which cannot be capitalised.

The currency losses of EUR 13 thousand (previous year: EUR 359 thousand) were offset by currency gains of EUR 517 thousand (previous year: EUR 0 thousand) in the financial year.

37 FINANCIAL INCOME AND EXPENSES

This item breaks down as follows:

in EUR'000

	2021	2020
Interest income	89	483
Interest expense	-4,517	-4,300
other financial income or expenses	-480	-381
financing income and expense	**-4,908**	**-4,198**

Other financial expenses include capitalised financing costs incurred in connection with long-term debt.

38 INCOME FROM INVESTMENTS

The result from investments amounts to EUR -1.0 million after EUR -0.4 million in the previous year and is mainly due to the adjustment of the fair value of an investment in the amount of EUR 1.1 million.

39 INCOME TAX

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

in EUR'000

	2021	2020
Tax expenses:		
Reporting period	-2,024	-106
Previous years	-101	-347
Tax refund previous years	13	309
Deferred tax expenses/income:		
Deferrered taxes	-1,431	1,135
Temporary differences	-	-98
Tax income / expenses	**-3,543**	**893**

Income taxes include income taxes paid or payable in the respective countries and all deferred taxes. It includes corporate income tax including solidarity surcharge and trade tax as well as the corresponding 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 based on the respectively applicable national income tax rates. For domestic companies, a corporate income tax rate of 15.0% as well as an effective local trade tax rate of 15.0% were applied in the reporting year 2021. 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

	2021	2020
Result before income tax and shares of non-controlling interests	7,139	-3,780
income tax by using DEAG's tax rate (30%)	-2,142	1,134
Tax income/expenditure as per Consolidated Profit and Loss Statement	-3,543	893
Reconcilation item	**1,401**	**241**

in EUR'000

	2021	2020
Taxes previous years	-9	38
Tax-free earnings and non-deductible expenses	-393	225
Different tax rates	153	201
Addition (+) / Release (-) of valuation allowance on deferred tax	1,736	-410
Miscellaneous	-86	187
	1,401	**241**

Deferred tax assets comprise the following:

in EUR'000

	2021	2020	change not affecting net income	change affecting net income
Deferred taxes on losses carried forward	3,365	3,133	-403	635
Deferred tax assets	**3,365**	**3,133**	**-403**	**635**
Deferred tax assets that can be set off a gainst deferred tax liabilities	-1,169	-1,169		
Deferred tax assets (net)	**2,196**	**1,964**		

Deferred tax assets in respect of losses carried forward were recognised in the amount of EUR 3.4 million (previous year: EUR 3.1 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 95 million on 31 December 2021 (previous year: EUR 97 million) and around EUR 56 million for trade tax (2020: EUR 59 million).

Due to the utilisation of previously unrecognised tax losses, the current tax expense was reduced by EUR 1.1 million (2020: EUR 0.6 million).

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

in EUR'000

	2021	**2020**	**change not affecting net income**	**change affecting net income**
Deferred tax liabilities from the write-up on the myticket Jahrhunderthalle Frankfurt/Main	1,320	1,320	-	-
Deferred tax liabilities on intangible assets	7,648	5,596	-	-2,052
Other temporary differences	370	388	32	-14
Deferred taxes on the liabilities side	**9,338**	**7,304**	**32**	**-2,066**
To be settled against deferred tax assets	-1,169	-1,169		
Balance sheet value	**8,169**	**6,135**		

40 PERSONNEL EXPENSES

in EUR'000

	2021	**2020**
Salaries and wages	17,412	14,726
Social security contribution	1,890	1,965
Total	**18,662**	**16,691**

Personnel expenses relate entirely to the continuing operations.

The previous year's personnel expenses were mainly influenced by the use of short-time work and the associated reduction in working hours and reimbursement of social security contributions as well as lower performance-related remuneration. Due to the increasing recovery of operating business activities, especially from the third quarter of 2021 onwards, less short-time work was used. Furthermore, the increase is due to higher provisions from personnel obligations in the reporting year.

41 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.

