Annual Report **2020**

eventim

KEY GROUP FIGURES

	2020	2019 [1]	2018	2017
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	256,840	1,443,125	1,241,689	1,033,980
EBITDA	-7,116	284,278	225,166	201,626
EBITDA margin	-2.8%	19.7%	18.1%	19.5%
EBIT	-62,933	230,194	187,691	165,730
EBIT margin	-24.5%	16.0%	15.1%	16.0%
Normalised EBITDA	-2,940	286,489	228,061	204,741
Normalised EBIT before amortisation from purchase price allocation	-46,185	242,928	202,552	181,542
Normalised EBITDA margin	*-1.1%*	*19.9%*	*18.4%*	*19.8%*
Normalised EBIT margin before amortisation from purchase price allocation	*-18.0%*	*16.8%*	*16.3%*	*17.6%*
Non-recurring items [2]	4,175	2,211	2,896	3,115
Amortisation resulting from purchase price allocation	12,573	10,522	11,965	12,698
Earnings before tax (EBT)	-102,028	224,018	192,904	170,792
Net result attributable to shareholders of CTS KGaA	-82,259	132,900	118,504	112,808
	[EUR]	[EUR]	[EUR]	[EUR]
Earnings per share [3], undiluted (= diluted)	-0.86	1.38	1.23	1.18
	[Qty.]	[Qty.]	[Qty.]	[Qty.]
Number of employees [4]	2,409	3,202	3,063	3,020
Of which temporary	(153)	(502)	(473)	(580)

[1] *The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 were not adjusted. Effect of IFRS 16: normalised EBITDA/EBITDA EUR +18,635 thousand, normalised EBIT before amortisation of purchase price allocation/EBIT EUR +870 thousand*

[2] *Cf. page 37 for non-recurring items for the years 2020 and 2019*

[3] *Number of shares: 96 million*

[4] *Number of employees at end of year (active workforce)*

CONTENT

1. LETTER TO THE SHAREHOLDERS

Klaus-Peter Schulenberg
Chief Executive Officer

Dear Sirs/Mesdames,

2020 has asked a lot from all of us – from society as a whole and especially from the CTS Group, our business partners and our employees. Never before has our capability been put to such a test of mettle as in this time of the COVID-19 pandemic. Concert halls, arenas and cultural venues have been empty and forlorn for months now, by order of government authorities. An entire industry has effectively been disbarred from working. This situation now weighs heavily on our performance figures for the past financial year, following our record-breaking year in 2019.

The crisis has spotlighted how right and important it was to have conducted our business affairs with such enormous prudence in past years. On this stable financial foundation, we were able to respond immediately to the new challenges with an adjusted cost structure and even greater efficiency.

Investments were also reduced to a minimum. Thanks to your support, we refrained from distributing a dividend for 2019. In key European markets, we have also implemented promoter voucher solutions as provided for by law, in order to safeguard the liquidity of promoters; in Germany, we played a major role in initiating this all-important option. Our robust financial position as per 31 December 2020 is manifested by our cash and cash equivalents figure of EUR 741 million.

Never at any stage, therefore, did the CTS Group experience any kind of shock paralysis. It was clear to us from the very beginning that we would emerge stronger from this crisis by relying fully on our core competencies – technology and industry know-how.

As a direct response to the hazards posed by the coronavirus, we have developed powerful software solutions to protect the health of people attending events. Algorithms control the allocation of seats and automatically ensure compliance with minimum distancing. Our newly-developed EVENTIM.CheckIn technology allows visitors to events to have their personal data conveniently recorded from their mobile phone, either in advance or directly on admission to the respective event.

Since the end of 2020, we have been supporting the health authorities in Germany and Austria with a software solution for allocating and organising vaccination appointments. The system, which is based on our proven ticketing software, is designed for high levels of peak demand. Several tens of thousands of appointments can be provided within just a few minutes. Highest priority is assigned to protecting against tampering and cyberattacks, and to ensuring privacy.

Since last year, our product portfolio has also included our proprietary streaming platform, which is linked to the Eventim systems for ticket sales and access control. It is available meanwhile to more than a dozen national companies.

We have also pushed ahead with the international expansion of our EVENTIM LIVE promoter network. At the start of 2020, we established the Gadget abc Entertainment Group in Switzerland, signed a partnership deal with Michael Cohl, the legendary US promoter, and acquired a majority stake in the Barracuda Group in Austria. The DreamHaus agency headed by Matt Schwarz joined our family of promoters at the beginning of 2021, bringing the network to a total of 36 promoters in 15 countries.

The events industry acknowledges this commitment on our part – in its highly regarded rankings for promoters, the U.S. music magazine Pollstar ranked EVENTIM LIVE second worldwide and even first in Europe in 2020.

In Ticketing we concluded new partnership agreements for top-level sports events such as the European Handball Championships in 2022 and 2024, and for next year's European Basketball Championships. EVENTIM Sports, the specialist for the sports market, has signed long-term partnership agreements for ticketing and other services with Werder Bremen and Hannover 96, two long-standing football clubs.

So we have every reason to look optimistically towards the future. The performance of our shares since August 2020, which has been very encouraging, may be an indication that we are right to be optimistic.

Everything depends on the pace at which the populace is vaccinated against the virus. The rush to get tickets in areas where the vaccination rate is relatively high and where clear-cut plans for re-opening have been made, as in Israel or Great Britain, is documentation of people's longing for culture and live entertainment. We know from our own survey among thousands of our customers early this year that over 80% of respondents would start attending events again within the first three months of approval being given.

In view of the increasing availability of vaccines and rapid tests, and the progress of vaccination campaigns, there are good prospects that our industry can start getting back to normal over the next few months. It remains to be seen whether the much-cited 'golden age of live entertainment' will materialise. It may take a little longer than hoped. One thing is certain – music, art and culture are essential for cohesion in our society and for interaction between people. When concert halls, arenas and open-air venues are allowed to fill again, we will be ready and ideally positioned to offer people a live event experience that is safe, untroubled and unforgettable.

I would like to thank our employees, partners and customers in Germany and around the world and especially you the shareholders, of course, for the trust and confidence you have shown in us in what has been an unusual year full of challenges for all of us. I look forward to progressing with you all along on the path we share and to making the most of the opportunities that lie ahead.

Yours very sincerely,

Klaus-Peter Schulenberg
Chief Executive Officer

EVENTIM Management AG,
general partner
of
CTS Eventim AG & Co. KGaA

2. REPORT BY THE SUPERVISORY BOARD

Dr. Bernd Kundrun
Chairman

REPORT BY THE SUPERVISORY BOARD OF CTS EVENTIM AG & CO. KGaA (HEREINAFTER: CTS KGaA) ON THE ANNUAL FINANCIAL STATEMENTS, THE CONSOLIDATED FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT FOR THE COMPANY AND THE GROUP AS A WHOLE FOR THE FINANCIAL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020.

I. During the period under review, the members of the Supervisory Board included Dr. Bernd Kundrun (Hamburg), Prof. Jobst W. Plog (Hamburg) and Dr. Juliane Thümmel (St. Gilles). Mr. Justinus J.B.M. Spee (Amsterdam) was a member of the Supervisory Board from 1 January 2020 to 3 July 2020.

Dr. Bernd Kundrun acted continuously as chairman of the Supervisory Board. Vice Chairman was until 3 July 2020 Justinus J.B.M. Spee, and Prof. Jobst W. Plog from 4 July 2020. No committees were formed.

II. During the reporting year, the Supervisory Board fulfilled its responsibilities as required by law and the articles of association. It was regularly informed by the Management Board of the general partner of CTS KGaA, EVENTIM Management AG, Hamburg, Germany (hereinafter: corporate management), promptly and extensively, both in writing and verbally, about all issues relevant for corporate planning and strategic development, about the progress of business activities and about the situation of the Group, including risks and opportunity management. The effects of the COVID-19 pandemic on the company and the measures to be taken in this context were also extensively discussed with the corporate management.

The Supervisory Board regularly provided corporate management with advice concerning the management of the company and monitored how the company and the Group were managed. It ensured that management of the company was lawfully conducted and was involved in all decisions of fundamental importance for the company. After thorough examination and consultation, the Supervisory Board submitted its opinion on corporate management's reports and resolutions to the extent required by law and by the provisions of the articles of association. Decisions were also made using the written procedure, whenever so required.

In the reporting year, the Supervisory Board met on 11 March 2020 ('financial statements meeting'), 11 May 2020, 28 August 2020 and on 12 November 2020. Corporate management also took part in these meetings and had an opportunity to comment on transactions of importance for the company. The Supervisory Board was kept informed by corporate management not only at Supervisory Board meetings, but also outside of such meetings, such as in the case of transactions of special importance or urgency.

All members of the Supervisory Board took part in the meetings in the year under review. Due to the COVID-19 pandemic, participation was partly in the form of video or telephone conferences to protect the health of those involved.

On the basis of the submitted reports and other information, the Supervisory Board examined the general business development of the company and its subsidiaries and placed a special focus on the achievement of the budgeted key performance indicators for revenue and earnings as well as the development of cash flow and the main projects of the company and it's subsidiaries.

III. At the company's Annual Shareholders' Meeting in virtual form in accordance with the 'Act on Measures in Company, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID-19 Pandemic' without physical presence of the shareholders or their authorised representatives, on 19 June 2020, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, was elected as auditor for the annual financial statements as of 31 December 2020 and for the consolidated financial statements as of 31 December 2020. The audit mandate was duly granted by the Chairman of the Supervisory Board on behalf of all Supervisory Board members.

The 2020 annual financial statements, the 2020 consolidated financial statements, the combined management report and the respective audit reports were submitted by the general partner to the Supervisory Board in a timely manner and were examined by the Supervisory Board.

At the Supervisory Board meeting on 17 March 2021, corporate management and the Supervisory board discussed in detail the annual financial statements and the consolidated financial statements for 2020 as well as the combined management report and the general partner's proposal for appropriation of profits. The Supervisory Board was able to confer with the auditor, who also attended the meeting.

The annual financial statements were prepared by the general partner in compliance with the statutory regulations and were issued with unqualified audit opinions by the auditor.

According to the conclusive findings of its examination, the Supervisory Board raises no objections to the annual financial statements prepared by corporate management and recommends that the Annual Shareholders' Meeting approve the annual financial statements. The Supervisory Board also approves the consolidated financial statements prepared by the general partner for the 2020 financial year, to which no objections are raised. The Supervisory Board has reviewed and approved the general partner's proposal for appropriation of the balance sheet profit as it feels it appropriately takes into account the interests of the company and its shareholders.

IV. The general partner has prepared a report on the relationships with affiliated companies (dependency report) for the financial year from 1 January to 31 December 2020 in accordance with § 312 German Stock Corporation Act (AktG). The report states that, judging from the circumstances known by the general partner at the time legal transactions requiring disclosure were conducted, the company received adequate consideration in each case and that reportable measures requiring disclosure were neither effected nor waived at the behest or in the interest of affiliated companies within the meaning of § 312 AktG in the 2020 financial year.

The auditing firm provided the following unqualified audit opinion regarding the findings obtained during its audit of the report on dependencies. The Supervisory Board has likewise examined the dependencies report and concurs with the audit findings. According to the conclusive findings of the Supervisory Board's examinations, no objections are raised against the final declaration by the general partner contained in said report.

V. Due to a German law intended to strengthen non-financial reporting in companies (CSR Directive Implementation Act – CSR-Richtlinie-Umsetzungsgesetz) the CTS Group reports separately on non-financial aspects of its activities. In line with its legal options, the company decided to prepare a separate combined non-financial report for the group, as required by §§ 315b, 315c in conjunction with 289c-289e HGB, in addition to the combined management report. That report is permanently available on the company's website.

In November 2020, the Supervisory Board commissioned the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, to carry out a limited assurance engagement on the non-financial report for the group. KPMG AG Wirtschaftsprüfungsgesellschaft issued an unqualified opinion on the basis of this engagement. This means that, on the basis of the assurance engagement procedures performed and the evidence obtained, the auditor did not become aware of any matters that would lead to the view that the non-financial statements for the group for the period 1 January to 31 December 2020 had not been prepared, in all material respects, in accordance with §§ 315b, 315c in conjunction with 289c-289e HGB.

The combined non-financial report for the group and the audit opinion of KPMG AG Wirtschaftsprüfungsgesellschaft were submitted to the members of the Supervisory Board in a timely manner. The Supervisory Board intensively discussed, reviewed and approved the non-financial report for the group at its meeting on 17 March 2021. It was unable to ascertain any grounds for objection to the non-financial report for the group or the opinion on the results of the limited assurance engagement performed by KPMG AG Wirtschaftsprüfungsgesellschaft.

VI. Conflicts of interest, as defined by the German Corporate Governance Code, did not arise in connection with the members of the Supervisory Board in the reporting year. On 10 December 2020, the Supervisory Board and the general partner issued their most recently updated joint declaration of compliance with the German Corporate Governance Code, in accordance with § 161 AktG. This declaration was published on 14 December 2020 on the company website at www.eventim.de.

The Supervisory Board would like to thank the corporate management and all of the company's employees for their work in the 2020 financial year.

17 March 2021

Dr. Bernd Kundrun
Chairman

Prof. Jobst W. Plog
Vice Chairman

Dr. Juliane Thümmel

3. CTS EVENTIM SHARE

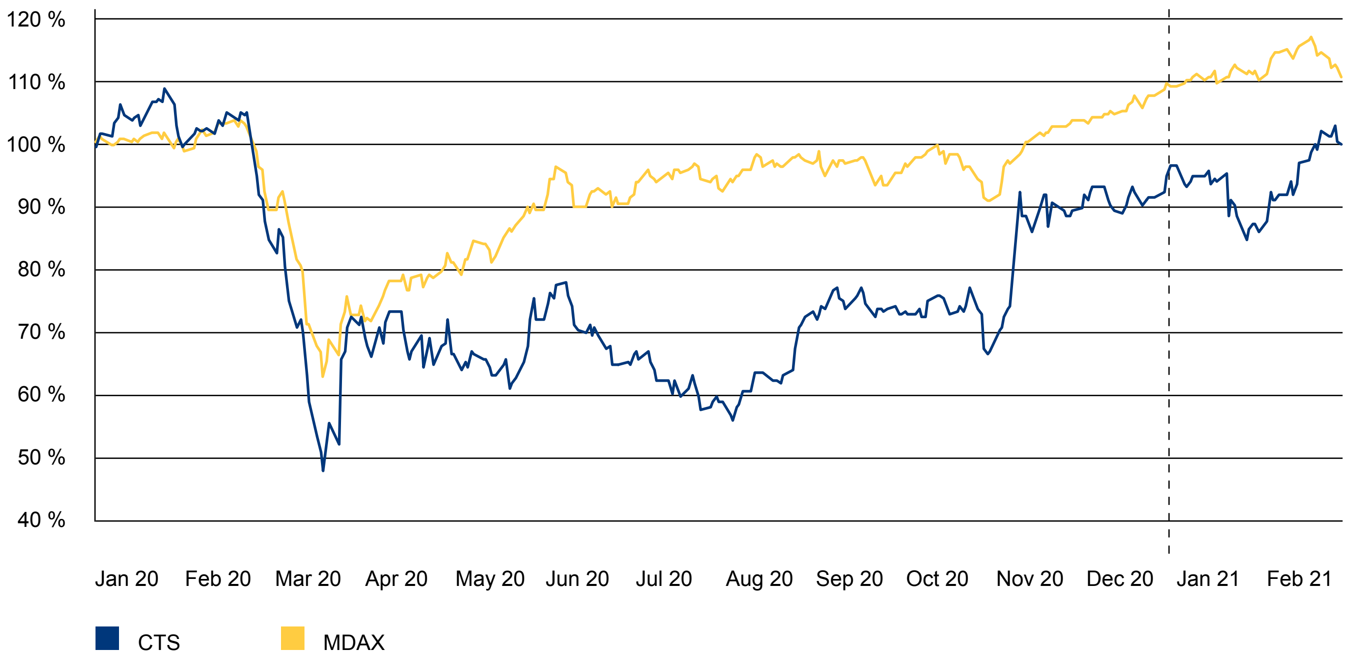
The stock market year 2020 was shaped by the coronavirus crisis and the responses to the COVID-19 pandemic. While the global share indices reached new highs in the first weeks of 2020, the months of February and March saw a significant market correction. The reason for this was the daily increasing extent of the COVID-19 pandemic, which led to a first worldwide lockdown in various forms. In the wake of an effective slowdown in the spread of the coronavirus due to global lockdown measures, the global stock markets likewise recovered. Despite the increase in infection numbers due to a stronger spread of the coronavirus from late summer 2020 and renewed lockdown measures from November 2020 onwards, the global stock markets closed at price levels from before the coronavirus crisis or even above.

The business development of CTS KGaA was strongly affected by the COVID-19 pandemic. Due to the prohibition of public events and Europe-wide contact restrictions in the form of 'social distancing', revenue in Live Entertainment and Ticketing were immediately reduced to a significant extent. Although the MDAX reference index was able to recover from the market correction from April 2020, the COVID-19 pandemic continued to weigh on the share prices of various companies in the entertainment and travel industry – and therefore also on the CTS EVENTIM share. The increasing confidence of market participants in the second half of the year and, in particular, the successful development of vaccines, caused a spontaneous recovery in the share prices of companies in the entertainment and travel industry. As a result, the CTS EVENTIM share had almost made up for the losses suffered in the 2020 financial year in the wake of the coronavirus crisis by the end of the year. The price of the CTS EVENTIM share on 31 December 2020 was only 3% below its initial price in the past financial year. This shows that even in a year of crisis, in which the business model of CTS KGaA was subjected to enormous stress, the value of the CTS EVENTIM share was almost maintained.

CTS KGaA enjoys great interest on the capital market among investment banks. Various analysts follow the CTS EVENTIM share on an ongoing basis and issue their investment recommendations. Currently, investment recommendations have been issued by Baader Helvea, Bank of America, Berenberg, Commerzbank, DZ Bank, Kepler Cheuvreux and Nord LB.

Despite the travel restrictions due to the COVID-19 pandemic, CTS KGaA continued to present itself to a large number of international and national investors in the 2020 financial year, focusing increasingly on virtual formats. Irrespective of the further course of the COVID-19 pandemic, CTS KGaA will continue to maintain and expand its excellent relationships with the various capital market participants in 2021. The objective of the CTS EVENTIM investor relations strategy remains transparent and direct communication with the capital markets as well as a continuous increase in the level of awareness of CTS EVENTIM on the global capital markets.

CTS EVENTIM SHARE PRICE (1 JANUARY 2020 TO 26 FEBRUARY 2021 – INDEXED)



Type of shares	No-par value ordinary bearer shares
ISIN number	DE 000 547 030 6
Symbol	EVD
First listed	01.02.2000
Stock exchange segment	Prime Standard
Indices	MDAX; Prime All Share
Sectoral index	Prime Media

	2020	2019
	EUR	EUR
Earnings per share	-0.86	1.38
High (Xetra)	61.30	57.65
Low (Xetra)	27.54	32.58
Year-end-price (Xetra)	54.40	56.05
Market capitalisation (based on year-end-price)	5,222,400,000	5,380,800,000
Shares outstanding on 31.12.	96,000,000	96,000,000
Share capital after IPO	12,000,000	12,000,000

CHANGES IN COMPANY SHARES OR FINANCIAL DERIVATIVES RELATING TO SUCH SHARES ON THE PART OF CORPORATE MANAGEMENT AND SUPERVISORY BOARD MEMBERS

During the reporting period, the following transactions were carried out by members of the corporate management and Supervisory Board of the CTS KGaA with no-par value bearer shares of the company:

Name	Position	Transaction	Date	Number of shares
Dr. Bernd Kundrun	Chairman of Supervisory Board	Sale	24.02.2020	7,300
Dr. Bernd Kundrun	Chairman of Supervisory Board	Acquisition	23.03.2020	20,000
Dr. Bernd Kundrun	Chairman of Supervisory Board	Sale	23.09.2020	13,000
Prof. Jobst W. Plog	Member of Supervisory Board	Sale	10.11.2020	2,100

4. COMBINED MANAGEMENT REPORT

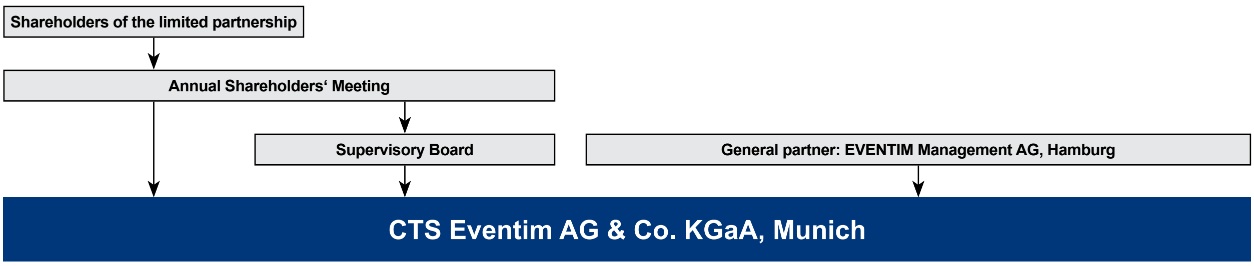
1. PRELIMINARY STATEMENTS

In addition to the annual financial statements for CTS Eventim AG & Co. KGaA, Munich (hereinafter: CTS KGaA) in accordance with the accounting legislation in the German Commercial Code (Handelsgesetzbuch – HGB), the corporate management has also prepared consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), complying thereby with all IFRS and IFRIC Interpretations as applicable in the European Union (EU) on the balance sheet date. The annual financial statements of CTS KGaA for the 2020 financial year were drawn up in accordance with the accounting regulations of the German Commercial Code (Handelsgesetzbuch) for large corporations and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz).