42 CASH FLOW STATEMENT

The liquid funds relate exclusively to cash and cash equivalents. The changes in the scope of consolidation resulted in the following changes in cash and cash equivalents and other assets and liabilities:

	2021	**2020**
Cash Outflow	6,818	119
Additions to fixed assets	2,535	115
Additions of other assets	29,742	38
Additions other debt	**21,233**	**272**

The payments resulting from the addition to the scope of consolidation in the amount of EUR 6,818 thousand relate to EUR 6,684 thousand of cash and cash equivalents (over which control was obtained) and EUR 13,502 thousand to the remuneration paid.

Income taxes amounting to EUR 683 thousand (previous year: EUR 1,018 thousand) were paid, which were classified as cash flow from operating activities.

43 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 (2020: EUR 0.8 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 120 thousand (2020: 76 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 2021. 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.

44 AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

Headcount

	2021	2020
Live Touring	150	119
Entertainment Services	114	115
DEAG Holding	33	38
Total	**297**	**272**

As of 31 December 2021, the Group counted 412 employees in continuing operations (31 December 2020: 299 employees).

45 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 1,499 thousand existed (previous year: EUR 1,229 thousand).

This includes EUR 1,293 thousand (2020: EUR 1,181 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 predo-minantly 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. Insofar 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.

In connection with the elimination of the consequences of the COVID-19 pandemic, the Group has applied for and received governmental support payments and applied a safety discount.

The support payments are subject to final settlements. In this respect, asset reductions or increases may result if and to the extent that the safety margin is set too low or too high.

The potential reduction from passive proceedings is EUR 1.4 million.

46 OTHER FINANCIAL OBLIGATIONS

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

2021 in EUR‘000

	Artist guarantees	Rent and leasing	Other	Total
2022	67,199	957	905	69,061
2023-2026	5,380	1,043	869	7,292
Total	**72,579**	**2,000**	**1,774**	**76,353**

There are no obligations for more than 5 years.

Other financial obligations of the previous year related to:

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**

47 AUDIT FEES

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

in EUR‘000

	2021	2020
Audit fees	195	163
Other services rendered	40	72
Gesamt	**235**	**235**

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 2021.

Other services relate to services in connection with subsidies and the capital increase (previous year: acquisition services).

48 LEGAL DISPUTES

Various DEAG Group companies are involved in legal or out-of-court disputes. We refer to Note 45 for the possible effects.

49 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, 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 2021, 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.

50 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.

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 or decrease of the EURIBOR by 1%, interest would increase or decrease by EUR 791 thousand (previous year: EUR 233 thousand) as far as floating rate interest financing is concerned.

In the event of a hypothetical increase (decrease) of the interest premium by 0.25%, interest would increase (decrease) by EUR 198 thousand (previous year: EUR 58 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, minor currency hedging transactions in GBP for intercompany loans 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, the credit standing is also 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.

Financial risks

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

DEAG has set up a Group-wide monitoring system to identify and counteract any risks to the company as a going concern at an early stage. At present, monitoring is carried out to a large extent by the Executive Board and the Corporate Controlling department at headquarters. The monitoring and control system focuses, among other areas, on the liquidity planning of all operative Group companies.

In addition, DEAG has therefore agreed extensive framework lines with its principal banks, which are held for the purposes of acquisition financing in the amount of EUR 7.5 million (previous year at EUR 6.0 million), pre-financing of tour and concert events (unchanged from the previous year at EUR 6.0 million) and ongoing business (EUR 10.5 million, previous year: EUR 13.0 million), and which have been granted until further notice.

The current interest rate of the respective drawings and drawdowns is based on the general development of the EURIBOR.

The respective financing conditions reflect the favourable market level as well as DEAG's rating. The credit lines could be terminated on the basis of the general terms and conditions of business if the asset, financial and earnings positions of the DEAG Group have deteriorated in the long term compared to the time at which they were granted and compensatory measures (such as the provision or strengthening of bank collateral to secure the respective claims) are not successful.

In October 2018, DEAG issued a corporate bond in the amount of EUR 20.0 million. This corporate bond was increased by a further EUR 5.0 million in 2019. The bonds from the corporate bond 2018/2023 are admitted to trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The bonds bear interest at a rate of 6% p.a. Interest is payable annually in arrears in October of each year. Unless already redeemed in whole or in part or purchased and cancelled, DEAG is obliged to redeem the bonds at par 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 first tranche of EUR 15 million has been drawn down in full. The loan was extended via the house banks. DEAG was able to forego drawing on the second tranche of up to EUR 10 million in December 2021 due to the Group's good liquidity situation. The loan has an interest rate of 2% p.a. The term of the loan is six years. After the grace period of the first year, the loan will be repaid on a quarterly basis starting in March 2022. The terms of the loan include the usual conditions.

Furthermore, subsidiaries of DEAG agreed government-backed financing in the amount of GBP 4.4 million and CHF 1.6 million with their respective principal banks.

The financial and non-financial covenants vis-à-vis credit institutions are monitored on an ongoing basis.

DEAG is dependent on successful ticket sales and thus a positive business performance to finance its operating business, including organic and external growth. In individual cases, DEAG has entered into obligations (especially for fee payments) and must make advance payments on the liquidity side, as there are temporary differences between the outgoing payments and incoming payments from ticket sales. In these cases, the relevant advance costs would have to be covered from other sources – from other uncommitted financial resources or by drawing on credit lines with the house banks, for example.

Based on turnover and earnings forecasts and the liquidity derived from them, the Executive Board considers 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.

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 power 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).

The following tables show the contractually fixed payments from financial liabilities. In the case of variable interest payments, the interest rate level valid on the balance sheet date is used as a basis

2021 (in EUR'000)

	due within 1 year	due > 1 year until 5 years	due > 5 years	Total
Non-derivative financial liabilities	***41.145***	***59.810***	***7.415***	***108.370***
Liabilities against banks and other financial liabilities				
- Repayment	5,318	18,435	-	23,753
- Interest expenses p.a. (3.00 %)	160	2,212	-	2,372
Trade accounts payable	23,717	-	-	23,717
Bond	-	24,231	-	24,231
- Interest expenses p.a. (6.00 %)	1,500	1,125	-	2,625
Leasing liabilities	5,215	14,191	6,102	25,508
Other non-derivative liabilties	6,895	2,953	1,313	11,161
Derivative financial liabilities	***-***	***806***	***1,503***	***2,309***

2020 (in EUR'000)

	due within 1 year	due > 1 year until 5 years	due > 5 years	Total
Non-derivative financial liabilities	***34.360***	***43.801***	***8.311***	***86.472***
Liabilities against banks and other financial liabilities				
- Repayment	14,598	7,800	897	23,295
- Interest expenses p.a. (2.63 %)	384	205	24	613
Trade accounts payable	10,024	-	-	10,024
Bond	-	24,261	-	24,261
- Interest expenses 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	1,222	-	6,521
Derivative financial liabilities	***-***	***1,035***	***-***	***1,035***

51 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 6.

Financial assets and liabilities oft he Group are categorised in accordance with IFRS 9 as follows

in EUR'000

	31.12.2021	31.12.2020
Financial assets measured at fair value through in profit or loss	3,265	4,305
Financial assets measured at amortised cost	145,639	68,467
Financial liabilities measured at fair value in profit or loss	6,575	2,256
Financial liabilities measured at amortised cost	104,104	87,251

Of the financial assets, a call option worth EUR 2,406 thousand (previous year: EUR 2,391 thousand) and an investment worth EUR 859 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 6,575 thousand (previous year: EUR 2,256 thousand) are recognised in profit or loss at fair value (see also Notes 26 and 27).

In 2021 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.

DEAG assumes 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.

The book values of the long-term liabilities to banks amount to TEUR 18,435 (previous year: TEUR 8,697). The fair value as at 31 December 2021 is TEUR 16,834 (previous year: TEUR 7,972) assuming a market interest rate of 6% p.a. (coupon of the corporate bond 2018/2023).

Furthermore, it is assumed that the carrying amount of the bond is close to the fair value, as the bond is quoted at close to 100% at the balance sheet 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

	31.12.2021	31.12.2020
Financial assets measured at fair value in profit or loss	-1,055	517
Financial liabilities measured at fair value in profit or loss	-	1,094
Financial assets measured at amortised cost	4	-37
Financial liabilities measured at amortised cost	-3,682	-4,312
Total	**-4,733**	**-2,738**

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

The adjustment of the fair value of the investment in the amount of EUR 1.1 million is shown in the income from investments. Please refer to note 18.