The management report of CTS KGaA and the Group management report have been combined. The information contained in this combined management report relates to the financial situation and business development of the Group. These essentially also apply to CTS KGaA. Further information on the financial situation and business development of CTS KGaA as a standalone company is provided in separate sections of this report or is indicated as such by a reference to 'CTS KGaA'.

2. EXPLANATION OF CORPORATE AND ORGANISATIONAL STRUCTURE OF CTS KGaA

The organisational structure of CTS KGaA is as follows:



The corporate management of CTS KGaA is exercised by EVENTIM Management AG, Hamburg. EVENTIM Management AG is represented by the Management Board of CTS KGaA.

In addition to managing its own operating business, the most important tasks of CTS KGaA as the parent company include corporate strategy, risk management and in some respect the financial management of the CTS Group.

According to the articles of association, CTS KGaA as the parent company has its registered office in Munich; the administrative head office is located in Bremen.

3. BUSINESS AND MACROENVIRONMENT
3.1 BUSINESS OPERATIONS AND CORPORATE STRUCTURE
3.1.1 BUSINESS OPERATIONS AND SEGMENTS

The **CTS Group** is one of the leading international providers in the ticketing and live entertainment sectors and operates in the leisure events market. With a powerful ticketing platform and a complex, extensive distribution network, the Group enables music promoters to sell tickets through a high-performance system. On the basis of these CTS EVENTIM systems, ticket buyers are provided with permanently accessible internet portals where tickets for different events can be purchased online.

The Group companies are assigned to two segments, Ticketing and Live Entertainment. CTS KGaA, the parent company of the Group, operates in the field of ticketing and is the dominant player in that segment on account of its sheer economic importance. Statements made in respect of the Ticketing segment therefore apply specifically to CTS KGaA as well.

The objects of the **Ticketing** segment are to produce, sell, broker, distribute and market tickets for concert, theatre, art, sports and other events in Germany and abroad. The events (tickets) are professionally marketed through the leading network platform (EVENTIM.Net), the inhouse ticketing product (EVENTIM.Inhouse), the sports ticketing product (EVENTIM.Tixx) and the self-service product for promoters (EVENTIM.Light). This enables promoters to achieve high levels of attendance at events by selling all available ticket quotas quickly on a broad scale. Due to the networking and internationalisation of ticketing software at network, web and inhouse level, it is also possible for tickets to be offered across the border in a standardised global ticketing system. For cinema operators the software ‘kinoheld’ and for the resale of tickets from end customer to end customer the platform ‘fanSALE’ is offered.

The extensive range of activities in online sales are continuously developed and expanded specifically to meet the needs of ‘networked consumers’, namely by

- online reservation of specific seats by means of an interactive venue plan,
- mobile ticket sales via innovative iOS and Android Apps,
- additional social media activities, especially Facebook, Instagram, WhatsApp and Twitter.

The events for which tickets are sold using proprietary CTS EVENTIM ticket software range from concerts of classical music, through rock and pop, plays, festivals, fairs and exhibitions to sports events, especially football.

The CTS Group is superbly positioned as a leading ticket supplier in the market. The basis for the company’s position in the ticketing market is a broad distribution system featuring a full-coverage network of box offices, sales via call centres and internet ticket shops. In addition to ongoing ticket sales, the CTS Group is also the ticketing partner for national and international major sports events.

The CTS Group’s powerful **ticketing systems**, which are constantly optimised, are the foundation for the Ticketing segment’s success.

The focus of **online ticket distribution** remains on optimising the user experience for customers and thereby increasing sales across all platforms. The use of relevant data is of particular importance here in order to enhance the event portfolio, provide users of the various platforms with even more relevant offers and support partners in optimising their planning and campaigns. The reach of the Group's shop platforms is therefore constantly extended by means of comprehensive search engine optimisation and marketing measures, along with data-driven marketing campaigns.

The CTS Group's **distribution network** offers numerous channels to meet customers' various purchasing patterns. In addition to growing e-commerce, the high number of points of sale across Europe remains a key sales pillar.

With **EVENTIM.Light**, the CTS Group has successfully established a product that is specifically tailored to the needs of online-affine promoters on the German market. The intuitive ticketing system is optimised for mobile devices. As a self-service, promoters can create their own ticket shop and create events free of charge with just a few clicks.

The CTS Group offers **cinema ticketing** in Italy, Spain and via kinoheld GmbH, Munich, also in Germany. This commitment is in the strategic context of the continuous expansion of CTS EVENTIM's customer reach.

In the field of **sports** CTS EVENTIM offers a ticket management system to major sports clubs based on its EVENTIM.Tixx software solution. With this system sports clubs in Germany, the Netherlands, Italy, Austria and Switzerland can use the entire sales power of the CTS Group.

In the **cultural field**, leading promoters of cultural events in Europe use the specialised EVENTIM.Inhouse and JetTicket ticketing solutions for the optimal organisation of ticketing operations and visitor management for theatres, opera and concert houses as well as festival halls. Amongst them are La Scala in Milan, the Zurich Opera House, the Finnish National Opera in Helsinki, the Berlin Philharmonic, the Montreux Jazz Festival and the Elbe Philharmonic Hall in Hamburg.

EVENTIM.Access, a central access control service, rounds off the Eventim ticketing platform portfolio. Lastly, the EVENTIM.Access service was expanded to include new scan devices that make automated admission even more efficient.

The objects of the **Live Entertainment** segment are to plan, prepare and execute tours, events and festivals, especially in the music and concert sector, and to market music productions. The CTS Group also operates four of the most successful and impressive venues in Europe — the Waldbühne in Berlin, the Eventim Apollo in London, the LANXESS arena in Cologne and the K.B. Hallen in Copenhagen. The LANXESS arena in Cologne took second place in the Pollstar ranking of the world's busiest event arenas in 2020, the Waldbühne was once again the leading amphitheater in Europe.

The unique offering of attractive events and an exclusive portfolio of prestigious venues are the key factors for success in the segment. The Group will continue to pursue the national and international diversification of this business area to acquire additional market shares. The close network established over many years with promoters, artists and their agents is being constantly expanded.

Thus, the CTS Group offers all services related to concert events from planning, organisation and settlement up to the distribution of all services around concerts from one source.

3.1.2 KEY REGIONS

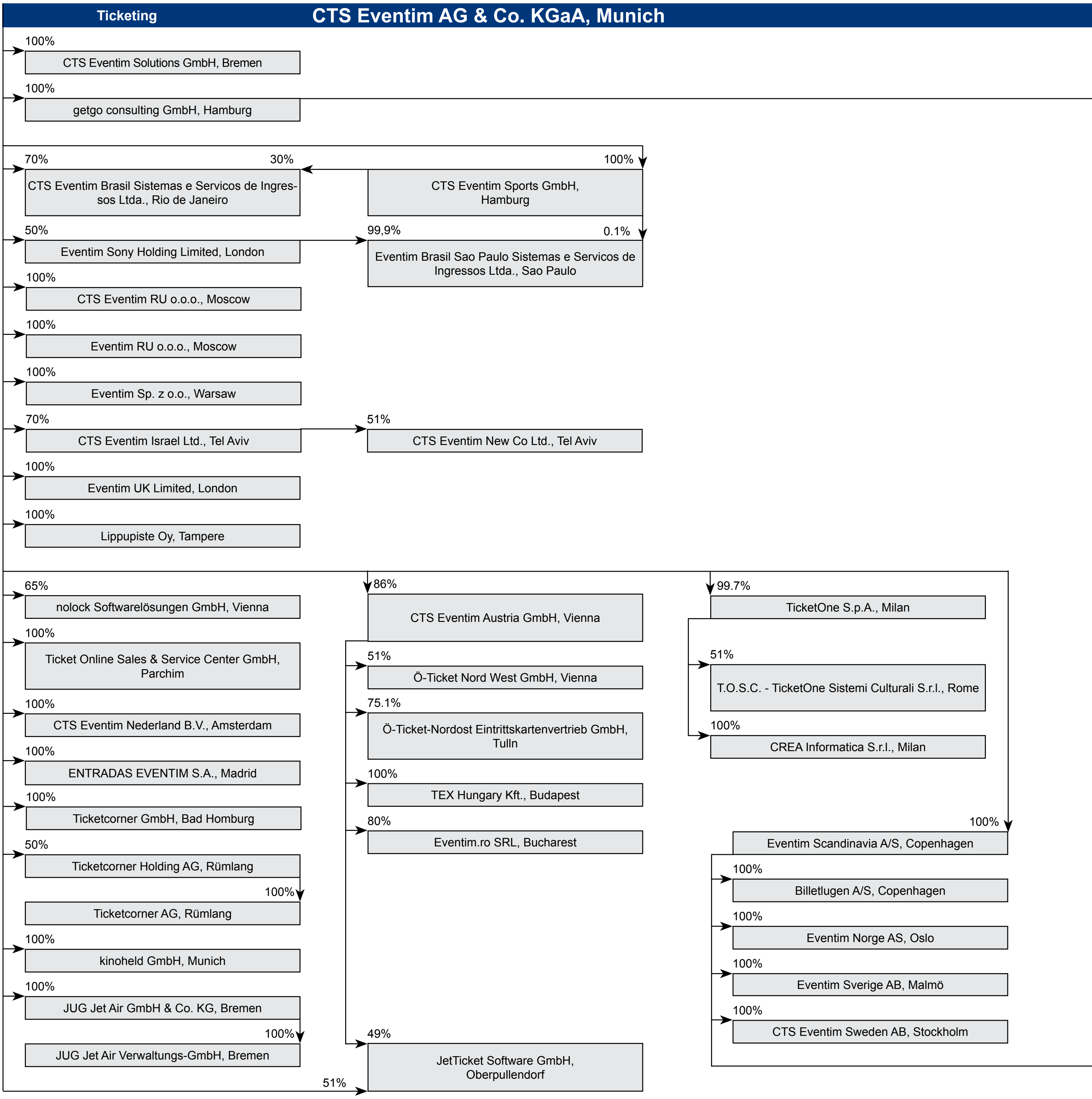
In addition to the German market, the Group's Ticketing segment also operates in Brasil, Bulgaria, Denmark, Finland, France, United Kingdom, Israel, Italy, Croatia, Norway, the Netherlands, Austria, Poland, Romania, Russia, Sweden, Switzerland, Slovenia, Spain and Hungary.

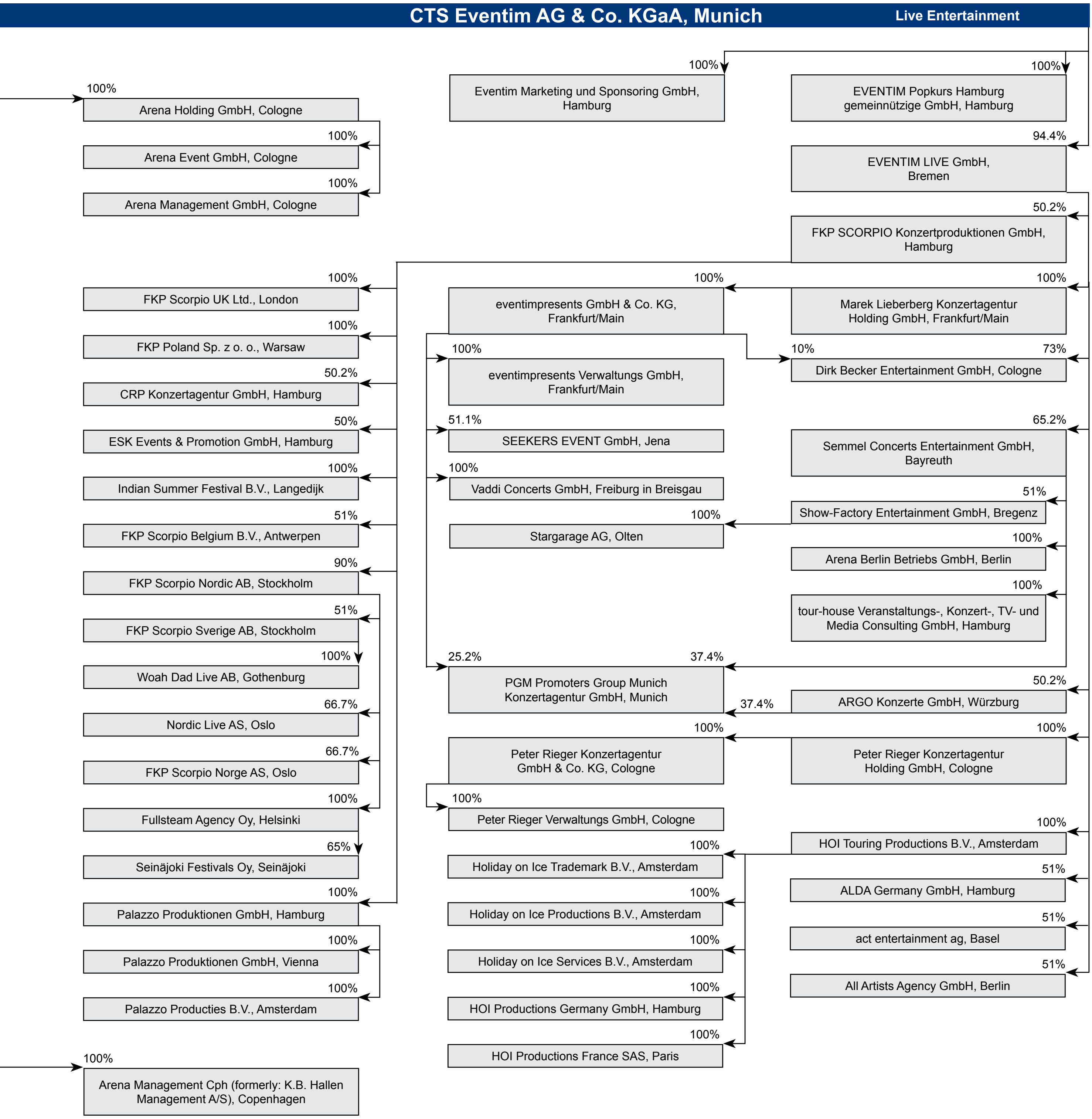
In the Live Entertainment segment, the Group operates in addition to the German market in Denmark, Finland, United Kingdom, Italy, the Netherlands, Norway, Austria, Poland, Russia, Sweden, Switzerland, Spain and USA.

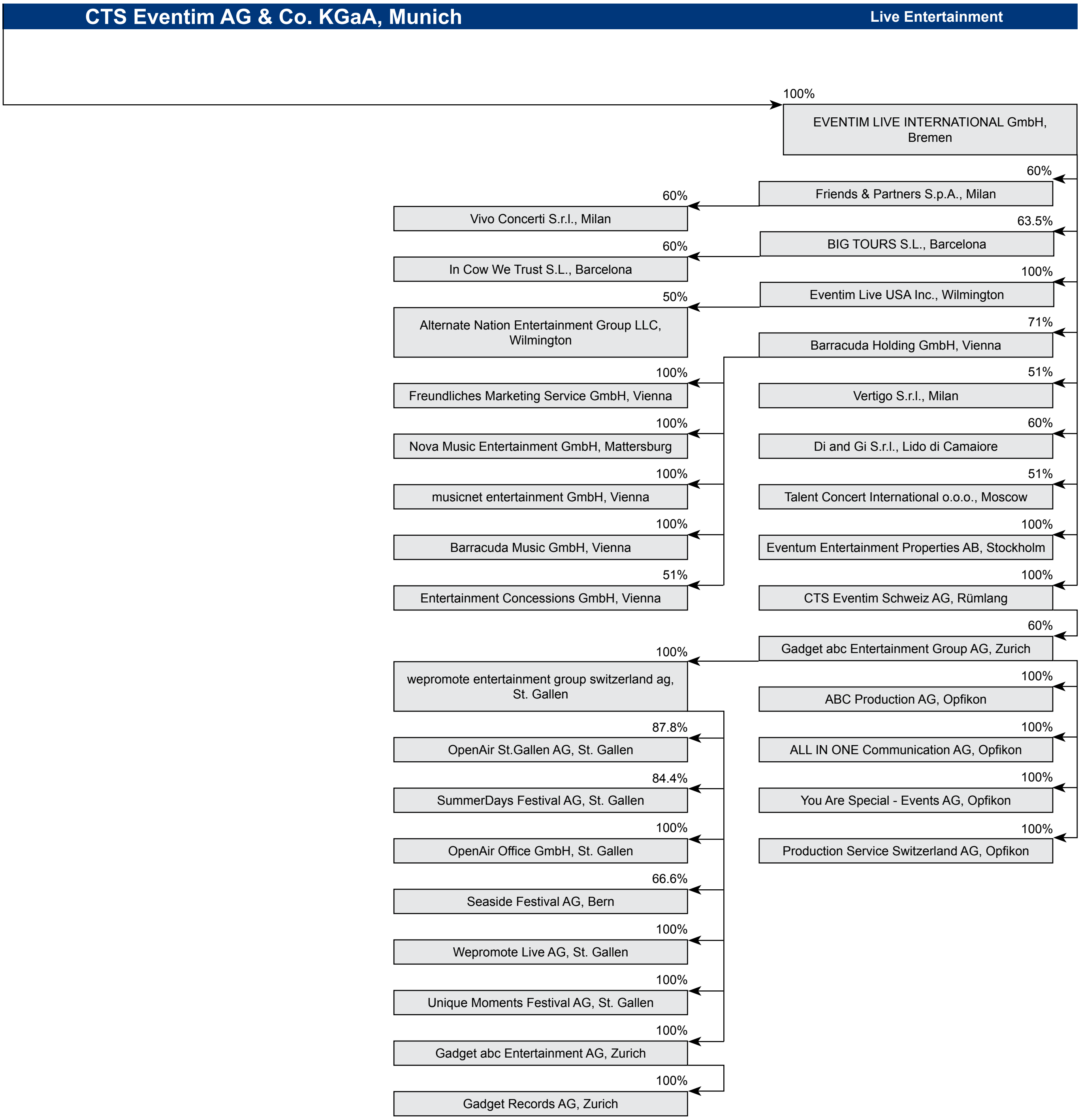
3.1.3 CORPORATE STRUCTURE

In addition to CTS KGaA as parent company, the consolidated financial statements also include all relevant subsidiaries. The CTS Group is managed on a decentralised basis to ensure a high degree of market transparency and a fast response to potential changes in the respective markets. This means that the subsidiaries have considerable discretion in all market- and customer-related activities. The management and control structures as well as the compensation system are compliant with statutory requirements and are geared to long-term business success.

The following overview includes all companies included in the consolidated financial statements by means of full consolidation as at 31 December 2020:




CTS Eventim AG & Co. KGaA, Munich
Live Entertainment
100%
Arena Holding GmbH, Cologne
100%
Arena Event GmbH, Cologne
100%
Arena Management GmbH, Cologne
100%
FKP Scorpio UK Ltd., London
100%
FKP Poland Sp. z o. o., Warsaw
50.2%
CRP Konzertagentur GmbH, Hamburg
50%
ESK Events & Promotion GmbH, Hamburg
100%
Indian Summer Festival B.V., Langedijk
51%
FKP Scorpio Belgium B.V., Antwerpen
90%
FKP Scorpio Nordic AB, Stockholm
51%
FKP Scorpio Sverige AB, Stockholm
100%
Woah Dad Live AB, Gothenburg
66.7%
Nordic Live AS, Oslo
66.7%
FKP Scorpio Norge AS, Oslo
100%
Fullsteam Agency Oy, Helsinki
65%
Seinäjoki Festivals Oy, Seinäjoki
100%
Palazzo Produktionen GmbH, Hamburg
100%
Palazzo Produktionen GmbH, Vienna
100%
Palazzo Producties B.V., Amsterdam
100%
Arena Management Cph (formerly: K.B. Hallen Management A/S), Copenhagen
100%
Eventim Marketing und Sponsoring GmbH, Hamburg
100%
eventimpresents GmbH & Co. KG, Frankfurt/Main
100%
eventimpresents Verwaltungs GmbH, Frankfurt/Main
51.1%
SEEKERS EVENT GmbH, Jena
100%
Vaddi Concerts GmbH, Freiburg in Breisgau
100%
Stargarage AG, Olten
25.2%
37.4%
PGM Promoters Group Munich Konzertagentur GmbH, Munich
37.4%
100%
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne
100%
Peter Rieger Verwaltungs GmbH, Cologne
100%
Holiday on Ice Trademark B.V., Amsterdam
100%
Holiday on Ice Productions B.V., Amsterdam
100%
Holiday on Ice Services B.V., Amsterdam
100%
HOI Productions Germany GmbH, Hamburg
100%
HOI Productions France SAS, Paris
100%
EVENTIM Popkurs Hamburg gemeinnützige GmbH, Hamburg
94.4%
EVENTIM LIVE GmbH, Bremen
50.2%
FKP SCORPIO Konzertproduktionen GmbH, Hamburg
100%
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt/Main
10%
73%
Dirk Becker Entertainment GmbH, Cologne
65.2%
Semmel Concerts Entertainment GmbH, Bayreuth
51%
Show-Factory Entertainment GmbH, Bregenz
100%
Arena Berlin Betriebs GmbH, Berlin
100%
tour-house Veranstaltungs-, Konzert-, TV- und Media Consulting GmbH, Hamburg
50.2%
ARGO Konzerte GmbH, Würzburg
100%
Peter Rieger Konzertagentur Holding GmbH, Cologne
100%
HOI Touring Productions B.V., Amsterdam
51%
ALDA Germany GmbH, Hamburg
51%
act entertainment ag, Basel
51%
All Artists Agency GmbH, Berlin


CTS Eventim AG & Co. KGaA, Munich
Live Entertainment
100%
EVENTIM LIVE INTERNATIONAL GmbH, Bremen
60%
Friends & Partners S.p.A., Milan
60%
Vivo Concerti S.r.l., Milan
63.5%
BIG TOURS S.L., Barcelona
60%
In Cow We Trust S.L., Barcelona
100%
Eventim Live USA Inc., Wilmington
50%
Alternate Nation Entertainment Group LLC, Wilmington
71%
Barracuda Holding GmbH, Vienna
100%
Freundliches Marketing Service GmbH, Vienna
100%
Nova Music Entertainment GmbH, Mattersburg
100%
musicnet entertainment GmbH, Vienna
100%
Barracuda Music GmbH, Vienna
51%
Entertainment Concessions GmbH, Vienna
51%
Vertigo S.r.l., Milan
60%
Di and Gi S.r.l., Lido di Camaiore
51%
Talent Concert International o.o.o., Moscow
100%
Eventum Entertainment Properties AB, Stockholm
100%
CTS Eventim Schweiz AG, Rümlang
60%
Gadget abc Entertainment Group AG, Zurich
100%
wepromote entertainment group switzerland ag, St. Gallen
87.8%
OpenAir St.Gallen AG, St. Gallen
84.4%
SummerDays Festival AG, St. Gallen
100%
OpenAir Office GmbH, St. Gallen
66.6%
Seaside Festival AG, Bern
100%
Wepromote Live AG, St. Gallen
100%
Unique Moments Festival AG, St. Gallen
100%
Gadget abc Entertainment AG, Zurich
100%
Gadget Records AG, Zurich
100%
ABC Production AG, Opfikon
100%
ALL IN ONE Communication AG, Opfikon
100%
You Are Special - Events AG, Opfikon
100%
Production Service Switzerland AG, Opfikon

CHANGES TO THE GROUP STRUCTURE

In the 2020 reporting period, the following changes in the structure of the Group occurred:

TICKETING

On 10 December 2020, CTS Eventim Israel Ltd., Tel Aviv, Israel, founded the Israeli company CTS Eventim New Co Ltd, Tel Aviv, Israel, (hereinafter: Eventim Israel NewCo). As of 22 December 2020, 49% of the shares were transferred to the Israeli promoter Zappa Ltd., Herzelia, Israel, (hereinafter: Zappa) and in return, its ticketing business was taken over. By bundling CTS Eventim Israel Ltd., Tel Aviv, and the Zappa ticketing businesses, the position of the CTS Group in Israel will be further expanded. Zappa is the main local promoter of live entertainment, operator of several venues with up to 15,000 seats as well as clubs and has been behind three popular festivals in Israel for many years.

Ticket Express Hungary Kft., Budapest, Hungary, was liquidated in February 2020.

LIVE ENTERTAINMENT

In the beginning of January 2020, the CTS Group has acquired 71% of the shares in the Austrian concert promoter Barracuda Holding GmbH, Vienna, and its subsidiaries (hereinafter: Barracuda Group). With this transaction, CTS Group is expanding its European-wide event portfolio to include some of the most popular concerts and festivals in Austria. Barracuda Music will become part of the promoter network EVENTIM LIVE. The transaction was approved by the relevant antitrust authorities in December 2019.

At the end of January 2020, the CTS Group has acquired 60% of the shares in the Swiss Gadget Entertainment AG, Zurich, and in this context took over 60% of the wepromote entertainment group switzerland ag, St. Gallen. With the acquisition of the concert and festival promoter, CTS Group intensifies its involvement in the Swiss live entertainment sector and significantly expands its business activities there. At the same time, CTS Group is reorganising its operational business in Switzerland. Following the transaction, Gadget Entertainment AG and wepromote entertainment group switzerland ag have merged their businesses with ABC Production AG, Opfikon, which already belongs to the CTS Group, in order to jointly exploit synergy effects in the future. The new company operates under the name 'Gadget abc Entertainment Group AG' with headquarters in Zurich (hereinafter: Gadget Group). Gagdet Entertainment AG, Zurich, was renamed Gadget abc Entertainment AG, Zurich, upon entry in the Swiss Commercial Register on 3 September 2020.

At the end of January 2020, the CTS Group took over 66.7% of the shares in the Norwegian artist agency Nordic Live AS, Oslo, Norway, (hereinafter: Nordic Live) through the subsidiary FKP SCORPIO Konzertproduktionen GmbH, Hamburg (hereinafter: FKP Scorpio). This gives FKP Scorpio access to Nordic Live's artist portfolio, which includes around 60 national and international artists.

In February 2020, the CTS Group acquired 50% of the shares in the newly founded company Alternate Nation Entertainment Group LLC, Wilmington, with administrative headquarters in New York City, USA. The CTS Group and the US promoter Michael Cohl each hold 50% of the shares in the company. The aim of the partnership is to acquire live entertainment content for international tours. While Michael Cohl contributes his concert business and his extensive network, the CTS Group offers full access to the EVENTIM LIVE network, its ticketing platform and the entire portfolio of products and services related to live events. The company is fully consolidated in the CTS Group due to the existing possibility of controlling the relevant activities.

EVENTIM LIVE INTERNATIONAL GmbH, Bremen, Germany, acquired 100% of the shares in Eventum Entertainment Properties AB, Stockholm, Sweden, in July 2020. The company's field of activity is to develop and operate concepts and rights as well as other business activities in connection with the entertainment concept Mamma Mia The Party!. Eventum Entertainment Properties AB, Stockholm, Sweden, holds 49% of the shares in MM! The Party AB, Stockholm, Sweden, which is included in the consolidated financial statements using the equity method.

3.1.4 SUSTAINABILITY INFORMATION

The Supervisory Board, Management Board and the employees of the CTS Group share a belief that even under considerable burden as during the COVID-19 pandemic, sustainable, responsible actions are an important prerequisite for commercial success. As a player in the global ticketing and live entertainment industry, the company has diverse interactions with different stakeholders. They include artists, promoters and ticket buyers, as well as existing and potential employees, but also parties form civil society and the environment.

The CTS Group not only sees providing information about activities and progress in its major areas of activity as a particular responsibility, but also as an opportunity. It allows the company to attain valuable insights into the risks and opportunities associated with entrepreneurial value creation within the Group. However, due to strict restrictions and bans, live entertainment has come to a standstill since spring 2020, which has also massively affected the company's commitment to sustainability. Because major festivals, such as Rock am Ring, had to be cancelled and rescheduled, environmental initiatives around the events could not be continued, for example. However, as soon as economic conditions permit, the CTS Group plans to resume and further develop its efforts in the area of sustainability.

Based on internal analysis regarding the development of sustainability processes, the CTS Group identified six areas of focus for its sustainable development in 2017: customer focus, product performance and product safety, compliance management, employee matters, corporate citizenship, and climate and environmental issues. The validity of these reporting areas for the company was largely confirmed with the non-financial report for the Group in the financial year 2020, and reporting regarding the company's activities continued accordingly.

On 23 March 2021, CTS KGaA will be publishing sustainability information in a separate non-financial report for the Group for the 2020 financial year on the company website at https://corporate.eventim.de/en/investor-relations/corporate-governance.

3.1.5 LEGAL AND ECONOMIC FACTORS

In the context of administrative proceedings, the German Federal Cartel Office (Bundeskartellamt) is investigating the market position and market behaviour of CTS KGaA, particularly whether CTS KGaA exploits its market position in the Ticketing segment to an unreasonable extent and puts market partners at a disadvantage, as well as the content of specific regional cooperation agreements.

On 4 December 2017, the Federal Cartel Office completed an administrative proceeding initiated in October 2014. In their findings, the authorities objected to a small number of existing exclusive agreements and limited the scope and terms of future exclusive agreements. The requirements of the Federal Cartel Office were implemented accordingly in early 2018 and reported to the German Federal Cartel Office in a timely manner. The appeal filed by CTS KGaA against this decision was rejected by the higher regional court (Oberlandesgericht) in Düsseldorf in April 2019 and the appeal was not allowed. The appeal against non-admission filed by the Company was rejected by the German Federal Court of Justice (Bundesgerichtshof) in June 2020. In addition, administrative proceedings in Switzerland are still pending and the outcome of the proceedings is still uncertain. It cannot be ruled out that antitrust authorities, consumer protection organisations or other institutions will take issue with individual practices or agreements during ongoing or future proceedings and issue an order for modification.

In July 2020, the Austrian Financial Market Authority (FMA) ordered Commerzialbank Mattersburg im Burgenland AG to cease all business operations on suspicion of balance sheet fraud and misappropriation of customer deposits. As a result, the companies of the Barracuda Group no longer have access to existing deposits. The affected companies of the Barracuda Group have asserted their claims against the Republic of Austria on the basis of official liability and will also exhaust all legal channels and means to enforce their claims.

As a result of a decision announced in January 2021 by the Italian competition and antitrust authority ‘Autorità Garante della Concorrenza e del Mercato’ (hereinafter: AGCM) on 22 December 2020, a fine of EUR 10.9 million was imposed on CTS KGaA and five Italian group companies for alleged abuse of a dominant market position. At the same time, certain rules of conduct were imposed on the companies concerning their ticket distribution and the conclusion of exclusive contracts. In the view of CTS KGaA, the ruling by the AGCM was made on the basis of incorrect market definitions and in breach of material procedural guidelines. The affected companies will accordingly lodge an appeal with the responsible court and, taking into consideration the previous judgement on rulings made by the AGCM, are confident that this ruling deemed in their view to be unlawful will be dismissed by the court.

CTS KGaA holds 50% of the shares in autoTicket GmbH, Berlin (operating company for collecting the German infrastructure charge ’car toll’; hereinafter referred to as autoTicket or the operating company), which is accounted for at equity. At the end of December 2018, the operating company received the task for the construction of an infrastructure survey system and an infrastructure charge, for a minimum duration of 12 years, by the Federal Motor Transport Office. At the end of June 2019, the agreement between the Federal Republic of Germany and the operating company was terminated by the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur), effective as at 30 September 2019. Following the termination of the operating agreement, the shareholders made a resolution in December 2019 to assert the contractually agreed financial claims of EUR 560,000 thousand against the federal government in several stages. In the present case of the termination of the agreement by the federal government, the contracting parties have agreed on the loss of profit over the term of the agreement (i.e. the gross company value less expenses saved due to termination). Furthermore, the operating agreement provides for the compensation of termination costs, including claims for damages by subcontractors. The operating agreement provides for an efficient dispute resolution procedure. The independent arbitral tribunal started its work in spring 2020 and is expected to decide on the legality of the claims in autumn 2021.

The financial claims of the operating company against the federal government, which are to be clarified in arbitration proceedings, and the resulting claims of the CTS Group from the contractual services with the operating company and from its position as shareholder of the operating company with the exception of the loans granted to the operating company in the amount of EUR 5,400 thousand, the associated deferred interest of EUR 37 thousand and the investment in the operating company accounted for using the equity method were not capitalised as of the balance sheet date.

Further details are provided in the risk and opportunities report shown in section 8.2.6 and in the notes under section 6.5 Litigations and section 6.6 Contingent Liabilities.

3.2 CORPORATE MANAGEMENT

The corporate strategy of the Group is focused on sustained value growth for the company.

In order to manage the Group according to value-based principles, a system of performance indicators is used to measure the success of the company‘s strategy.

The key criteria (key financial figures) for assessing the value growth of the operating business on Group level and for each segment, are sustained increase in revenue, EBITDA (earnings before interest, taxes, depreciation and amortisation), normalised EBITDA, EBIT (earnings before interest and taxes), normalised EBIT before amortisation from purchase price allocation, and Earnings per share (EPS).

Non-recurring items are removed from normalised EBITDA. These items mainly relate to legal and consulting fees for the performance of due diligence for planned and carried out acquisitions. Furthermore, legal costs in the CTS Group in connection with the terminated contracts for the collection of the German infrastructure charge were normalised. In addition, since the financial year 2018, significant legal and consultancy fees relating to participation in the tender process of the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur) for the collection of the infrastructure charge, which took approximately a year, were also normalised. In the 2020 financial year, due to the structure of a transaction, expenses were incurred for the first time from allocations of purchase prices for company acquisitions that are not classified as business combinations under IFRS 3, in connection with the acquisition of control of Alternate Nation Entertainment Group LLC, Wilmington, USA. These expenses are comparable with the depreciation, amortisation and similar expenses arising from purchase price allocations, but are reported in EBITDA. In this respect, these expenses will be adjusted as non-recurring items to be normalised in EBITDA from the 2020 financial year. For the 2020 financial year, corporate management has adjusted the guideline regarding the scope of non-recurring items accordingly, so that the key figures normalised EBITDA and normalised EBIT before depreciation and amortisation from purchase price allocation will continue to be the basis for assessing operating earnings power.

Non-recurring items and amortisation resulting from purchase price allocations are removed from normalised EBIT before amortisation resulting from purchase price allocations.

When purchase price allocation is conducted in accordance with IFRS, the intangible assets of the target companies, in particular trademarks, customer base and software, must be remeasured with their fair values as at the date of first inclusion in consolidation within the Group and amortised on the basis of redefined useful lives.

In the context of the following reporting, the key figures EBITDA, normalised EBITDA, EBIT, normalised EBIT before amortisation from purchase price allocation are referred to collectively as ‘earnings figures’ summarised for both the Group and the segments. Reporting for the EPS takes place at Group level. The key figures revenue, EBITDA and EBIT are used to assess the performance of CTS KGaA’s operating business. EBITDA and EBIT combined are referred to collectively as ‘earnings figures’.

The amount of internet tickets was defined as non-financial key figure in the Ticketing segment and for CTS KGaA. Internet ticket volume includes the number of tickets purchased over the internet.

3.3 RESEARCH AND DEVELOPMENT

Due to its business model, the CTS Group does not pursue research and development in a narrow sense. There is, therefore, no separate disclosure of reserarch and development expenses in the income statement.

However, further advancements are constantly being made in the software engineering field. In order to broaden the range of ticketing-related services, to tap into additional sales channels and to continue meeting the requirements of event promoters, box offices and internet customers, the ticket distribution system is being constantly improved and expanded.

Software development services are capitalised in the annual financial statements of CTS KGaA and in the consolidated financial statements if the requirements of HGB and IAS 38 are met. The capitalised software development services are depreciated on a straight-line basis; depreciation is always broken down into the cost of sales.

Due to the considerable burden as a result of the COVID-19 pandemic, the high investments in this area could not be continued in the reporting year as in previous years. In the year under review, investments were made in the further development of the ticket distribution systems of EUR 10,579 thousand (previous year: EUR 15,100 thousand) and were capitalised. In the reporting year, EUR 11,765 thousand (previous year: EUR 10,456 thousand) capitalised development costs were amortised. The number of employees in software development, operations, and professional services (e.g. IT Consulting and Technical Services) is 341.

In 2020, the focus was, among other things, on the development and provision of powerful software solutions to support promoters and visitors in the fight against the COVID-19 pandemic. Specially developed functionalities help to comply with legal requirements at events and to protect the health of visitors. This mainly concerns compliance with the minimum distance and the recording of visitor data. The EVENTIM.CheckIn visitor data collection system was developed for this purpose. With this solution, visitors to events can easily have their data recorded by mobile phone in advance or directly at the entrance to the respective event. The data is securely stored on CTS EVENTIM servers and deleted again in accordance with data protection regulations. This solution is completely integrated into CTS EVENTIM's access control solution, so that the entire process from registration to admission can be handled simply and efficiently digitally. This ensures that the contact details of all potentially affected visitors are quickly transmitted electronically to the health department.

The digitalisation of ticketing means that data is becoming increasingly important for the creation of added-value. As part of its big data programme, in recent years the CTS Group has established and operationalised its Information Science department. In addition to implementing an infrastructure for data management, efforts are also focused on the creation and servicing operation of an international competence centre staffed with highly skilled experts for analytical solutions. These include aspects such as analytical CRM (EVENTIM.Campaign for optimising ticket sales B2C), BI (EVENTIM.BusinessIntelligence with reporting on essential business processes) and analytical services for B2B partners (EVENTIM.Analytics).

As soon as the economic environment permits, the Group plans to step up its development of new technologies for the online reservation system, the sales network and the sales platform. The objective is the proprietary development of one of the most advanced, high-performance ticketing platforms, the further advancement of specific seat reservations, mobile ticketing and electronic access control systems. Other areas of focus include additional developments, such as facial recognition solutions, the use of new scan engines in the area of access and extended functions for personalising tickets. Along with the further functional development of the ticketing platform, the CTS Group is making significant investments in the stability, scalability and security of its ticketing systems. They include topics such as modularisation, the provision of product services, security audits and the ongoing further development of scaling algorithms that ensure maximised resource management and, thereby, the performing sales process.

3.4 OVERVIEW OF THE COURSE OF BUSINESS

3.4.1 MACROECONOMIC CONDITIONS

In the first half of 2020, the global economy was hit by a massive slump as a result of the COVID-19 pandemic. Authorities around the world imposed restrictions on social contacts and travel and ordered the closure of businesses and bans on major events. Many countries tried to counter the drastic downturn with monetary and fiscal policy measures. After the economy quickly regained momentum in the summer as infection numbers decreased and restrictions were eased, the authorities tightened restrictions again in the autumn in view of a drastic increase in the number of infections with the virus. While according to the German Council of Economic Experts, economic indicators pointed to a recovery, albeit at a slower pace, especially in industry beyond autumn 2020, the hospitality industry and other consumer-related service sectors in particular were still far from being back to normal.

For the euro area, the Council of Economic Experts expects a decline in GDP of -7.0% in the reporting year and growth of 4.9% in the coming year. After forecasting -5.2% for 2020 as a whole, the panel expects Germany to return to strong growth of 3.7% in 2021. According to the assessment, the pre-crisis level is unlikely to be reached before the beginning of 2022, however.

In the opinion of the German Council of Economic Experts, further development is subject to considerable uncertainty. Were comprehensive restrictions to be imposed again as in spring 2020, a sharp slump in economic performance could follow. Opportunities for a better development, on the other hand, would lie in the rapid provision and dissemination of further suitable vaccines or effective drugs against the virus already developed.

3.4.2 INDUSTRY CONDITIONS

Notwithstanding the massive impact of the COVID-19 pandemic, the auditing firm PricewaterhouseCoopers (PwC) expects the live entertainment and ticketing industry to grow slightly but steadily on average in the coming years in its ‚Global Entertainment & Media Outlook 2020-2024' published in September 2020.

According to the study, revenues for the entire live entertainment industry will reach USD 31.1 billion globally in 2024, up from USD 29 billion in 2019. PwC estimates average annual industry growth (CAGR) of 1.4% in the period up to 2024. Ticketing revenues are expected to rise to USD 24.8 billion in 2024, up from USD 22.9 billion in 2019.

PwC also expects the German live entertainment market to grow slightly at an average annual rate of 0.9% to USD 2.4 billion in 2024. Meanwhile, the study predicts a decline in industry revenues of around 65% in 2020.

Streaming revenues are on a steep upward trend. According to the PwC study, they increased worldwide by around 25% within one year to USD 16.8 billion in 2019. Due to this strong growth, the Recorded Music segment drew level with the Live Entertainment segment in 2019, which was previously the most important source of revenue for the entire music industry. At the same time, the long-term study ‚Future of Music Usage 2018-2020' by the University of Hamburg, which presented current figures in September 2020, revealed that for 85% of respondents, music videos cannot replace live music events, for example. In the previous year this figure was 72%.

While the appeal of live events essentially remains undiminished, the use of AI (artificial intelligence) or VR (virtual reality) technologies offers new potential – especially with the increasing availability of high-speed mobile internet. For example, 5G, the new standard for mobile internet and mobile telephone services, will simplify and reduce the cost of access to media content. In addition, 5G will further accelerate the trend towards personalisation of services and content. In general, personalisation is one of the big topics of the future in the Live Entertainment segment.