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

Assets valued at fair value (in EUR'000)

	2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments (Note 18)	859	-	-	859
Call option (Note 19)	2,406	-	-	2,406

Liabilities valued at fair value (in EUR'000)

	2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Contingent purchase price liabilities (Notes 26 and 27)	6,575	-	-	6,575

Assets valued at fair value (in EUR'000)

	2020			
	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			
	Total	**Level 1**	**Level 2**	**Level 3**
Contingent purchase price liabilities (Notes 26 and 27)	2,256	-	-	2,256

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 call option was determined using the DCF method. The valuation was based on budget drawn up by the local management. An interest rate of 14.1% (previous year: 10.3%) 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 1.200 thousand (previous year: EUR 257 thousand) – without taking currency effects into account.

The contingent purchase price liabilities relate to variable purchase price components (earnout obligations) of EUR 4,251 thousand (previous year: EUR 828 thousand, for acquisitions of shares depending on future business development and EUR 2,324 thousand (previous year: EUR 1,428 thousand) to purchase price obligations related to put options on minority interests. The respective valuation is based on the DCF method. The valuations were based on budgets drawn up by the local management. A weighted interest rate of 6.0% (previous year: 5.8%) was used as the discount rate to determine the present values of the long-term earn-out obligations and the put options. In the event of a hypothetical increase (decrease) in the discount rate by 1.0%, these obligations would increase (decrease) by EUR 62 thousand (previous year: EUR 388 thousand) without taking exchange rate effects into account.

The valuation of the contingent purchase price liabilities was carried out taking into account the individually applicable framework conditions defined in the respective purchase agreements. The calculation bases include, among others, period-specific target sales and earnings figures from the relevant planning calculations. To determine the fair values, the cash flows are discounted on the basis of capital market theoretical methods.

52 EXEMPTION FROM DISCLOSURE IN ACCORDANCE WITH SEC 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

53 SUBSEQUENT EVENTS

The Russian-Ukrainian conflict reached the next stage of escalation on 24 February 2021, with Russia extending the invasion that began in 2014 to the entire territory of Ukraine. The war that has been going on since then will have a global impact, but especially on the European and thus also the German economy, and will affect the entire live entertainment industry. The consequences for the Group that could result from this situation are not yet foreseeable at this point in time.

Beyond that, from the perspective of the Executive Board, no other significant events have occurred in the period from 1 January 2022 to the date of publication of this report.

54 PERSONNEL MATTERS

Executive Board Members

Prof. Peter L.H. Schwenkow

Place of residence	Berlin
Profession	Chief Executive Officer
Responsibility within the Group	Strategic Business Development and Operations, Public Relations

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

Detlef Kornett

Place of residence	Kleinmachnow
Profession	Kaufmann, Executive Board Member (Chief Marketing Officer)
Responsibility within the Group	Marketing, International Business Affairs

Roman Velke

Place of residence	Berlin
Profession	Dipl.-Kaufmann, Chief Financial Officer
Responsibility within the Group	Finance, Investor Relations, Taxes

Moritz Schwenkow

Place of residence	Berlin
Profession	Dipl.-Kaufmann, Chief Ticketing Officer
Responsibility within the Group	Ticketing

Supervisory Board Members

Wolf-Dieter Gramatke

Place of residence	Salzhausen/Luhmühlen
Position on Supervisory Board	Chairman of the Supervisory Board
Profession	Freelance media consultant

Michael Busch

Place of residence	Krems II
Position on Supervisory Board	Vice-Chairman of the Supervisory Board
Profession	Management consultant

Tobias Buck

Place of residence	London (Great Britain)
Position on Supervisory Board	Board member
Profession	Private Equity Investor, Advisor

55 DATE OF RELEASE FOR 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 30 March 2022. The financial statements are to be approved at the meeting of the Supervisory Board on 30 March 2022.

Berlin, 30 March 2022

DEAG Deutsche Entertainment Aktiengesellschaf

The Executive Board

Prof. Peter L.H. Schwenkow

Christian Diekmann

Detlef Kornett

Roman Velke

Moritz Schwenkow

DECLARATION BY THE STATUTORY REPRESENTATIVES

We hereby assure that, 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 asset, financial and earnings positions 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 and DEAG AG, together with a description of the principal opportunities and risks associated with the expected development of the DEAG Group and DEAG AG.