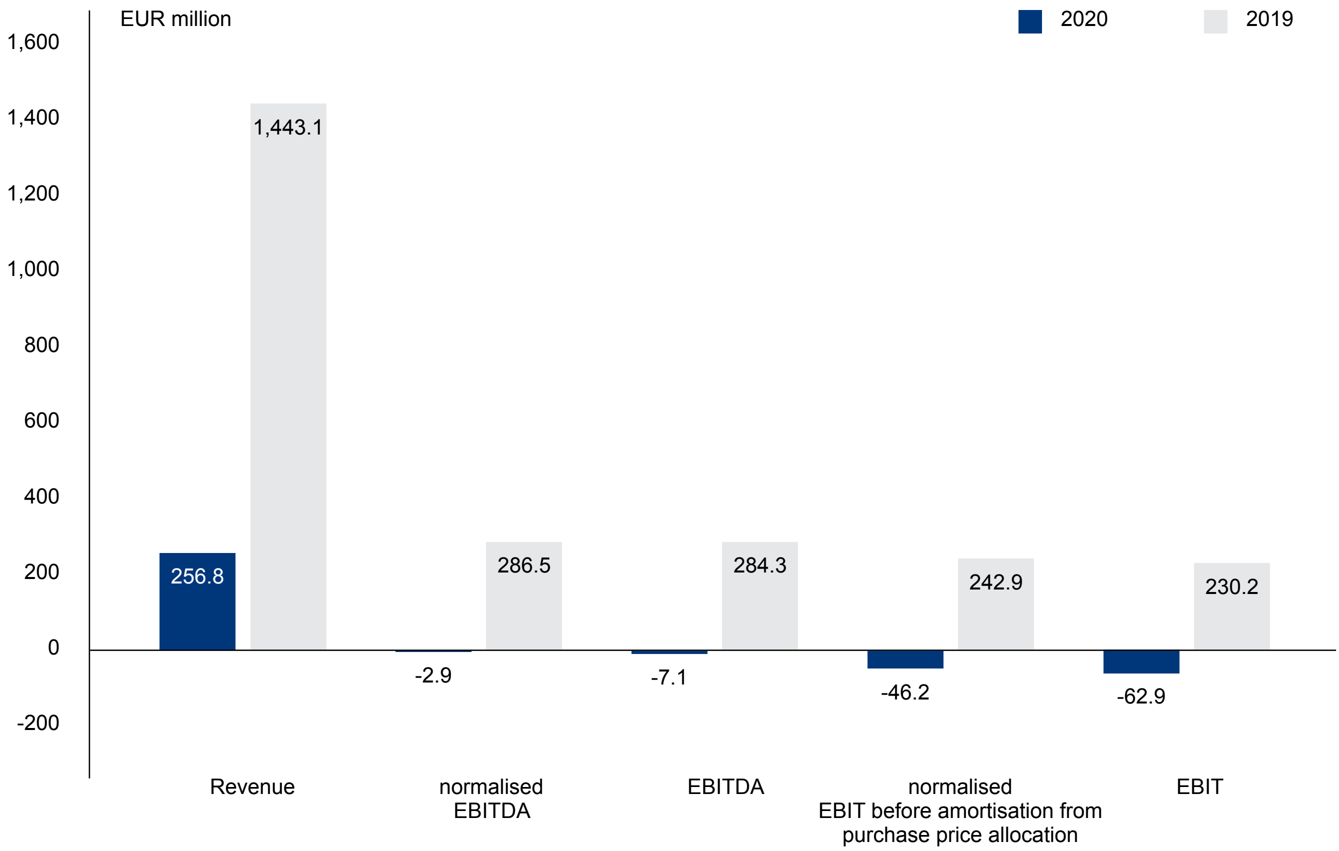
These developments offer the ticketing sector and, in particular, international and integrated companies and technology leaders, a wide range of opportunities to take advantage of the change in the consumer habits of their end customers resulting from digitalisation – for example, announcements of relevant events, additional services related to event attendance, the data protection-compliant use of data for new areas of business, improved user-friendliness or direct communication with existing and potential users. Analysing large volumes of data offers particular potential in this regard (‚big data').

3.4.3 BUSINESS PERFORMANCE OF THE CTS GROUP

Due to the COVID-19 pandemic and the associated official bans and restrictions on the performance of events, the CTS Group has been confronted with considerable burden on revenue and earnings development since March 2020. Live Entertainment largely came to a standstill in Germany and other core markets of the CTS Group. Consolidated revenue decreased by EUR 1,186,285 thousand due to a lack of presales for events and the cancellation and postponement of events, and EBITDA was EUR 291,393 thousand below the previous year's figure.

KEY GROUP FIGURES

Key financial Group figures are shown in the table below:



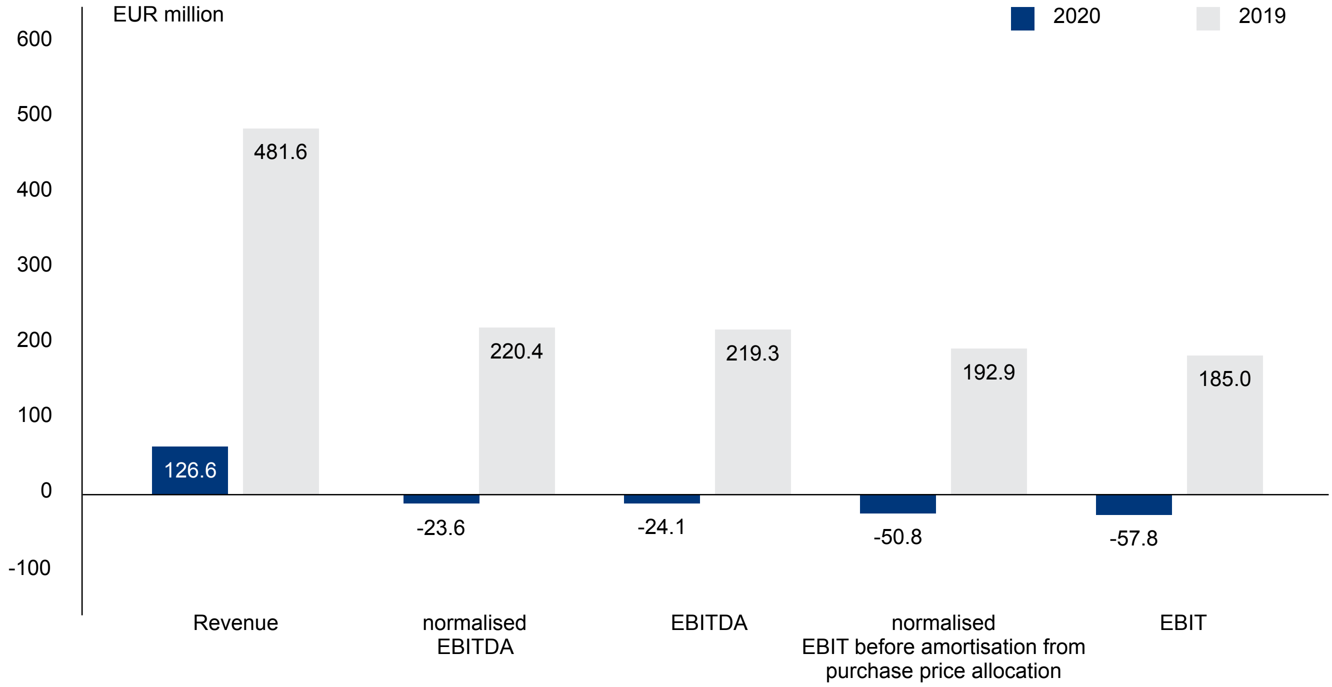
Group-EPS decreased from EUR 1.38 to EUR -0.86 in the reporting period.

SEGMENT KEY FIGURES

Segment revenue is reported after consolidation within the segments but before consolidation between the segments.

The **Ticketing segment** was impacted by lower presales of events due to the COVID-19 pandemic.

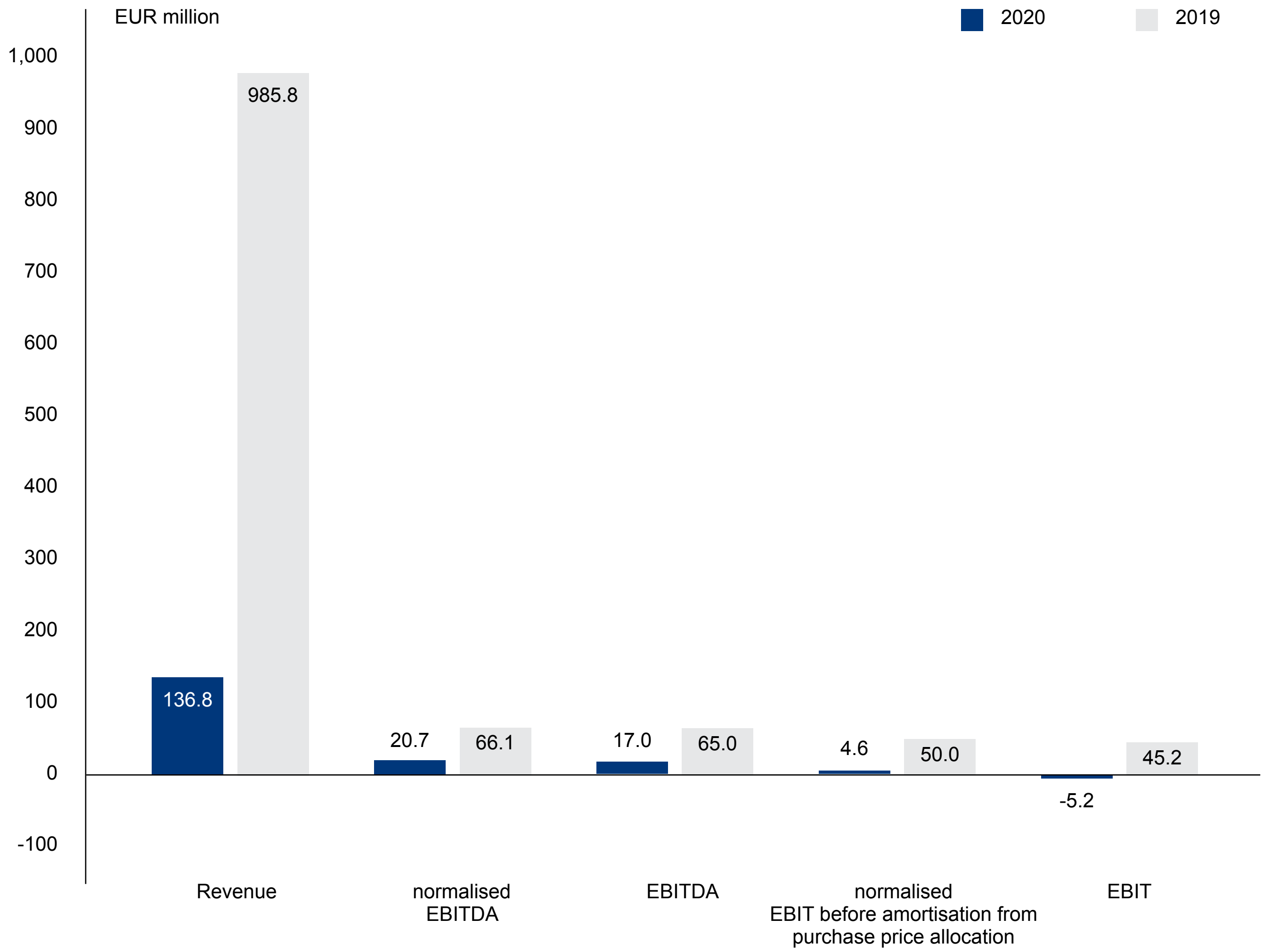
Key financial figures in the Ticketing segment are shown in the table below:



The internet ticket volume (non-financial key figure) decreased to 17.4 million tickets by 69.7% compared to the previous year (57.3 million tickets). The decline in the number of internet tickets results from the low level of presales for events due to the official bans and restrictions on the performance of events due to the COVID-19 pandemic.

The business development in the **Live Entertainment segment** was also impacted by official bans and restrictions on the performance of events due to the COVID-19 pandemic. The lack of earnings contributions from major events in the same period of the previous year are offset by income from insurance reimbursements for cancelled and postponed events.

Key financial figures in the Live Entertainment segment are shown in the table below:



3.4.4 SHARE PERFORMANCE

The stock market year 2020 was shaped by the coronavirus crisis and the responses to the COVID-19 pandemic. While the global share indices reached new highs in the first weeks of 2020, the months of February and March saw a significant market correction. The reason for this was the daily increasing extent of the COVID-19 pandemic, which led to a first worldwide lockdown in various forms. In the wake of an effective slowdown in the spread of the coronavirus due to global lockdown measures, the global stock markets likewise recovered. Despite the increase in infection numbers due to a stronger spread of the coronavirus from late summer 2020 and renewed lockdown measures from November 2020 onwards, the global stock markets closed at price levels from before the coronavirus crisis or even above.

The business development of CTS KGaA was strongly affected by the COVID-19 pandemic. Due to the prohibition of public events and Europe-wide contact restrictions in the form of 'social distancing', revenue in Live Entertainment and Ticketing were immediately reduced to a significant extent. Although the MDAX reference index was able to recover from the market correction from April 2020, the COVID-19 pandemic continued to weigh on the share prices of various companies in the entertainment and travel industry – and therefore also on the CTS EVENTIM share. The increasing confidence of market participants in the second half of the year and, in particular, the successful development of vaccines, caused a spontaneous recovery in the share prices of companies in the entertainment and travel industry. As a result, the CTS EVENTIM share had almost made up for the losses suffered in the 2020 financial year in the wake of the coronavirus crisis by the end of the year. The price of the CTS EVENTIM share on 31 December 2020 was only 3% below its initial price in the past financial year. This shows that even in a year of crisis, in which the business model of CTS KGaA was subjected to enormous stress, the value of the CTS EVENTIM shares was almost maintained.

3.4.5 GENERAL ASSESSMENT OF THE GROUP'S BUSINESS SITUATION

After a positive start to the reporting year, from spring onwards official restrictions on live events up to and including complete bans as a result of the COVID-19 pandemic placed a considerable burden on the business activities of CTS KGaA and the CTS Group. Accordingly, there has been a large decline in revenue, EBITDA, EBIT, normalised EBITDA and normalised EBIT before amortisation from purchase price allocation in the Live Entertainment und Ticketing segments. In addition to Germany, all European core markets as well as other markets in which the company is active were affected. Due to the economic uncertainty about the further course of the pandemic and the resulting effects on business development, corporate management withdrew the forecast for the financial year on 3 April 2020. The expectation of a significant decline in revenue and in the key earnings figures as compared to the previous year was communicated at that early stage.

Corporate management reacted immediately to the severe economic effects on the company with an adjusted cost structure as well as efficiency improvements, thereby achieving relief in the double-digit millions. Moreover, investments were reduced to a minimum and short-time work or similar support services were used in practically all companies. In key European core markets, the company secured further liquidity with legally approved promoter voucher solutions.

Thanks to the acquisition of majority stakes at the beginning of the year in Gadget Group, Barracuda Group and the partnership with the U.S. promoter Michael Cohl, the international expansion of the Live Entertainment business was further extended.

Despite the difficult economic environment, the company succeeded in acquiring Werder Bremen and Hannover 96 as new ticketing partners, as well as major sporting events such as the 2022 and 2024 European Handball Championships. In order to take advantage of new market opportunities against the backdrop of the COVID-19 pandemic, the company also developed software solutions to protect event visitors' health and help event organisers meet regulatory requirements.

ACTUAL-TARGET COMPARISON OF FINANCIAL AND NON-FINANCIAL INDICATORS

In the Annual Report 2019, published in March 2020, the corporate management was still expecting a further improvement in the business performance of the Ticketing segment as a result of continuous expansion of internet ticketing operations and progressive internationalisation. The statements regarding the future outlook were made prior to the occurrence of the negative effects of the COVID-19 pandemic on the future growth of the two segments and the CTS Group, which had to be taken into account at a later stage. Due to the uncertainties surrounding the development of the coronavirus crisis and its impacts, this forecast for the 2020 financial year was withdrawn on 3 April 2020, as corporate management took the view that it was not possible at that time to issue a sufficiently reliable new forecast for the 2020 financial year. As already communicated at that time and confirmed in the half-year financial report as of 30 June 2020 published on 20 August 2020, the corporate management expected a significant decline in revenue and earnings figures for the Ticketing and Live Entertainment segments for 2020 as compared to the previous year. Due to the considerable uncertainty surrounding the entire financial year regarding the course of the coronavirus crisis and its impact on the 2020 financial year, corporate management did not publish a detailed forecast for the 2020 financial year up to the balance sheet date of 31 December 2020.

Actual-target comparison for the business year 2020 for the CTS Group:

	Ticketing		Live Entertainment		Group	
	Forecast 2020[1]	Actual	Forecast 2020[1]	Actual	Forecast 2020[1]	Actual
Revenue	Increase in lower single-digit percentage range	-73.7%	Decrease in mid single-digit percentage range	-86.1%	Decrease in lower single-digit percentage range	-82.2%
Earnings figures	Increase in lower single-digit percentage range	-110.7% - -131.2%	Decrease in upper single-digit percentage range	-68.7% - -111.5%	Decrease in lower single-digit percentage range	-101.0% - -127.3%
EPS					Increase in lower single-digit percentage range	-161.9%
Internet ticket volume	Increase in upper single-digit percentage range	-69.7%				

[1] *Original forecast for 2020 and withdrawn on 3 April 2020*

Presentation of the expectations communicated for the CTS Group as at 31 March 2020 and 30 June 2020:

	Ticketing		Live Entertainment		Group	
	Forecast 2020	Actual	Forecast 2020	Actual	Forecast 2020	Actual
Revenue	Significant decrease	-73.7%	Significant decrease	-86.1%	Significant decrease	-82.2%
Earnings figures	Significant decrease	-110.7% - -131.2%	Significant decrease	-68.7% - -111.5%	Significant decrease	-101.0% - -127.3%
EPS					Significant decrease	-161.9%
Internet ticket volume	Significant decrease	-69.7%				

Actual-target comparison for the business year 2020 for CTS KGaA:

	Forecast 2020[1]	Actual
Revenue	Increase in mid single-digit percentage range	-74.0%
Earnings figures	Increase in mid single-digit percentage range	-101.6% - -120.2%
Internet ticket volume	Increase in upper single-digit percentage range	-72.8%

[1] *Original forecast for 2020 and withdrawn on 3 April 2020*

4. CTS GROUP: EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASH FLOW
4.1 EARNINGS PERFORMANCE

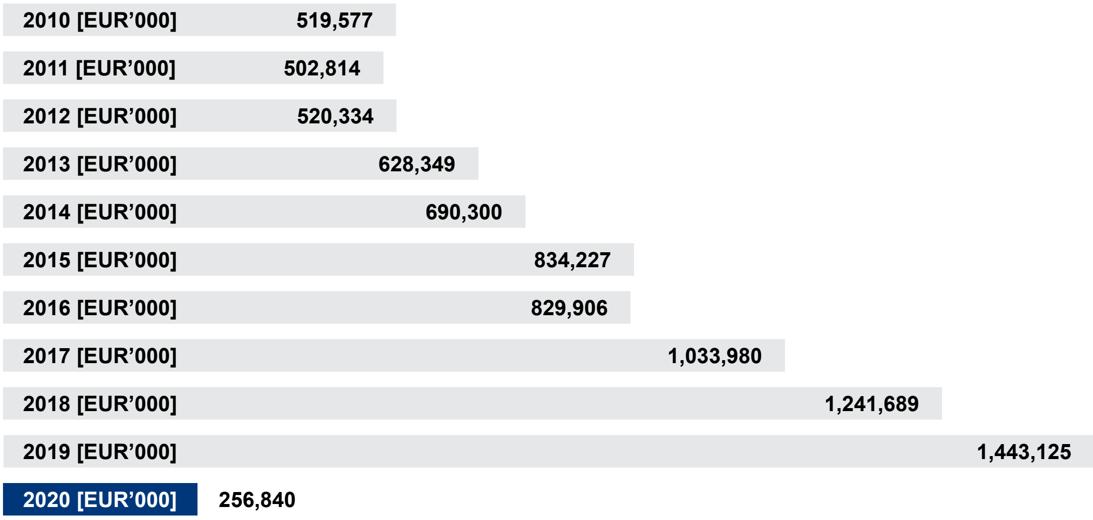
The 2020 financial year was affected by the COVID-19 pandemic and the associated official bans and restrictions on the performance of events. Since March 2020, these have led to a virtual standstill in live entertainment in Germany and all international core markets of the CTS Group. Revenue fell to EUR 256,840 thousand and EBITDA decreased significantly to EUR -7,116 thousand.

The earnings position of the CTS Group is as follows:

	2020	2019	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**256,840**	**1,443,125**	**-1,186,285**	**-82.2**
Gross profit	**9,816**	**401,756**	**-391,939**	**-97.6**
EBITDA	**-7,116**	**284,278**	**-291,393**	**-102.5**
Depreciation and amortisation	**-55,818**	**-54,083**	**-1,735**	**3.2**
EBIT	**-62,933**	**230,194**	**-293,128**	**-127.3**
Financial result	-39,095	-6,177	-32,918	532.9
Earnings before tax (EBT)	**-102,028**	**224,018**	**-326,046**	**-145.5**
Taxes	13,955	-77,933	91,887	-117.9
Net result attributable to shareholders of CTS KGaA	**-82,259**	**132,900**	**-215,159**	**-161.9**
Net result attributable to non-controlling interests	-5,815	13,185	-19,000	-144.1

4.1.1 REVENUE PERFORMANCE

The Group's revenue developed as follows:



In the reporting period, the decrease in revenue by EUR 1,186,285 thousand (-82.2%) to EUR 256,840 thousand (previous year: EUR 1,443,125 thousand) was mainly due to the COVID-19 pandemic. Revenue (before consolidation between segments) breaks down into EUR 126,643 thousand (previous year: EUR 481,595 thousand) in the Ticketing segment and EUR 136,776 thousand (previous year: EUR 985,771 thousand) in the Live Entertainment segment.

The following table shows revenue by geographic distribution:

	2020	2019
	[EUR'000]	[EUR'000]
Germany	153,038	878,043
Italy	36,861	270,890
Switzerland	20,579	97,491
Austria	17,481	59,565
Finland	8,110	41,669
Netherlands	6,879	20,552
Spain	2,045	22,129
Other countries	11,847	52,786
	256,840	**1,443,125**

The decline in revenue in all countries is due to the ongoing COVID-19 pandemic and the associated official bans and restrictions on the performance of events.

The decline in revenue in the **Ticketing segment** by EUR 354,952 thousand (-73.7%) to EUR 126,643 thousand (previous year: EUR 481,595 thousand) was characterised by a sharp decline in presales of events due to the COVID-19 pandemic. As a result, the internet ticket volume decreased compared to the previous year from 57.3 million tickets by 69.7% to 17.4 million tickets. The revenue share of foreign companies increased slightly to 43.7% (previous year: 43.1%).

In the **Live Entertainment segment**, revenue fell by EUR 848,995 thousand (-86.1%) to EUR 136,776 thousand (previous year: EUR 985,771 thousand). The decline in revenue is primarily caused by the COVID-19 pandemic and the associated official bans and restrictions on the performance of events since March 2020. Although major events were banned since March 2020, smaller events were held with appropriate hygiene strategies in place in the second and third quarter at venues including the LANXESS arena and the Waldbühne in Berlin as well as in various foreign markets. Revenue of EUR 9,275 thousand resulted from the expansion in the number of consolidated companies.

4.1.2 EARNINGS PERFORMANCE

GROSS PROFIT

The gross profit of the **CTS Group** for the 2020 reporting period is EUR 9,816 thousand, compared to the previous year's figure of EUR 401,756 thousand. The Group's gross margin was 3.8% (previous year: 27.8%).

In the 2020 financial year, the gross margin in the **Ticketing segment** was 25.0% (previous year: 60.5%). The gross margin was affected by factors including personnel costs in connection with technological developments, which could not be compensated despite cost-cutting measures.

In the **Live Entertainment segment**, the gross margin amounts to -15.5% in the 2020 financial year (previous year: 11.1%). The gross profit was affected by factors which included personnel costs and operating expenses which could not be offset by cost-cutting measures. Although events were postponed and cancelled, advance expenses such as marketing expenses had already been incurred, negatively affecting gross profit.

NON-RECURRING ITEMS

In the period under review, CTS Group earnings were negatively impacted due to non-recurring items in the Ticketing segment amounting to EUR 500 thousand (previous year: EUR 1,099 thousand) mainly due to legal costs in connection with the terminated contracts for the collection of the German infrastructure charge and in the Live Entertainment segment amounting to EUR 3,675 thousand (previous year: EUR 1,113 thousand). Of the non-recurring items to be normalised in the Live Entertainment segment in the 2020 financial year, expenses arising from allocations of purchase prices for acquisitions which could not be classified as business combinations within the definition of IFRS 3 were incurred for the first time due to the structuring of a transaction relating to the acquisition of Alternate Nation Entertainment Group LLC, Wilmington, USA (EUR 2,921 thousand). These expenses are comparable to the amortisation and similar costs resulting from purchase price allocations, but are recognised in EBITDA. As such, these expenses are removed from EBITDA as non-recurring items from the 2020 financial year onwards. Other non-recurring items in the

Live Entertainment segment relate to costs in connection with completed and planned acquisitions (mainly legal and consulting costs from due diligence reviews).

NORMALISED EBITDA / EBITDA

In normalised EBITDA, the non-recurring items are adjusted. The normalised EBIT before amortisation from purchase price allocations is adjusted for non-recurring items and the amortisation from purchase price allocations.

	2020	2019	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
EBITDA	**-7,116**	**284,278**	**-291,393**	**-102.5**
Non-recurring items	4,175	2,211	1,964	88.8
Legal and consulting fees for planned and completed acquisitions	881	1,713	-832	-48.6
Legal and consulting fees related to the infrastructure charge	373	498	-125	-25.1
Expenses from allocations of purchase prices for acquisitions that are not classified as business combinations according to IFRS 3	2,921	0	2,921	n/a
Normalised EBITDA	**-2,940**	**286,489**	**-289,430**	**-101.0**
Depreciation and amortisation	-55,818	-54,083	-1,735	3.2
thereof amortisation from purchase price allocation	12,573	10,522	2,051	19.5
Normalised EBIT before amortisation from purchase price allocation	**-46,185**	**242,928**	**-289,113**	**-119.0**

Normalised **CTS Group** EBITDA fell by EUR 289,430 thousand to EUR -2,940 thousand (previous year: EUR 286,489 thousand). This was due to a sharp decline in the presale of events as well as the official bans and restrictions of the performance of events in connection with the COVID-19 pandemic. This was mitigated through the introduction of measures to reduce costs and increase efficiency saving of EUR 72,157 thousand. Income from refunded social security contributions of EUR 10,549 thousand was recorded as a reduction in personnel expenses and thus in the corresponding functional area costs. Income from insurance compensations of EUR 60,816 thousand and from Corona-related government grants of EUR 22,050 thousand were recognised in other operating income. The change in normalised EBITDA breaks down into EUR -244,037 thousand in the Ticketing segment and EUR -45,392 thousand in the Live Entertainment segment. The normalised EBITDA margin decreased to -1.1% (previous year: 19.9%).

Group EBITDA declined by EUR 291,393 thousand to EUR -7,116 thousand (previous year: EUR 284,278 thousand). The change in EBITDA of EUR -291,393 thousand breaks down into EUR -243,438 thousand in the Ticketing segment and EUR -47,955 thousand in the Live Entertainment segment. The Group EBITDA margin amounts up to -2.8% (previous year: 19.7%).

Normalised EBITDA in the **Ticketing segment** decreased by EUR 244,037 thousand (-110.7%) from EUR 220,403 thousand to EUR -23,635 thousand. The normalised EBITDA margin was -18.7% (previous year: 45.8%). Compared to the previous year, earnings contributions from presales of events were missing due to the COVID-19 pandemic. This was offset by cost-cutting measures of EUR 51,200 thousand, income from insurance compensations of EUR 10,040 thousand and income from Corona-related government grants of EUR 2,846 thousand. Income from refunded social security contributions of EUR 5,448 thousand was recognised as a reduction in personnel expenses and thus in the corresponding functional area costs. Internet ticket volume decreased 69.7% year-on-year due to the COVID-19 pandemic.

In the Ticketing segment, EBITDA declined by EUR 243,438 thousand (-111.0%) to EUR -24,135 thousand (previous year: EUR 219,304 thousand). The EBITDA margin was -19.1% (previous year: 45.5%).

In the **Live Entertainment segment**, the normalised EBITDA fell from EUR 66,087 thousand by EUR 45,392 thousand (-68.7%) to EUR 20,694 thousand. Normalised EBITDA margin was 15.1% (previous year: 6.7%). The lack of earnings contributions from major events compared with the same period of the previous year and the cancellation and postponement of events in the current reporting period due to the COVID-19 pandemic is offset by cost reduction measures of EUR 20,957 thousand. Furthermore, higher income from insurance compensations for cancelled and rescheduled events of EUR 50,777 thousand and income from Corona-related government grants of EUR 19,204 thousand were recognised. Income from refunded social security contributions of EUR 5,101 thousand was recorded as a reduction in personnel expenses and thus in the corresponding functional area costs.

EBITDA in the Live Entertainment segment fell from EUR 64,974 thousand by EUR 47,955 thousand (-73.8%) to EUR 17,019 thousand. The EBITDA margin was 12.4% (previous year: 6.6%).

NORMALISED EBIT BEFORE AMORTISATION FROM PURCHASE PRICE ALLOCATION / EBIT

Normalised EBIT before amortisation from purchase price allocation in the **CTS Group** declined by EUR 289,113 thousand (-119.0%) from EUR 242,928 thousand to EUR -46,185 thousand. The normalised EBIT margin was -18.0% (previous year: 16.8%). At EUR -62,933 thousand, Group EBIT was EUR -293,128 thousand lower than in the previous year (EUR 230,194 thousand). The EBIT margin was -24.5% (previous year: 16.0%).

Total depreciation and amortisation within the **CTS Group** amounted up to EUR 55,818 thousand (previous year:

EUR 54,083 thousand). The amortisation from purchase price allocations increased to EUR 12,573 thousand (previous year: EUR 10,522 thousand) due to the acquisitions in the Live Entertainment segment. The amortisation of intangible assets and of property, plant and equipment remained at the previous year's level with EUR 43,245 thousand (previous year: EUR 43,561 thousand).

In the **Ticketing segment**, the normalised EBIT before amortisation from purchase price allocation fell from EUR 192,936 thousand by EUR 243,732 thousand (-126.3%) to EUR -50,796 thousand. The normalised EBIT margin was -40.1%, compared to 40.1% the year before. EBIT decreased from EUR 184,987 thousand by EUR 242,739 thousand (-131.2%) to EUR -57,752 thousand. The EBIT margin was -45.6% (previous year: 38.4%).

The **Live Entertainment segment** achieved a normalised EBIT before amortisation from purchase price allocation of EUR 4,611 thousand, compared to EUR 49,992 thousand the year before. The normalised EBIT declined to 3.4% (previous year: 5.1%). EBIT dropped by EUR 50,389 thousand (-111.5%) from EUR 45,208 thousand in the previous year to EUR -5,181 thousand. The EBIT margin was -3.8% (previous year: 4.6%).

FINANCIAL RESULT

The financial result changed from EUR -6,177 thousand by EUR -32,918 thousand to EUR -39,095 thousand. The increase in financial expenses of EUR 21,846 thousand is burdened in particular by the impairment of the deposits of the Barracuda Group at Commerzialbank Mattersburg im Burgenland AG in the amount of EUR 20,712 thousand. In July 2020, the Austrian Financial Market Authority (FMA) ordered Commerzialbank Mattersburg im Burgenland AG to cease all business operations on suspicion of balance sheet fraud and misappropriation of customer deposits. As a result, the companies of the Barracuda Group no longer have access to the existing deposits, so that these deposits were impaired. Furthermore, financial expenses increased by EUR 1,581 thousand due to higher expenses from updated valuations of existing contractual agreements (put options and earn-out agreements). This was offset by lower interest expenses of EUR 530 thousand.

Financial income fell by EUR 1,831 thousand. Income from updated valuations of existing contractual agreements (put options and earn-out agreements) of EUR 4,165 thousand was offset by a positive deconsolidation effect of CTS Eventim France S.A.S., Paris, France, of EUR 6,076 thousand in the previous year.

Furthermore, income from investments in relation to third parties and associated companies decreased by EUR 9,241 thousand, mainly due to the COVID-19 pandemic.

TAXES

The taxes in the reporting year include tax income of EUR 13,955 thousand whereas in the previous year tax expenses of EUR 77,933 thousand were recorded. The difference of EUR 91,887 thousand is the result of the downturn in business operations caused by the COVID-19 pandemic. Taxes include deferred tax income of EUR 16,602 thousand (previous year: EUR 396 thousand) and current income tax expenses of the consolidated standalone companies (EUR 2,647 thousand; previous year: EUR 78,328 thousand). The increase in deferred tax income results from the recognition of deferred tax assets on losses incurred in the 2020 financial year due to the COVID-19 pandemic. The negative impact of the COVID-19 pandemic on earnings before tax resulted in a reduction in current income tax expenses.

NET RESULT ATTRIBUTABLE TO SHAREHOLDERS OF CTS KGaA

After deducting tax expenses and non-controlling interests, the net result attributable to the shareholders of CTS KGaA was EUR -82,259 thousand (previous year: EUR 132,900 thousand). Earnings per share (EPS) decreased significantly to EUR -0.86 (previous year: EUR 1.38).

NET RESULT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net result attributable to non-controlling interests declined from EUR 13,185 thousand by EUR 19,000 thousand to EUR -5,815 thousand. The decline is primarily the result of the negative business development due to the COVID-19 pandemic.

4.1.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2020	2019	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	84,740	105,213	-20,473	-19.5
General administrative expenses	58,523	74,348	-15,825	-21.3
Other operating income	100,773	31,460	69,313	220.3
Other operating expenes	30,260	23,461	6,799	29.0
thereof non-recurring items	*4,175*	*2,211*	*1,964*	*88.8*

SELLING EXPENSES

Selling expenses fell by EUR 20,473 thousand to EUR 84,740 thousand. The decrease in selling expenses is mainly due to cost savings applying to personnel expenses (EUR -11,084 thousand; see item 4.1.4 Personnel) and other operating expenses (EUR -10,694 thousand). The decrease in other operating expenses is due in part to lower advertising and travel costs.

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses fell by EUR 15,825 thousand to EUR 58,523 thousand. The decrease is mainly due to cost reductions with regard to personnel expenses (EUR -11,054 thousand; see item 4.1.4 Personnel). The decrease was offset by an increase due to the expansion in the number of consolidated companies in the Live Entertainment segment.

OTHER OPERATING INCOME

Other operating income increased by EUR 69,313 thousand to EUR 100,773 thousand. The increase is comprised mainly of income from insurance compensations of EUR 59,210 thousand for cancelled and rescheduled events, especially in the Live Entertainment segment, as well as income from Corona-related government grants of EUR 22,050 thousand. This is offset by the lack of positive earnings effects of EUR 9,740 thousand due to income from services in connection with the project to collect the German infrastructure charge ‘car toll’ in the prior-year period.

OTHER OPERATING EXPENSES

Other operating expenses increased by EUR 6,799 thousand to EUR 30,260 thousand. The increase results in particular from higher expenses from currency translation of receivables and liabilities, especially in Brazilian Real, US Dollar, Euro and Pound Sterling amounting to EUR 6,351 thousand.

4.1.4 PERSONNEL

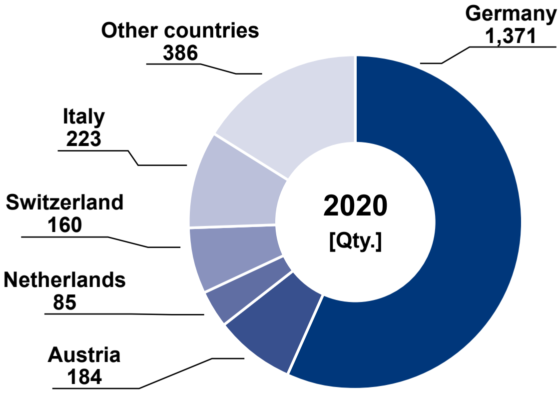
Personnel expenses decreased by EUR 38,812 thousand (-22.7%) to EUR 131,886 thousand (previous year: EUR 170,698 thousand). The decline in personnel expenses relates to the Live Entertainment segment with EUR 15,185 thousand and to the Ticketing segment with EUR 23,627 thousand. The decrease in personnel expenses results in particular from the reduction in the number of temporary employees due to the COVID-19 pandemic, as well as significant savings on personnel expenses including those made through the use of short-time work, cutting and waiving salary and other government schemes aimed at preserving jobs. Income from refunded social security contributions was recorded in the CTS Group as a reduction of personnel expenses of EUR 10,549 thousand and relates to the Live Entertainment segment with EUR 5,101 thousand and to the Ticketing segment with EUR 5,448 thousand.

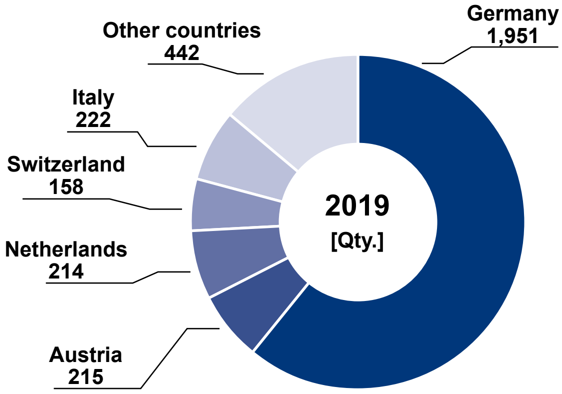
Breakdown of workforce by segment (permanent and temporary employees), year-end figures:

	2020	2019	Change	
	[Qty.]	[Qty.]	[Qty.]	[in %]
Ticketing	1,476	1,708	-232	-13.6
Live Entertainment	933	1,494	-561	-37.6
Total	**2,409**	**3,202**	**-793**	**-24.8**

In the Live Entertainment segment, a reduction in the number of employees was offset by an increase in the number of employees, in particular due to the expansion of the scope of consolidation.

Breakdown of workforce by region (year-end figures):





On average, the Group had 211 fewer employees in 2020 than in the 2019 financial year.

4.1.5 DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

	2017	2018	2019	2020
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	418.4	447.1	481.6	126.6
Gross profit	251.9	273.4	291.5	31.7
Gross margin	60.2%	61.2%	60.5%	25.0%
EBITDA	176.1	194.0	219.3	-24.1
Normalised EBITDA	178.6	195.8	220.4	-23.6
EBIT	145.2	164.5	185.0	-57.8
Normalised EBIT before amortisation from purchase price allocation	158.6	174.7	192.9	-50.8

In the years 2017 to 2019 annual revenue growth in the Ticketing segment averaged around 7.3%. The revenue decline in 2020 was impacted by low presales of events due to the COVID-19 pandemic. Of the total segment revenue in the 2020 reporting year, EUR 99,694 thousand (previous year: EUR 366,389 thousand) were generated via the internet, this corresponds to a decline in this distribution channel of 72.8%. Revenue generated via the internet accounted for 78.3% (previous year: 77.6%) of total Ticketing segment revenue.

EBITDA and normalised EBITDA improved by an average of 11.6% in the annual development from 2017 to 2019, while the financial key figures were negatively impacted in the fiscal year 2020 due to the COVID-19 pandemic.

LIVE ENTERTAINMENT

	2017	2018	2019	2020
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	626.7	812.5	985.8	136.8
Gross profit	54.2	68.6	109.1	-21.2
Gross margin	8.6%	8.4%	11.1%	-15.5%
EBITDA	25.5	31.1	65.0	17.0
Normalised EBITDA	26.1	32.3	66.1	20.7
EBIT	20.5	23.2	45.2	-5.2
Normalised EBIT before amortisation from purchase price allocation	22.9	27.8	50.0	4.6

In the years 2017 to 2019 annual revenue growth in the Live Entertainment segment averaged around 25.4%. The decline in revenue in the 2020 reporting year mainly resulted from the ongoing COVID-19 pandemic and the associated official bans and restrictions for events.

EBITDA improved by an average of 59.7% in the annual development from 2017 to 2019 and normalised EBITDA by an average of 59.1%, while the financial key figures were impacted in the fiscal year 2020 due to the COVID-19 pandemic.

4.2 FINANCIAL POSITION

The balance sheet total of the CTS Group decreased in the reporting year primarily due to the low business volume as a result of the COVID-19 pandemic. It amounted to EUR 1,826,485 thousand as at the closing date of 31 December 2020 and was thus EUR 72,389 thousand lower year-on-year. In the year under review, investments in intangible assets and property, plant and equipment amounted to EUR 16,363 thousand, below the previous year's level (EUR 42,042 thousand). The equity ratio fell by 1.9 percentage points to 27.1%.

Working capital (current assets less current liabilities) changed from EUR -34,760 thousand by EUR -98,402 thousand to EUR -133,162 thousand compared to the previous year. The decrease in current assets was mainly the result of a reduction in trade receivables and receivables from ticket monies from ticket presales caused by the significant reduction in business activity due to the COVID-19 pandemic. The reduction in current liabilities mainly results from the reduction in liabilities from not yet invoiced ticket monies in the Ticketing segment, which is offset by an increase in current financial liabilities and advance payments received in the Live Entertainment segment.

Current financial liabilities increased mainly due to the utilisation of the syndicated credit line (Revolving Credit Facility) drawn in April 2020 to increase the CTS Group's financial flexibility during the COVID-19 pandemic.

As at closing date, non-current liabilities amounted to EUR 217,744 thousand and were 26.0% or EUR 44,977 thousand above the previous year (EUR 172,767 thousand). The increase resulted primarily from the reclassification of current not yet invoiced ticket money liabilities in the Ticketing segment and advance payments received in the Live Entertainment segment for future events to non-current ticket money liabilities and advance payments received, as the events were postponed to the year 2022 due to the COVID-19 pandemic. The share of non-current liabilities in the balance sheet total rose from 9.1% to 11.9%.

Corporate management estimates the economic situation of the CTS Group to be stable at the time of reporting.