Berlin, 30 March 2022

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

Audit 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 / Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. We have also audited the Combined Management Report and Group Management Report of DEAG Deutsche Entertainment Aktiengesellschaft for the financial year from 1 January 2021 to 31 December 2021.

In our opinion, based on the findings of our audit,

- the enclosed Consolidated Financial Statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) German Commercial Code (HGB) and give a true and fair view of the financial position of the Group as of 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in accordance with these requirements; and

- the enclosed Combined Management Report and Group Management Report as a whole provide a suitable view of the Group's position. In all material respects, the Combined Management Report and Group Management Report are consistent with the Consolidated Financial Statements, comply with German legal requirements and suitably presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the Consolidated Financial Statements and the Combined Management Report and Group Management Report.

Basis for the audit judgements

We conducted our audit of the Consolidated Financial Statements and the Combined Management Report and Group Management Report in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report and Group Management Report" section of our Auditor's Report. We are independent of the Group entities in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the Consolidated Financial Statements and the Combined Management Report and Group Management Report.

Other information

The legal representatives are responsible for the other information. The other information includes:

- the other parts of the Annual Report, with the exception of the audited Consolidated Financial Statements and Combined Management Report and Group Management Report, as well as our Auditor's Report

The Supervisory Board is responsible for the following other information:

- the Report of the Supervisory Board in the 2021 Annual Report

Our audit opinions on the Consolidated Financial Statements and the Combined Management Report and Group Management Report do not cover the other information and, accordingly, we do not express an opinion or any other form of conclusion on it.

In connection with our audit, we have a responsibility to read the other information and, in doing so, assess whether the other information:

- is materially inconsistent with the Consolidated Financial Statements, the Combined Management Report and Group Management Report or our knowledge obtained in the audit; or

- is materially inconsistent with the Consolidated Financial Statements, the Combined Management Report and Group Management Report or our knowledge obtained in the audit; or

Responsibility of the legal representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report and Group Management Report

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e Abs. 1 German Commercial Code (HGB) and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is 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, management is responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to a going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

Furthermore, management is responsible for the preparation of the Combined Management Report and Group Management Report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the Consolidated Financial Statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) it determines are necessary to enable the preparation of the Combined Management Report and Group Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the Combined Management Report and Group Management Report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the Consolidated Financial Statements and the Combined Management Report and Group Management Report.

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

Our objective is to obtain reasonable assurance as to 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 a suitable view of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an Auditor's Report that includes our audit opinion on the Consolidated Financial Statements and 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 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements 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 made on the basis of these Consolidated Financial Statements and Combined Management Report and Group Management Report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement of the Consolidated Financial Statements and 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 audit opinion. The risk of not detecting material misstatements is higher in the case of non-compliance than in the case of misstatements, as non-compliance can involve fraud, forgery, intentional omissions, misleading representations or the override of internal controls.

- We obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statements and of the arrangements and actions 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 those systems.

- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- we conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that could 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 our Auditor's Report to the related disclosures in the Consolidated Financial Statements and the Combined Management Report and Group Management Report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions could result in the Group being unable to continue as a going concern.

- we assess the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that the Consolidated Financial Statements give a true and fair view of the asset, financial and earnings positions of the Group in accordance with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to Section 315e Abs. 1 German Commercial Code (HGB).

- we obtain sufficient appropriate audit evidence regarding the accounting¬ information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements and on the Combined Management Report and Group Management Report. We are responsible for the direction, supervision and performance of the audit of the Consolidated Financial Statements. We are solely responsible for our audit opinions.

- we assess the consistency of the Combined Management Report and Group Management Report, its compliance with the law and the understanding of the Group's position given by it.

- We perform audit procedures on the forward-looking statements made by management in the Combined Management Report and Group Management Report. On the basis of sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

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

Berlin, 30 March 2022

Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Udo Heckeler	David Reinhard
German Public Auditor	German Public Auditor

LEGAL NOTICE

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MORE INFORMATION

This Financial Report and the latest information on DEAG and the DEAG bond 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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