4.2.1 GROUP FINANCIAL POSITION

	31.12.2020		31.12.2019		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	741,182	40.6	790,511	41.6	-49,329
Marketable securities and other investments	600	0.0	13,062	0.7	-12,461
Trade receivables	25,328	1.4	69,685	3.7	-44,357
Receivables from affiliated and associated companies accounted for at equity	663	0.0	3,700	0.2	-3,037
Inventories	4,710	0.3	5,623	0.3	-913
Payments on account	101,852	5.6	70,721	3.7	31,131
Other financial assets	52,551	2.9	139,997	7.4	-87,447
Other non-financial assets	54,378	3.0	41,311	2.2	13,067
Non-current assets held for sale	0	0.0	6,746	0.4	-6,746
Total current assets	**981,263**	**53.7**	**1,141,356**	**60.1**	**-160,093**
Non-current assets					
Goodwill	359,943	19.7	327,202	17.2	32,741
Fixed assets	424,400	23.2	394,786	20.8	29,615
Trade receivables	116	0.0	45	0.0	71
Other financial assets	14,664	0.8	19,419	1.0	-4,756
Other non-financial assets	13,121	0.7	1,239	0.1	11,882
Deferred tax assets	32,977	1.8	14,827	0.8	18,149
Total non-current assets	**845,222**	**46.3**	**757,519**	**39.9**	**87,703**
Total assets	**1,826,485**	**100.0**	**1,898,874**	**100.0**	**-72,389**

	31.12.2020		31.12.2019		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Financial liabilities	228,447	12.5	85,843	4.5	142,604
Trade payables	69,911	3.8	139,620	7.3	-69,710
Payables to affiliated and associated companies accounted for at equity	735	0.0	1,040	0.1	-306
Advance payments received	400,936	22.0	333,340	17.5	67,596
Other provisions	42,349	2.3	6,834	0.4	35,515
Tax debts	36,026	2.0	66,641	3.5	-30,615
Other financial liabilities	258,626	14.2	448,778	23.6	-190,151
Lease liabilities	17,383	1.0	16,978	0.9	404
Other non-financial liabilities	60,012	3.3	77,040	4.1	-17,029
Total current liabilities	**1,114,424**	**61.0**	**1,176,115**	**61.9**	**-61,691**
Non-current liabilities					
Financial liabilities	19,144	1.0	14,273	0.8	4,871
Advance payments received	21,579	1.2	3,710	0.2	17,868
Provisions	4,557	0.2	4,131	0.2	425
Other financial liabilities	16,992	0.9	11	0.0	16,981
Lease liabilities	120,377	6.6	122,178	6.4	-1,801
Pension provisions	16,039	0.9	11,815	0.6	4,225
Deferred tax liabilities	19,056	1.0	16,648	0.9	2,408
Total non-current liabilities	**217,744**	**11.9**	**172,767**	**9.1**	**44,977**
Equity					
Share capital	96,000	5.3	96,000	5.1	0
Capital reserve	1,890	0.1	1,890	0.1	0
Statutory reserve	7,200	0.4	7,200	0.4	0
Retained earnings	345,739	18.9	408,663	21.5	-62,924
Other reserves	-2,752	-0.2	-1,931	-0.1	-821
Treasury shares	-52	0.0	-52	0.0	0
Total equity attributable to shareholders of CTS KGaA	**448,025**	**24.5**	**511,770**	**27.0**	**-63,745**
Non-controlling interests	46,292	2.5	38,223	2.0	8,070
Total equity	**494,317**	**27.1**	**549,992**	**29.0**	**-55,676**
Total equity and liabilities	**1,826,485**	**100.0**	**1,898,874**	**100.0**	**-72,389**

CURRENT ASSETS decreased by EUR 160,093 thousand to EUR 981,263 thousand mainly due to a decline in cash and cash equivalents (EUR -49,329 thousand), trade receivables (EUR -44,357 thousand), other financial assets (EUR -87,447 thousand) and non-current assets held for sale (EUR -6,746 thousand). This was offset by an increase in payments on account (EUR +31,131 thousand) and other non-financial assets (EUR +13,067 thousand).

Cash and cash equivalents decreased by EUR 49,329 thousand compared to the balance sheet date as at 31 December 2019. The decrease in cash and cash equivalents mainly comprises the reduction of liabilities from not yet invoiced ticket monies, the repayment of financial liabilities, payments for the acquisition of consolidated subsidiaries, impairments on deposits of the Barracuda Group and the negative cash flow from operating activities due to the COVID-19 pandemic. This is offset by an increase in cash and cash equivalents due to the use of the syndicated credit line (Revolving Credit Facility) drawn in April 2020 to increase the CTS Group's financial flexibility during the COVID-19 pandemic. Furthermore, cash and cash equivalents increased as a result of advance payments received in the Live Entertainment segment, among other things due to the expansion of the scope of consolidation, as well as time deposits that had reached maturity and the reduction of receivables from ticket monies from presales.

In July 2020, the Austrian Financial Market Authority (FMA) ordered Commerzialbank Mattersburg im Burgenland AG to cease all business operations on suspicion of balance sheet fraud and misappropriation of customer deposits. As a result, the companies of the Barracuda Group no longer have access to existing deposits of EUR 34.3 million, of which EUR 13.1 million already existed at the time of initial consolidation. In this respect, these deposits of EUR 13.1 million at the time of initial consolidation and the deposits invested after the initial consolidation in the amount of EUR 20.7 million were fully impaired in the financial result.

Cash and cash equivalents, at EUR 741,182 thousand (previous year: EUR 790,511 thousand) include inter alia ticket monies from not yet invoiced presales for events (ticket monies not yet invoiced in the Ticketing segment), which are reported in other financial liabilities (EUR 256,865 thousand; previous year: EUR 429,052 thousand). Other financial assets also include receivables relating to ticket monies from presales in the Ticketing segment (EUR 17,215 thousand; previous year: EUR 83,993 thousand) and factoring receivables from ticket monies (EUR 2,263 thousand; previous year: EUR 30,201 thousand). The decrease results from the significantly lower business activity due to the COVID-19 pandemic.

Marketable securities and other investments decreased by EUR 12,461 thousand, in particular as a result of the reduction in time deposits reaching maturity and the associated reclassification to cash and cash equivalents.

The decrease in current **trade receivables** (EUR -44,357 thousand) is mainly due to the significantly lower business activity caused by the COVID-19 pandemic.

The increase in current **payments on account** (EUR +31,131 thousand) relates to production costs already paid out (e.g. artists' fees) for future events in the Live Entertainment segment, among other things from the expansion of the scope of consolidation.

The decrease in current **other financial assets** (EUR -87,447 thousand) mainly results from lower receivables from ticket monies from presales (EUR -66,778 thousand) and factoring receivables (EUR -27,938 thousand) mainly in the Ticketing segment. The decrease results from the significantly lower business activity due to the COVID-19 pandemic.

The increase in current **other non-financial assets** (EUR +13,067 thousand) is mainly due to receivables for reimbursement of short-time work compensation and social security contributions (EUR +2,488 thousand), receivables for grants for Corona emergency aid and temporary support (EUR +5,593 thousand), and higher tax receivables from VAT of EUR 1,295 thousand.

The decrease in **non-current assets held for sale** (EUR -6,746 thousand) was the result of the sale of an asset of JUG Jet Air GmbH & Co. KG, Bremen, in December 2020.

NON-CURRENT ASSETS increased by EUR 87,703 thousand to EUR 845,222 thousand mainly due to an increase in goodwill (EUR +32,741 thousand), fixed assets (EUR +29,615 thousand), other non-financial assets (EUR +11,882 thousand) and deferred tax assets (EUR +18,149 thousand).

The increase in **goodwill** (EUR +32,741 thousand) results from the expansion of the scope of consolidation, mainly due to acquisitions in Austria, Norway, Sweden and Switzerland in the Live Entertainment segment and in Israel in the Ticketing segment, as well as currency translation effects in Swiss francs as at the closing date of 31 December 2020, mainly in the Ticketing segment.

The increase in **fixed assets** (EUR +29,615 thousand) is mainly due to the intangible assets capitalised in connection with the purchase price allocations in 2020 and the investments in associates accounted for at equity from the conversion of loan receivables into capital reserves at autoTicket GmbH, Berlin (operating company for the collection of the German infrastructure charge 'car toll').

Non-current **other non-financial assets** increased by EUR 11,882 thousand mainly due to the acquisition of individual assets in the Live Entertainment segment relating to the transaction with the U.S. promoter Michael Cohl which will be amortised during the stipulated term of the agreement.

The increase in **deferred tax assets** (EUR +18,149 thousand) was the result of capitalising deferred tax assets due to the COVID-19 pandemic related losses.

Non-current assets in relation to the balance sheet total amount to 46.3% (previous year: 39.9%).

CURRENT LIABILITIES decreased by EUR 61,691 thousand to EUR 1,114,424 thousand. This decline is mainly attributable to lower trade payables (EUR -69,710 thousand), tax debts (EUR -30,615 thousand) and other financial liabilities (EUR -190,151 thousand). This was offset by an increase in current financial liabilities (EUR +142,604 thousand), advance payments received (EUR +67,596 thousand) and other provisions (EUR +35,515 thousand).

Current financial liabilities increased, mainly due to the syndicated credit facility (Revolving Credit Facility), in the amount of EUR 200 million utilised in April 2020 in order to increase the CTS Group's financial flexibility during the COVID-19 pandemic, and purchase price obligations for the acquisition of shares in subsidiaries. In addition, current financial liabilities also increased due to the reclassification of liabilities from put options from non-current financial liabilities. This was offset by a decrease caused by repayment of financial loans (EUR -69,418 thousand) and liabilities from put options (EUR -15,262 thousand). The syndicated credit line utilised has an agreed term until October 2022. In April 2020, the syndicated credit line (Revolving Credit Facility) was fully drawn to increase the CTS Group's financial flexibility during the COVID-19 pandemic. The drawdown has an agreed term of 12 months. The syndicated credit line is subject to financial covenants regarding the equity ratio and adjusted net debts. The contractual margin for the drawdown is currently 0.55% plus an exercise fee. As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant regarding adjusted net debt could not be complied with as of the reporting date 31 December 2020. For this reason, the corporate management applied to the lending banks for the suspension of the debt covenant as a precautionary measure in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant for the period including 30 June 2021. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, corporate management requested an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure in February 2021. The lending banks have agreed to this.

Trade payables decreased by EUR 69,710 thousand, mainly due to the lower business volume in the CTS Group compared to 2019, resulting from the COVID-19 pandemic.

Current **advance payments received** (EUR +67,596 thousand) increased mainly due to the expansion of the scope of consolidation in the Live Entertainment segment. This was offset by a reduction in advance payments received due to the reclassification to non-current liabilities, as future events were mainly postponed to the year 2022 due to the COVID-19 pandemic.

Other provisions increased by EUR 35,515 thousand. To improve liquidity positions of the companies in the live entertainment industry, the legislator introduced promoter voucher schemes in individual markets such as Germany, Austria and Italy. Holders of an admission ticket for an event which they were unable to attend due to the COVID-19 pandemic, or which they are unable or unwilling to attend at a later date, should receive a voucher instead of a refund of the ticket price. The ticket monies affected by this rule that were recognised in the consolidated financial statements as advance payments received, were reclassified as provisions for outstanding promoter vouchers amounting to EUR 24,723 thousand. In the context of an administrative proceeding for which legal action in the form of an appeal and a lawsuit has not yet been concluded and which is investigating the question of whether CTS KGaA and the Italian Ticketing and Live companies are inappropriately exploiting their market position and disadvantaging market partners, a provision of EUR 10,868 thousand was recorded for a fine imposed by the Italian authorities.

Tax debts decreased by EUR 30,615 thousand mainly due to the decreased net result from operating activities in the CTS Group as a result of the COVID-19 pandemic.

The drop in **other financial liabilities** by EUR 190,151 thousand is predominantly due to the reduction in liabilities in the Ticketing segment from ticket monies that have not yet been invoiced.

NON-CURRENT LIABILITIES increased by EUR 44,977 thousand, mainly due to higher financial liabilities (EUR +4,871 thousand), advance payments received (EUR +17,868 thousand), other financial liabilities (EUR +16,981 thousand) and pension provisions (EUR +4,225 thousand).

The increase in **financial liabilities** (EUR +4,871 thousand) results from the drawdown of financial loans as part of COVID-19 funding programs and an increase in purchase price liabilities due to the acquisitions of subsidiaries. This was partly offset by a decrease due to liabilities from put options, which were reclassified to current financial liabilities.

The increase in non-current **advance payments received** (EUR +17,868 thousand) in the Live Entertainment segment resulted from ticket monies from presales of future events, which were mainly postponed to the year 2022 due to the COVID-19 pandemic and reclassified from current liabilities.

Non-current **other financial liabilities** increased by EUR 16,981 thousand, in particular due to the reclassification of current liabilities from ticket monies not yet invoiced in the Ticketing segment to non-current other financial liabilities, as the performance of events was mainly postponed to the year 2022 due to the COVID-19 pandemic.

Pension provisions increased by EUR 4,225 thousand, mainly due to the expansion of the scope of consolidation in the Live Entertainment segment.

EQUITY decreased by EUR -55,676 thousand to EUR 494,317 thousand. The net result attributable to shareholders of CTS KGaA decreased by EUR -215,159 thousand to EUR -82,259 thousand compared to financial year 2019.

The equity ratio (equity/balance sheet total) is with 27.1% below previous year's level of 29.0% due to the net result. The return on equity (net income/equity) is -16.6%, compared to 24.2% in the previous year.

4.2.2 FINANCIAL MANAGEMENT

The global COVID-19 pandemic and the associated official bans and restrictions on the performance of events have led to a virtual standstill since March 2020 in the Live Entertainment business in Germany and in all of the CTS Group's international core markets. This resulted in a negative cash flow from operating activities of EUR -125,683 thousand. In April 2020, the syndicated credit line of EUR 200 million was used to increase the CTS Group's financial flexibility during the COVID-19 pandemic.

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The aim of financial management is to ensure solvency and to maintain financial balance within the Group. The objective of the CTS Group's financial policy is to keep the Group's financial strength at a high level, thereby securing the company's financial independence through sufficient liquidity. Risks are to be largely avoided or effectively counteracted.

The capital structure of the CTS Group comprises debt, cash and cash equivalents and equity owed to investors in the CTS KGaA. This in particular is comprised of issued shares and retained earnings.

When it comes to investing excess liquidity, the emphasis is on short-term availability as opposed to maximising earnings in order to be able to have swift access to cash and cash equivalents in the event of potential acquisitions or large project prefinancing schemes. Pure financial goals – such as optimising financial income – are therefore of secondary importance compared to the acquisition strategy and the company's growth. Guidelines state, for example, that speculative investments (including foreign exchange, securities and related forward transactions) are not permitted. Investments may only be carried out with debtors with an investment grade. Investments with appropriate deposit protection are preferred when it comes to financial investments within the European Union. The treasury department is responsible for managing and monitoring the liquidity situation centrally.

In principle, derivative financial instruments are only used to hedge the operating business. Foreign exchange derivatives were used in 2020 to hedge currency risks. In the reporting year, this specifically involved forward foreign exchange transactions in Swiss francs and US dollars as well as currency options in Pound Sterling. The forward foreign exchange transactions in Swiss francs which were ended during the reporting year were used to hedge against currency risks from royalties in the Ticketing segment. In addition, individual foreign exchange forward transactions in US dollars were carried out for contracts with artists in the Live Entertainment segment and to hedge against a purchase price payment. In addition, options acquired in 2019 were used to hedge intercompany loans in pound sterling. One focus of financial management is to hedge the Group's currency, the Euro. Instruments are used to hedge equity in Euro while having a neutral impact in profit or loss as well as instruments that hedge against cash flows in foreign currencies, thereby largely minimising the currency risk in the income statement.

The CTS Group manages its capital with the aim of maximising profits for shareholders by optimising the equity-to-debt ratio. The Group companies operate under the going concern premise.

STRATEGIC FINANCING MEASURES

In 2020, operational activities and required investments were financed using cash and cash equivalents and by utilising the syndicated credit line of EUR 200 million.

In October 2015, CTS KGaA agreed on a syndicated credit facility (Revolving Credit Facility) of EUR 200 million. The syndicated credit line utilised has an agreed term until October 2022. In April 2020, the syndicated credit line (Revolving Credit Facility) was fully drawn to increase the CTS Group's financial flexibility during the COVID-19 pandemic. The drawdown has an agreed term of 12 months.

The Group has a solid equity ratio of 27.1%. The financing strategy requires the constant review and optimisation of the capital structure, however.

Current and non-current financial liabilities increased from EUR 100,116 thousand to EUR 247,591 thousand. As of the balance sheet date of 31 December 2020, they accounted for 13.6% of the Group's balance sheet total (previous year: 5.3%).

The financial liabilities recognised on the balance sheet date amounting to EUR 247,591 thousand (previous year: EUR 100,116 thousand) include loans of EUR 204,097 thousand (previous year: EUR 69,296 thousand) as well as EUR 43,495 thousand (previous year: EUR 30,820 thousand) in purchase price obligations and put options liabilities of non-controlling interests.

Of the external loans, EUR 200,000 thousand (previous year: EUR 9,089 thousand) are tied to compliance with standard financial covenants for companies with good creditworthiness ratings.

As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant regarding adjusted net debt could not be complied with as of the reporting date 31 December 2020. For this reason, the corporate management applied to the lending banks for the suspension of the debt covenant as a precautionary measure in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant for the period including 30 June 2021. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, corporate management requested an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure in February 2021. The lending banks have agreed to this. As soon as the restrictions due to the COVID-19 pandemic are eased or lifted and the performance of major events is possible again, the current level of debt will be reduced by the expected high positive cash flow from operating activities. With a positive cash flow from operating activities, the CTS Group expects to be able to comply with the debt covenant again.

The CTS Group responded to the pandemic immediately by adapting its cost structure and reducing investments to a minimum. Due to the promoter voucher solutions it was possible to secure further liquidity in important European core markets. In addition to the cost reduction measures initiated, further loans were granted through government grant schemes in Switzerland.

A key variable used in capital risk management is the gearing ratio; the ratio between net consolidated debt and Group equity according to IFRS. Risk considerations mean that the aim must be to have a balanced net debt-equity ratio. In addition to improving leverage and the related optimisation of the capital structure, the objective is to achieve a stable equity ratio as a basis for greater borrowing potential and the financial flexibility to be able to exploit acquisition opportunities in particular at short notice. The CTS Group therefore keeps most of its funds in liquid form as well as in occasional investments with short-term availability.

The **net debt/equity ratio** is as follows:

	31.12.2020	31.12.2019
	[EUR'000]	[EUR'000]
Debt [1]	641,491	573,867
Cash and cash equivalents	-741,182	-790,511
Net debt	**-99,691**	**-216,644**
Equity	494,317	549,992
Net debt to equity	-20.2%	-39.4%

[1] *Debt is defined here as non-current and current financial liabilities (EUR 247,591 thousand; previous year: EUR 100,116 thousand), other non-current and current financial liabilities and non-current and current lease liabilites (EUR 413,378 thousand; previous year: EUR 587,945 thousand). The other financial liabilities from ticket monies that have not yet been invoiced are set off against receivables relating to ticket monies and factoring receivables from ticket monies (EUR 19,478 thousand; previous year: EUR 114,194 thousand).*

Net debt indicates the amount of debts a company has after all financial liabilities have been redeemed with cash and cash equivalents. The increase in net debt was the result of utilising the syndicated credit line of EUR 200 million and taking up loans from government-backed aid schemes in relation to the COVID-19 pandemic.

At the time of the preparation of the combined management report, corporate management assumes that the risks do not jeopardise CTS KGaA and the Group as a going concern. It cannot be ruled out that additional factors, such as the COVID-19 pandemic, will emerge in the future which are not yet known or are currently rated as immaterial and which could jeopardise the continued existence of the CTS Group as a going concern.

4.3 CASH FLOW

	2020	2019	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	-125,683	141,000	-266,683
Investing activities	-20,256	-124,145	103,889
Financing activities	98,422	-102,054	200,476
Net increase / decrease in cash and cash equivalents	**-47,517**	**-85,199**	**37,682**
Net increase / decrease in cash and cash equivalents due to currency translation	-1,812	2,504	-4,316
Cash and cash equivalents at beginning of period	790,511	873,206	-82,695
Cash and cash equivalents at end of period	**741,182**	**790,511**	**-49,329**

The amount of cash and cash equivalents shown in the cash flow statement corresponds to the cash and cash equivalents stated in the balance sheet. Compared to 31 December 2019, cash and cash equivalents decreased by EUR 49,329 thousand from EUR 790,511 thousand to EUR 741,182 thousand.

Cash and cash equivalents, at EUR 741,182 thousand (previous year: EUR 790,511 thousand) include inter alia ticket monies from not yet invoiced presales for events (ticket monies not yet invoiced in particular in the Ticketing segment), which are reported in other financial liabilities (EUR 256,865 thousand; previous year: EUR 429,052 thousand). Other financial assets also include receivables relating to ticket monies from presales in the Ticketing segment (EUR 17,215 thousand; previous year: EUR 83,993 thousand) and factoring receivables from ticket monies (EUR 2,263 thousand; previous year: EUR 30,201 thousand).

Cash flow from operating activities is derived indirectly from the consolidated net result for the year, whereas cash flow from investing and financing activities is calculated on the basis of payments.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities decreased year-on-year by EUR 266,683 thousand from EUR 141,000 thousand to EUR -125,683 thousand. The main reason for this decline in cash flow from operating activities is the change in receivables and other assets (EUR +127,476 thousand), in liabilities (EUR -158,366 thousand) and the lower net result (EUR -234,158 thousand) due to the COVID-19 pandemic.

The increased reduction in receivables from ticket monies in the Ticketing segment and trade receivables as well as advance payments received in the Live Entertainment segment resulted in a positive cash flow effect. This was offset by a reduction in liabilities from ticket monies not yet invoiced in the Ticketing segment and trade payables, and the impact of the COVID-19 pandemic on the result for the period, all of which resulted in negative cash flow effects. Whereas in the fourth quarter of 2019 positive cash flow effects still resulted from increased ticket monies in the Ticketing segment based on presales for events attracting large audiences, the near standstill in business activities due to the COVID-19 pandemic led to a reduction in liabilities from ticket monies not yet invoiced in the 2020 reporting period and to negative cash flow effects.

CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities increased by EUR 103,889 thousand from EUR -124,145 thousand to EUR -20,256 thousand. The positive change compared to the same period in the previous year was largely the result of the lack of cash outflow for an investment in associates accounted for at equity (France Billet SAS, Paris, France), for payments into the capital reserve and for loans issued at autoTicket. In addition, cash flow was also positively affected by lower payments for investments in intangible assets and property, plant and equipment of EUR 25,679 thousand. In comparison to the same period of the previous year, cash flow was still mainly positively affected by proceeds from disposals of investments and by the acquisition of cash and cash equivalents in connection with the acquisition of consolidated companies.

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities changed year-on-year by EUR 200,476 thousand from EUR -102,054 thousand to EUR 98,422 thousand. Compared to the previous year the utilisation of the existing syndicated credit line (Revolving Credit Facility) in the amount of EUR 200 million and the taking out of loans from government-supported aid programs in connection with the COVID-19 pandemic led to a positive cash flow effect (EUR +192,610 thousand). In contrast, there are negative cash flow effects from the repayment of financial loans and the settlement of purchase price liabilities for the acquisition of shares in already consolidated subsidiaries from put options granted. In the same period of the previous year, the cash flow from financing activities was negatively affected by the dividend distribution to shareholders.

With its current funds, the CTS Group is able to meet its financial commitments and to finance its planned investments and ongoing operations.

5. CTS KGaA: EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASHFLOW

5.1 EARNINGS PERFORMANCE

In addition to reporting on the CTS Group, the development of CTS KGaA is explained below. The annual financial statements of CTS KGaA are prepared in accordance with the German Commercial Code (HGB).

	2020	2019	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**67,000**	**258,053**	**-191,053**	**-74.0**
Gross profit	**21,906**	**157,168**	**-135,262**	**-86.1**
EBITDA	**-2,445**	**119,869**	**-122,315**	**-102.0**
EBIT	**-21,102**	**101,176**	**-122,278**	**-120.9**
Financial result	-7,599	75,461	-83,059	-110.1
Earnings before tax (EBT)	**-28,700**	**176,637**	**-205,337**	**-116.2**
Taxes	7,397	-44,292	51,689	-116.7
Net loss/income for the year	**-21,303**	**132,345**	**-153,648**	**-116.1**

5.1.1 REVENUE PERFORMANCE

The revenue of CTS KGaA in financial year 2020 fell from EUR 258,053 thousand by EUR 191,053 thousand (-74.0%) to EUR 67,000 thousand. This decline in revenue resulted from lower event presales due to the COVID-19 pandemic. As a result, the volume of internet tickets decreased by 17.9 million (-73.0%) compared to the same period last year, from 24.6 million tickets to 6.7 million tickets.

5.1.2 EARNINGS PERFORMANCE

GROSS PROFIT

Gross profit decreased by EUR 135,262 thousand year-on-year mainly because of lower presales of events due to the COVID-19 pandemic. The gross margin was 32.7% (previous year: 60.9%).

EBITDA

Due to lower event presales because of the COVID-19 pandemic, EBITDA fell from EUR 119,869 thousand to EUR -2,445 thousand. The EBITDA margin was -3.7% (previous year: 46.5%).

EBIT

The EBIT figure for the reporting year decreased to EUR -21,102 thousand (previous year: EUR 101,176 thousand) and the EBIT margin was -31.5% (previous year: 39.2%).

FINANCIAL RESULT

The financial result fell from EUR 75,461 thousand in the previous year by EUR 83,059 thousand to EUR 7,599 thousand.

The financial result mainly includes effects from profit transfer agreements and profit shares in commercial partnerships (EUR -7,014 thousand; previous year: EUR 33,638 thousand), income from participations (EUR 2,421 thousand; previous year: EUR 43,416 thousand), depreciation of financial assets (EUR 1,950 thousand; previous year: EUR 1,133 thousand), interest income (EUR 1,357 thousand; previous year: EUR 720 thousand), interest expenses (EUR 1,621 thousand; previous year: EUR 759 thousand) and other financial expenses (EUR 791 thousand; previous year: EUR 502 thousand).

Interest expenses and other financial expenses mainly relate to borrowing costs (in particular interest expenses and other borrowing costs).

TAXES

The tax expense of EUR 44,292 thousand in the previous year decreased by EUR 51,689 thousand resulting in tax income of EUR 7,397 thousand in the current year. This includes income from taxes (EUR 216 thousand; previous year: income tax expenses of EUR 44,728 thousand), income from deferred taxes (EUR 7,186 thousand; previous year: EUR 441 thousand) and other tax expenses (EUR 5 thousand; previous year: EUR 5 thousand). The tax rate (taxes on income / earnings before taxes) is 25.8% (previous year: 25.1%).

NET RESULT FOR THE YEAR

In the current year, CTS KGaA has a net loss under commercial law of EUR -21,303 thousand due to the impact of the COVID-19 pandemic, following a net profit of EUR 132,345 thousand in the previous year.

5.1.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE INCOME STATEMENT

	2020	2019	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	34,119	40,631	-6,512	-16.0
General administrative expenses	18,257	22,980	-4,724	-20.6
Other operating income	17,152	15,510	1,642	10.6
Other operating expenses	7,785	7,891	-106	-1.3
thereof non-recurring items	*500*	*1,099*	*-600*	*-54.7*

SELLING EXPENSES

Selling expenses fell by EUR 6,512 thousand to EUR 34,119 thousand compared to the previous year. Cost reductions had a positive effect on other expenses (EUR -4,091 thousand) and personnel expenses (EUR -2,397 thousand).

GENERAL ADMINISTRATIVE EXPENSES

The reduction in general administrative expenses by EUR 4,724 thousand to EUR 18,257 thousand is mainly due to the reduction of other expenses (EUR -2,581 thousand) and personnel expenses (EUR -2,137 thousand).

OTHER OPERATING INCOME

Other operating income increased from EUR 15,510 thousand by EUR 1,642 thousand to EUR 17,152 thousand. In the current year, other operating income includes a positive effect from insurance compensations (EUR 9,949 thousand). In the previous year, other operating income included a positive effect from the transfer of the shares in the affiliated company Eventim France S.A.S., Paris, France, to the investment in the associated company France Billet (EUR 5,604 thousand).

PERSONNEL

Total personnel expenses fell from EUR 33,392 thousand in the previous year by EUR 5,732 thousand to EUR 27,660 thousand. This is mainly due to personnel cost reductions and government grants related to the COVID-19 pandemic.

At the end of the financial year 2020, CTS KGaA had 315 employees on its payroll (previous year: 372 employees). The average number of employees over the year decreased from 373 in the previous year to 346 in the reporting period.

5.2 FINANCIAL POSITION

	31.12.2020		31.12.2019		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	302,752	34.8	311,132	35.2	-8,380
Trade receivables	1,381	0.2	8,309	0.9	-6,928
Receivables from affiliated companies and participations	132,404	15.2	55,455	6.3	76,949
Inventories	120	0.0	155	0.0	-35
Other assets and prepaid expenses	26,140	3.0	57,907	6.6	-31,767
Total current assets	**462,797**	**53.1**	**432,958**	**49.0**	**29,839**
Non-current assets					
Fixed assets	373,233	42.8	373,611	42.3	-378
Goodwill	11,474	1.3	19,123	2.2	-7,649
Receivables from affiliated companies and participations	16,162	1.9	56,159	6.4	-39,997
Other assets and prepaid expenses	321	0.0	1,727	0.2	-1,405
Deferred tax assets	7,239	0.8	294	0.0	6,944
Total non-current assets	**408,430**	**46.9**	**450,914**	**51.0**	**-42,484**
Total assets	**871,227**	**100.0**	**883,872**	**100.0**	**-12,645**

	31.12.2020		31.12.2019		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Financial liabilities	200,257	23.0	60,269	6.8	139,988
Advance payments received on orders	4	0.0	0	0.0	4
Trade payables	2,622	0.3	6,232	0.7	-3,610
Payables to affiliated companies and participations	37,528	4.3	28,258	3.2	9,269
Provisions	44,294	5.1	74,490	8.4	-30,195
Other liabilities and deferred income	186,208	21.4	306,356	34.7	-120,148
Total current liabilities	**470,914**	**54.1**	**475,605**	**53.8**	**-4,691**
Non-current liabilities					
Other liabilities	13,591	1.6	0	0.0	13,591
Deferred tax liabilities	414	0.0	656	0.1	-242
Total non-current liabilities	**14,005**	**1.6**	**656**	**0.1**	**13,34**
Shareholders' equity					
Share capital	96,000	11.0	96,000	10.9	0
less par value of treasury shares	-9	0.0	-9	0.0	0
Capital reserve	2,400	0.3	2,400	0.3	0
Statutory reserve	7,200	0.8	7,200	0.8	0
Balance sheet profit	280,717	32.2	302,021	34.2	-21,303
Total shareholders' equity	**386,309**	**44.3**	**407,612**	**46.1**	**-21,303**
Total shareholders' equity and liabilities	**871,227**	**100.0**	**883,872**	**100.0**	**-12,645**

The balance sheet total of CTS KGaA decreased year-on-year by EUR 12,645 thousand to EUR 871,227 thousand.

CURRENT ASSETS increased by EUR 29,839 thousand to EUR 462,797 thousand. The change is mainly due to the increase in receivables from affiliated companies and participations (EUR +76,949 thousand). This is offset by lower other assets and prepaid expenses (TEUR -31,767).

Receivables from affiliated companies and participations increased from EUR 55,455 thousand by EUR 76,949 thousand to EUR 132,404 thousand. The increase mainly resulted from the reclassification of and increase in loans to a subsidiary for acquisition financing in the Live Entertainment segment, which were reported in the previous year in non-currenct receivables from affiliated companies and participations (EUR +78,130 thousand).

The decrease in **other assets and prepaid expenses** from EUR 57,907 thousand by EUR 31,767 thousand to EUR 26,140 thousand is mainly due to the decrease in receivables from ticket monies from presales (EUR -18,481 thousand) as well as the decrease in factoring receivables from ticket monies (EUR -27,939 thousand). Receivables from insurance compensations (EUR +9,817 thousand) and higher tax receivables (EUR +2,302 thousand) had an opposite effect.

NON-CURRENT ASSETS decreased from EUR 450,914 thousand by EUR 42,484 thousand to EUR 408,430 thousand. This decrease is mainly due to a reduction of receivables from affiliated companies and participations (EUR -39,997 thousand) and scheduled amortisation of goodwill under commercial law (EUR -7,649 thousand). This is offset by increased deferred tax assets (EUR +6,944 thousand).

Receivables from affiliated companies and participations decreased from EUR 56,159 thousand by EUR 39,997 thousand to EUR 16,162 thousand. The decrease mainly resulted from the reclassification of loans to an affiliated company for acquisition financing in the Live Entertainment segment, which were reported in the previous year under non-current receivables from affiliated companies and investments (EUR -54,377 thousand) as well as the issue of new long-term loans (EUR +16,125 thousand).

The increase in **deferred tax assets** by EUR 6,944 thousand is mainly due to the addition of deferred taxes on loss carryforwards.

CURRENT LIABILITIES decreased by EUR 4,691 thousand to EUR 470,914 thousand. The decrease derives mainly from other liabilities and deferred income (EUR -120,148 thousand) as well as provisions (EUR -30,195 thousand). This is offset by an increase in financial liabilities (EUR + 139,988 thousand) and payables to affiliated companies and participations (EUR + 9,269 thousand).

The decrease in **other liabilities and deferred income** in the amount of EUR 120,148 thousand mainly relates to lower liabilities from ticket money not yet invoiced (EUR -110,546 thousand). Because of lower presales of events due to the COVID-19 pandemic, the number of events that had not been settled yet was lower as of 31 December 2020 compared to the previous year. Tax liabilities also decreased year-on-year (EUR -6,349 thousand).

Provisions fell from EUR 74,490 thousand in the previous year by EUR 30,195 thousand to EUR 44,294 thousand. This is mainly due to the decrease in tax provisions compared to the previous year (EUR -28,422 thousand).

Financial liabilities (EUR 200,257 thousand; previous year EUR 60,269 thousand) increased by EUR 139,988 thousand mainly due to the utilisation of the syndicated credit line (Revolving Credit Facility) drawn to increase the CTS Group's financial flexibility during the COVID-19 pandemic (EUR +200,000 thousand). This was offset by scheduled repayments of financial loans (EUR -60,201 thousand).

The increase in the **payables to affiliates and participations** by EUR 9,269 thousand to EUR 37,528 thousand mainly relates to liabilities from the cash pooling with selected subsidiaries of the CTS Group (EUR +10,314 thousand).

NON-CURRENT LIABILITIES increased due to ticket monies from not yet invoiced presales for events that will only take place after 31 December 2021, mainly due to the COVID-19 pandemic (EUR +13,591 thousand).

EQUITY fell due to the loss for the year (EUR -21,303 thousand) to EUR 386,309 thousand.

The decrease in the equity ratio (shareholders' equity / balance sheet total) from 46.1% to 44.3% is mainly due to the lower net retained earnings and the slightly increased level of borrowed capital.

The return on equity (net loss/income / shareholders' equity) amounts to -5.5% (previous year: 32.5%).

5.3 CASH FLOW

	2020 [EUR'000]	2019 [EUR'000]	Change [EUR'000]
Cash flow from:			
Operating activities	-135,660	122,401	-258,060
Investing activities	-12,554	-103,697	91,143
Financing activities	139,799	-63,314	203,113
Net increase / decrease in cash and cash equivalents	**-8,415**	**-44,610**	**36,196**
Net increase/decrease in cash and cash equivalents due to currency translation	35	40	-5
Cash and cash equivalents at beginning of period	311,132	355,702	-44,570
Cash and cash equivalents at end of period	**302,752**	**311,132**	**-8,380**

The amount of cash and cash equivalents shown in the cash flow statement corresponds to the cash and cash equivalents stated in the balance sheet. Compared to 31 December 2019, cash and cash equivalents decreased from EUR 311,132 thousand by EUR 8,380 thousand to EUR 302,752 thousand.

Cash and cash equivalents of EUR 302,752 thousand (previous year: EUR 311,132 thousand) include ticket monies from presales for events that have not been settled yet, which are reported in other liabilities (EUR 177,322 thousand; previous year: EUR 274,277 thousand). Other assets also include receivables relating to ticket monies from presales (EUR 4,200 thousand; previous year: EUR 22,681 thousand) and factoring receivables from ticket monies (EUR 2,264 thousand; previous year: EUR 30,203 thousand).

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities decreased from EUR 122,401 thousand in the previous year by EUR 258,060 thousand to EUR -135,660 thousand. The reduction in cash flow from operating activities is mainly due to the lower presales of events due to the COVID-19 pandemic. Because of this, the result of the period decreased by EUR 153,648 thousand compared to the previous year. In addition, there was a higher decrease in liabilities compared to the previous year in the amount of EUR 102,411 thousand.

CASH FLOW FROM INVESTING ACTIVITIES

Negative cash flow from investing activities decreased from EUR 103,697 thousand by EUR 91,143 thousand to EUR 12,554 thousand. The cash outflows mainly result from investments in intangible assets of EUR 6,876 thousand (previous year: EUR 10,808 thousand), mainly for the further development of the Global Ticketing System, and in the investments from a contribution to the capital reserve at autoTicket in the amount of EUR 5,388 thousand (previous year: EUR 97,474 thousand).

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities increased compared to the previous year from EUR -63,314 thousand by EUR 203,113 thousand to EUR 139,799 thousand. The utilisation of the syndicated credit line (Revolving Credit Facility) in the amount of EUR 200,000 thousand and the suspension of the dividend payment for the financial year 2019 led to a positive cash flow effect in the current year. Negative cash flow effects resulted from the scheduled repayment of financial loans (EUR -60,201 thousand).

6. APPROPRIATION OF EARNINGS BY CTS KGaA

In the 2019 financial year, CTS KGaA generated net income for the year (according to HGB) of EUR 132,345 thousand. The Annual Shareholders' Meeting on 8 May 2020 adopted a resolution to carry forward the balance sheet profit of EUR 302,021 thousand to the new account.

In the 2020 financial year, CTS KGaA generated a net loss (according to HGB) of EUR -21,303 thousand. The Management Board of the general partner and the Supervisory Board of the company propose to the Annual Shareholders' Meeting to carry forward the balance sheet profit of EUR 280,717 thousand as at 31 December 2020 to the new account.

7. DEPENDENCY REPORT FOR CTS KGaA

According to § 17 (1) AktG, a dependent relationship exists at the closing date with Mr. Klaus-Peter Schulenberg/ KPS Stiftung (indirectly the controlling company) and with companies with which he is associated. In accordance with § 312 AktG, a report was submitted which was also be presented for review to the Supervisory Board and the auditor.

The report pursuant to section § 312 AktG finishes with the following statement by the Management Board of EVENTIM Management AG:

'Judging from the circumstances known to the general partner at the time legal transactions requiring disclosure were conducted, the company received adequate consideration in each case, stated in the report on the relationships with affiliated companies for the time period 1 January to 31 December 2020. No reportable measures were either effected or waived.'

8. RISK AND OPPORTUNITIES REPORT

In principle, the Group's risk and opportunity policy is geared towards systematic and continuous growth in enterprise value. It is therefore a major component of the business policy. Against the backdrop of the COVID-19 pandemic and its impact on the CTS Group's business, risk management is currently focused on controlling the risk arising from COVID-19 as well as implementing and realising mitigating measures, including securing the liquidity of the company and the Group over the long term.

Appropriate, manageable and controllable risks are accepted if these are related to the expansion and exploitation of the Group's core competencies. Risks taken must be expected to result in an appropriate increase in value added. Risks and opportunities are defined as deviations from planned targets.

The corporate management is guided by the following principles of risk policy:

a) achieving economic success is necessarily associated with risk,

b) no action or decision may entail a risk that threatens the company's going concern,

c) risks in respect of earnings must be associated with a corresponding return opportunity,

d) risks are to be hedged as far as economically viable and

e) residual risks must be controlled by means of the risk management system.

Opportunity and risk management is laid down in a corporate policy and is based on a comprehensive, multi-stage approach which comprises the subsidiaries' and segments' operating management, control and management systems (risk management in a more limited sense) and internal audit activities.

As a matter of principle, the CTS Group strives to achieve a balanced relationship between opportunities and risks in order to increase the value of the company.

8.1 STRUCTURE AND OPERATION OF THE RISK MANAGEMENT SYSTEM

The Group operates a systemic and appropriate risk management system in order to identify, assess, manage and document risks at an early stage. Operational risk management includes the systematic analysis of business processes. The risk management system is integrated into business processes as a continuous process (control loop), with the aim of identifying, assessing, controlling and documenting material risks, as well as risks that threaten the continued existence of the company as a going concern. Risks are managed at the operational process, divisional and corporate level in the segments and subsidiaries.

The risk management is an integral part of company management and monitoring.

CTS KGaA and its consolidated subsidiaries are informed in the risk management guideline about the risk policies, risk management principles, operational risk management and risk identification, the structure of the risk management system, the risk management process and reporting flows.

All major subsidiaries of the Ticketing and Live Entertainment segment are integrated into the risk management system via a model which defines roles and responsibilities. Officers must be appointed by all reporting entities. The risk management system has been integrated into Group Controlling. An authorised representative is responsible for the compliance with processes, the systematic development of the system and the support of the segments and subsidiaries. The risk committee at CTS KGaA (consisting of the Heads of Central Finance, Finance Operations, Group Controlling, Internal Audit & Compliance as well as the Data Protection Officer) validates and questions the evaluations and reports to corporate management. The Supervisory Board is informed of the risk reports and monitors the efficiency of the system.

Quarterly reports ensure that the company’s management is promptly informed about potential risks affecting the company’s future development. These are evaluated according to impact and likelihood of occurrence and the status of measures is monitored. The current risk management period is the 2021 financial year and is supplemented by medium-term planning, which maps out the impact of the COVID-19 pandemic on future business performance.

The risk management system operated by the CTS Group therefore serves the purpose not only of detecting existential risks at an early stage, as required by the German Corporate Control and Transparency Act (KonTraG), but also detects any identified risks which might materially impair the earnings performance of the Group.

The effectiveness, appropriateness and functionality of the CTS Group risk management system is reviewed and developed further in collaboration with the internal auditors. This process is supported by the ‘R2C RM’ risk management software, which documents risks, the potential impact of risks, probability of occurrence and expected value, status, management reports and measures.

The auditor evaluates the efficiency of the system for early detection of risks and reports on his findings to corporate management and the Supervisory Board after completing his audit of the annual financial statements. The knowledge gained in this process also serves to further improve the early detection and management of risks.

In principle, the risk identified is minimised by the implemented internal control system, which consists of process-integrated and process-independent measures. If necessary, individual measures are implemented and their effectiveness is monitored. In preparing the consolidated financial statements, sufficient precautions were taken to cover all discernible risks in the ongoing business, to the extent that the conditions for taking account of such risks in the consolidated financial statements have been met. In some cases, risks are transferred to insurers by means of insurance policies with appropriate amounts of coverage. These policies mainly cover property damage and third-party liability claims. Some specific operational risks are also covered by insurance policies. In addition, corporate management receives extensive advice from both internal and external experts on important decision-making processes.

Other instruments, such as the reporting system with consolidated budgets, monthly financial statements and regular review meetings, are also used to identify and analyse various risks, and to inform corporate management of the business development in the individual entities. The additional requirements of IDW PS 340 are to be applied since 2021.

8.2 MAJOR RISK AREAS

Of all the identified risks facing the Group from today's perspective, the general and specific risks that may have an adverse impact on the financial position, cash flow and earnings performance are briefly described below.

Risk assessment includes the assessment of the risks as a negative plan deviation from the weighted EBIT regarding to the probability of occurrence and the maximum theoretical loss that could occur. The weighted EBIT was determined on the basis of the scenarios presented in the forecast. The maximum theoretical loss multiplied by the likelihood of the risk materialising is the expectation value. Risks are classified as 'high' (expected value impairs EBIT > 10%), 'medium' (expected value impairs EBIT by ≥ 1% and ≤ 10%) and 'low' (expected value impairs EBIT < 1%). The risk classification is based on the highest individual risk per risk area.

The following overview shows the current classification of the risk fields and their development. Unless otherwise specified, the risks described below relate to both segments.

Risk categories / risk areas	Classification		Trend
	2021	2020	2021 vs. 2020
1. Strategic risks			
Success risks which represent a significant threat and arise from fundamental strategic decisions:			
• Risks relating to future macroeconomic trends	medium	low	↑
• Industry, market and competition	medium	medium	=
2. Market risks			
Risks based on changes in the market through products, services, innovations, business activities and corporate values	low	low	=
3. Performance risks			
Risks related to services provided and the required resources			
• Stability and reliability of the IT infrastructure being used [1]	low	low	=
• Risks from internet security threats [1]	medium	medium	=
• Procurement	low	low	=
• Personnel risks	medium	low	↑
4. Project risks			
Risks arising from large projects	low	low	=
5. Finance risks			
Financially-based risks			
• Liquidity risks	medium	low	↑
• Default risks	low	low	=
• Foreign exchange risks	low	low	=
• Interest risks	low	low	=
• Taxes	medium	medium	=
• Litigations and claims for damages	medium	low	↑
• Risks relating to reporting and budgeting	high	medium	↑
• Capital management	low	low	=
6. Social / policitical / legal risks			
Risks arising from changes in the social, political or legal framework			
• COVID-19 pandemic	high	n/a	↑
• Other social, political, legal risks	medium	medium	=
7. Compliance risks			
Risks arising from non-compliance with laws, regulations, sector standards and voluntary commitments	medium	medium	=

[1] in the Ticketing segment

8.2.1 STRATEGIC RISKS

RISKS RELATING TO FUTURE MACROECONOMIC TRENDS

The global macroeconomic trend is currently being strongly influenced by the ongoing COVID-19 pandemic. In the initial absence of a vaccine and only gradual progress in vaccination rollouts, the spread of coronavirus has so far primarily been combated through health policy measures in the form of a significant reduction in contact with other people. This has had a direct impact on live entertainment and ticket sales, both of which have come to an almost complete standstill.

With the development of effective vaccines and their subsequent mass production, distribution and the vaccination of large parts of the population in vaccination centres, a concept is now in place to effectively contain the virus through medical means. The COVID-19 pandemic is described as a separate risk area in section 8.2.6.

The German Council of Economic Advisors (cf. Annual Report of 11 November 2020) expects Germany's gross domestic product to grow by 3.7% in 2021, following the -5.1% decline in 2020. It considers the economic situation to be fragile given the course of the pandemic.

The risk is classified as medium.

INDUSTRY, MARKET AND COMPETITION

The CTS Group is a leading international provider of Ticketing services and Live Entertainment. In providing their services, the Group companies compete with regional and supra-regional providers both in Germany and abroad, as well as with direct ticket sales by event promoters. However, efforts are being made to reinforce the company's position as market leader by expanding the distribution network and improving the range of services on offer. This includes, for example, an exclusive presale service, online reservation of specific seats via an interactive seating plan, ticket sales by mobile shops and apps for iOS and Android, cross-selling and upselling solutions, applications for promotions and VIP package deals, an internet-based ticket exchange, FanTicket, print-at-home and smartphone solutions, and the powerful access control system EVENTIM.Access mobile.

Changes in the competitive environment in the core markets of the Ticketing segment can lead to changes in the market. The causes of this may include market regulation measures, stricter consumer protection laws, competition/ anti-trust restrictions (of organic and acquisition-based growth) and contractual stipulations, as well as the risk-relevant influences of consumer protection organisations and authorities.

Changes in the competitive environment in the core markets of the Live Entertainment segment can lead to changes in the market. The success in the Live Entertainment segment is based on existing promoters, attractive events and tours, leading venues and collaborations developed with artists over the years. The CTS Group has a variety of brands, particularly in the area of festivals, renowned venues, extensive contacts with artists and their management, reputation in event management, distribution strength and financial strength.

Depending on the further course of the COVID-19 pandemic, the CTS Group expects to see consolidation, particularly in markets with a fragmented structure. The CTS Group monitors the market closely for possible changes and opportunities in order to respond flexibly should the need arise.

The CTS Group does not anticipate the same significant structural changes in customer behaviour as a result of the COVID-19 pandemic or after the end of the pandemic that are expected in other industries and believes that demand for live events and concerts will be at least on par with pre-pandemic levels. It is not out of the question that the end of the COVID-19 pandemic will be followed by a short-term release of pent-up demand.

The risk is classified as medium.

8.2.2 MARKET RISKS

PRODUCTS, SERVICES, INNOVATION, BUSINESS AND CORPORATE VALUES

Further development of the CTS ticketing software (‘Global Ticketing System’ and products in sports and cultural areas) occurs in a context of very rapid changes in the information technology field, which produces a constant flow of new industry standards, new products and new services. It is uncertain that the CTS Group can always launch new technologies in a timely manner and without impairing the speed and responsiveness of the system. The CTS Group also uses technologies developed by external specialists from whom licences have been purchased. If the rights to use these technologies are lost for whatever reason, this could delay development and limit operation of the products, or could result in higher licence fees being paid. With new industry and / or customer-specific service offers and sales initiatives, the CTS Group is reacting to the occasional pressure from competition and prices.

The Group’s business operations and the enterprise value of its assets in the Ticketing segment depend significantly on promoters selling their admission tickets via the CTS sales network and providing a certain proportion of the available tickets. The Group generally believes that event promoters will continue to use these services in future, on account of the diversified structure of products and their distribution. The risk of promoters no longer using the services of the CTS Group is minimised in German-speaking countries through investment in various notable regional and national concert promoters as well as through long-term contractual relationships based on partnership and trust. However, it is considerably limited at the current time for promoters to make ticket quotas available on account of the coronavirus-related ban on live events and the resulting planning uncertainty on the part of artists and promoters.

The Group’s business operations and the enterprise value of its assets in the Live Entertainment segment are dependent to a significant degree on promoters continuing to offer successful national and international artists’ products with a high occupancy rate again in the future after the lifting of officially ordered event bans.

However, the Group assumes that the COVID-19 pandemic will result in artists and promoters evaluating more closely the companies they work with and increasingly turn to market leaders such as the CTS Group.

Uncertainties on markets worldwide may have further adverse effects on the events and ticketing market and hence on the business development of the CTS Group.

Market risks are classified at low risk.

8.2.3 PERFORMANCE RISKS

STABILITY AND SECURITY OF THE IT INFRASTRUCTURE BEING USED

The availability and security of the software and hardware used in Germany and other countries is a key prerequisite for business success, in that any malfunctioning or failures may cause sustained damage to the Group's internal and external processes or to the services it performs for its customers.

These risks are countered with many measures that are defined in an IT security policy adopted by the corporate management.

Technical and organisational measures are taken to safeguard the availability and security of the platforms operated, the IT infrastructure and the data stored and processed on those platforms.

To ensure its physical security, for example with protection against fire, power failures, natural disasters or burglary, the infrastructure is operated in a modern external computer centre, equipped with multi-redundant power and internet connections, separate fire protection zones and permanent surveillance.

The operation of the IT systems follows documented processes and regulations, data protection guidelines, regulations on the handling information and for the commissioning and maintenance of systems and networks. Staff training and regular risk reports and contingency planning form the core of the measures.

System malfunctions and failures are prevented with a highly redundant system architecture and permanent monitoring of all system components. A mirrored system architecture, with multi-redundant system components and backup systems, not only guarantees platform availability, but also allows peak loads to be handled by intelligent load distribution algorithms, both automatically and manually controlled.

A multi-threaded test environment ensures that changes to software and systems do not enter productive operations unless they have successfully completed quality assurance and load testing procedures and do not compromise productive operations in any way.

A multi-layered security system with firewalls and intrusion detection blocks attacks on the productive infrastructure. Furthermore, the security of all platforms continues to be tested and continuously improved on the basis of regular security tests conducted on networks, servers and software by independent organisations. In 2020, the CTS Group invested additional funds in the performance, security and stability of the ticketing platform. These include strategically significant expansions and renewals in the data centre and security infrastructure.

The CTS Group successfully increased the availability and security of Group IT systems by centralising national companies' office IT infrastructure. This project is scheduled for completion in mid-2021 and involves the consolidation of local systems into data centres in Frankfurt with high system availability. CTS continues to work towards expanding its multi-cloud strategy to systematically increase the scalability and efficiency of its ticketing platforms.

The risk is classified as a low risk in the Ticketing segment.

RISKS FROM INTERNET SECURITY THREATS

Processes within the CTS Group, such as software development, networking of ticketing systems, online ticketing operations, data exchange between the system and financial transactions are dependent on the IT infrastructure and IT applications. In order to ensure the security of the processed information in the IT systems, appropriate measures are taken accordingly.

Unauthorised users may nevertheless attempt to access CTS systems by conducting cyberattacks to perpetrate theft, unauthorised use or sabotage of intellectual property and confidential data. Any infringement of the IT security policy and any abuse or theft could have a negative impact on business operations and on earnings performance, financial position and cash flow.

The risk is classified as a medium risk in the Ticketing segment.

PROCUREMENT

Being an IT-related service provider, operator and supplier of ticketing systems and a promoter of live events, the CTS Group works together with very different suppliers. Potential risks in this area are countered by establishing quality standards in the supply and procurement process and by procedures for tendering and project costing.

The risk is classified as low.

PERSONNEL RISKS

The economic successes achieved to date in the Ticketing segment are attributable in large measure to the activity and special commitment of certain key people with important leadership roles. Economic success will continue to depend on these managers remaining in employ and on whether the Group can continue to recruit new, highly skilled personnel in Germany and abroad. The management development program provides dedicated support and advancement of management potential, as well as incentive systems.

The objects of the business activities in the Live Entertainment segment are to plan, prepare and execute tours and events, especially music events and concerts, and to market music productions. Contacts with artists and their managers, combined with the professional organisation and execution of events are key success factors in this regard. The positive business development in the Live Entertainment segment is based largely on the activities and special commitment of certain key persons with important management positions. Economic success will continue to depend on these skilled managers remaining in the employ of the company.

To meet the challenges posed by the COVID-19 pandemic in 2020, operational capability, commitment and loyalty, especially among key executives and experts at the company, are crucial. Navigating a path through the crisis and returning to previous successes is chiefly reliant on key employees remaining fit and healthy, motivated despite short-time work and loyal to the CTS Group and that these individuals can be retained by the company in the medium term beyond the time scale of the current pandemic.

These risks have been addressed through a comprehensive range of occupational health and safety measures, short-time work regulations, tailored communications and individual measures. Employees are able to work in the office in a low-risk environment or work from home if they so wish. Short-time work ensures that employees can remain on the payroll despite the decline in revenue.

When business returns to normal, the availability of highly qualified personnel will be an important factor moving forward. The company has active personnel management concepts in place, as well as the aforementioned instruments specifically tackling the crisis.

The risk is classified as medium.

8.2.4 PROJECT RISKS

Risks may arise in conjunction with larger projects, in particular. These risks are primarily quality risks, meaning the risk that the goals of projects are not met in full, but they may also take the form of cost risks, risks relating to deadlines, foreign exchange risks, and political and legal risks. Examples include, but are not limited to major projects for customers, IT projects (software development, provision and/or technical handling and implementation) and new types of events. Project-related risks are identified and managed with an appropriate system of project management. Project handling often involves the customer deploying a considerable amount of resources, as well as exposure to many risks over which the CTS Group often has no control.

The risk is classified as low.

8.2.5 FINANCIAL RISKS

LIQUIDITY RISKS

Liquidity risks arise if the payment obligations of the Group cannot be covered with available cash or credit lines.

Cash flow is planned and managed to ensure permanent solvency and financial flexibility.

A large number of events have been rescheduled or cancelled due to the COVID-19 pandemic and the resulting ban on live events. To improve businesses' liquidity positions, legislators in individual markets, such as Germany, Austria and Italy, introduced a voucher solution for promoters. Holders of an admission ticket for an event which they were unable to attend due to the COVID-19 pandemic, or which they are unable or unwilling to attend at a later date, receive a voucher instead of a refund of the ticket price. If the voucher is not redeemed, customers can receive a cash payment instead from the beginning of 2022 (from January 2023 in Austria).

The CTS Group's negative cash flow from operating activities is currently financed through existing cash and cash equivalents as well as credit lines agreed with numerous banks. Credit agreements are in place with various banks. The credit agreements comprise bilateral credit lines for short-term drawdowns and a long-term working capital credit facility which forms the company's general financing structure. In many European countries, governments offer different support programmes to companies affected by the COVID-19 pandemic. Some CTS Group subsidiaries have taken out loans as part of these support programmes. The prolongation risk is taken into account through different maturities.

As a listed company, CTS KGaA is able to take equity measures in the short term, such as a capital increase by issuing new shares. By resolution of the extraordinary Shareholders' Meeting held on 13 January 2021, the general partner was authorised, to issue warrant bonds and convertible bonds up to an amount of EUR 800,000,000. The Group had sufficient liquidity reserves as at the balance sheet date of 31 December 2020.

As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant regarding adjusted net debt could not be met as of 31 December 2020. For this reason, the corporate management applied for the suspension of the debt covenant with the lending banks as a precaution in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant up to and including 30 June 2021. Due to the ongoing COVID-19 pandemic and on the basis of the scenarios for business development in 2021, the corporate management applied for an extension of the suspension of the debt covenant up to and including 31 March 2022 in

February 2021, as a precautionary measure. The lending banks have agreed to this. As soon as the restrictions associated with the COVID-19 pandemic are eased or removed and it is possible to organise major events again, the current debt will be repaid by the expected high cash inflows from operating activities. With a positive cash flow from operating activities, the CTS Group expects to be in compliance with the debt covenant again.

Based on the current liquidity scenarios, the CTS Group assumes that additional cash and cash equivalents from the full drawdown of the syndicated credit line would also be able to be repaid at the present time even in the scenario that major events cannot be held until the first quarter of 2022. Based on current knowledge, the CTS Group assumes that there are no liquidity risks that could jeopardise the continued existence of the company as a going concern, even with the resumption of the live event business does not take place until the beginning of 2022.

The risk is classified as medium.

DEFAULT RISKS

Default risks exist when there is a risk of debtors being unable to fully or partially settle their debts. Due to the COVID-19 pandemic, the default risks in the CTS Group have increased. At present, there has not been an increase in default due to this. However, this may change as the COVID-19 pandemic continues. The maximum default risk is equal to the value of all receivables minus liabilities owed to the same debtor, if set-off is possible under civil law. Impairments are recognised in the annual financial statements of CTS KGaA and the Group to take default risks into account. Impairments are calculated on the basis of historical default rates and additional macroeconomic factors pursuant to IFRS. These indications are also based on intensive contact with the respective debtors in the context of receivables management. Since the start of 2020, an additional forward-looking macroeconomic factor has been included in the calculation of expected losses to take into account the impact of the COVID-19 pandemic on the CTS Group default risk.

The risk is classified as low.

FOREIGN EXCHANGE RISKS

The Group's foreign exchange risks result from investments, financing and operating activities in foreign currencies. Within the Group, some contracts with artists as well as licensing agreements are concluded in foreign currencies.

Foreign exchange risks which do not affect the cash flow of the Group (that is, risks which result from translating the financial statements of foreign entities into the Group reporting currency) remain unsecured, as a basic principle. Foreign exchange risks that may affect the cash flow of the Group are reviewed on a regular basis and hedged where necessary. Within the CTS Group, derivatives are used exclusively for risk hedging, not for speculative purposes.

A foreign exchange risk may also arise when intercompany receivables or liabilities exist in a currency other than the functional currency of the consolidated financial statements.

The risk is classified as low.

INTEREST RISKS

Fixed-rate loan agreements are mostly in place for existing short-term loans. Short-term working capital credit facilities are not used continuously throughout the year. A syndicated credit line (revolving credit facility) agreed in October 2015 has been fully utilised since mid-April 2020. When drawing on the syndicated credit line, the interest rate is redefined with each drawdown in accordance with the contractual agreement.

Risks associated with changes in interest rates exist due to potential changes in market interest rates and may lead to a change in fair value in the case of fixed-rate financial instruments, and to variation of interest payments in the case of financial instruments with variable interest rates.

Variable-rate loans and fixed-rate agreements expiring in the short term are regularly reviewed for possible hedging against interest rate changes. Due to the current market situation no significant increase in interest rates is expected in the short term. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, the corporate management applied in February 2021 for an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure. The lending banks have agreed to this.

As part of IBOR (interbank offered rates) reform, certain reference interest rates will be comprehensively revised by the end of 2021 and replaced by alternative, risk-free reference rates. The CTS Group does not expect the IBOR reform to have any impact on its financial instruments with variable interest rates.

Since the Governing Council of the European Central Bank (ECB) decided on 5 June 2014 to charge negative interest rates for deposits, banks started to pass on these negative interest rates to commercial clients and to charge negative interest for demand deposits if an individually defined limit is exceeded. Banks with which the CTS Group cooperates also charge negative interest rates on demand deposits when the agreed limits are exceeded. In 2020, the credit institutions have significantly reduced the individually set limits, so that the burdens due to negative interest rates have increased. It is expected that the limits will be further reduced in 2021, resulting in higher costs due to negative interest rates. Active cash management of the current liquidity attempts to limit the burdens from the negative interest rate.

The risk is classified as low risk.

Further information on liquidity risks, default risks, foreign exchange risks and interest risks is provided in section 4.2 of the notes to the consolidated financial statements.

TAXES

Current income taxes are calculated on the basis of the respective national tax results and regulations of the year. In addition, the current taxes reported in the financial year also include adjustment amounts for any tax payments or refunds for years not yet finally assessed, but exclude interest payments or interest refunds and penalties on retrospective tax refunds. In the event that amounts recognised in the tax returns will probably not be realised (uncertain tax items), tax liabilities are recognised. The amount is based on the best possible estimate of the expected tax payment (expected value or most likely value of the tax uncertainty). Tax receivables from uncertain tax items are recognised in the balance sheet if it is probable that they can be realised. If a tax loss carry forward exists, no tax provision or tax receivable is recognised for these uncertain tax items, but instead the deferred tax asset is adjusted for the not yet used tax loss carryforwards.

The risk is classified as medium.

LITIGATIONS AND CLAIMS FOR DAMAGES

The CTS Group is involved in pending proceedings and processes as they arise in the ordinary course of business.

The risk is classified as medium.

Additional reporting is made in section 8.2.6 social/political/legal risks.

RISKS RELATING TO REPORTING AND BUDGETING

Compliance with all the accounting standards applying to the CTS Group and with all new announcements of relevance is subject to regular review. Future announcements on accounting methods and standards may also have effects on financial information. Forecasting key corporate management figures at the CTS Group is highly dependent on the further course of the global COVID-19 pandemic and the duration of the resulting restrictions on live events, which currently extend to an official complete ban on any events. As a result, there is a great deal of uncertainty among artists and promoters, and therefore also at CTS Group, when it comes to planning live events.

Forecasts of future key corporate management figures are also reliant on many different factors and are therefore subject to uncertainty by their very nature. These factors include, but are not limited to social trends, geographical markets, seasonal variations, number of events, sales volume per channel, ticket price, genre, market share, budget changes at customers, time slots and assessment for ‘artist booking’ for annually changing content in the Live Entertainment segment, as well as currency and interest rate premises. Operating expenses are based on anticipated revenue. If anticipated revenue does not materialise, this may lead to fluctuations in operating results. The use of estimates by management may have impacts on earnings performance, financial position and cash flow.

The risk, particularly with regard to budgeting, is classified as high.

CAPITAL MANAGEMENT

The aim of capital management in the CTS Group is to ensure the efficient control of financial resources within the business units in order to have the maximum possible impact on profitability and shareholder value. As an integral component of finance policy within the CTS Group, capital management ensures appropriate equity levels, the financing of investments and the reduction or increase of debts. As explained above, the current focus is on navigating a way through the COVID-19 pandemic and securing the liquidity of the company and the Group over the long term.

The authorisation for approved and contingent capital extended until 2026 permits the issuing of warrant or convertible bonds up to an amount of EUR 800,000,000.

The risk is classified as low.

8.2.6 SOCIAL/ POLITICAL / LEGAL RISKS

COVID-19 PANDEMIC

The COVID-19 pandemic has a significant adverse impact on ticket volumes, ticket sales and the performance of concert events in the 2020 financial year. Live entertainment was directly affected by event bans and has come to an almost complete standstill. Ticket marketing is affected indirectly, firstly by a significant decline in demand among consumers and secondly due to the lack of new events.

The CTS Group responded to the resulting slump in revenue by taking a range of measures geared towards securing liquidity:

- Personnel expenses were lowered considerably by utilising government support schemes (such as short-time working in Germany and equivalent programmes around the world) and imposing an immediate halt on recruitment, among other measures.
- Cost of materials were reduced significantly by implementing an active cost-cutting programme.
- Marketing measures were adjusted in line with the market environment and corresponding advertising costs reduced to the bare minimum.
- The CTS Group and its subsidiaries took part in other government support programmes, including fixed cost advances, compensation for loss of earnings and bridging funds.
- Under new legislation, promoters are able to issue promoter vouchers to consumers instead of refunding the original ticket price should a concert be cancelled or postponed. Comparable regulations are in place in Germany, Austria and Italy, among others.
- The dividend distribution in 2020 was waived.

With the development of effective vaccines and their subsequent mass production, distribution and the vaccination of large parts of the population in vaccination centres, a concept is now in place to effectively contain the virus with medical means and vaccine a large majority of the population. Nevertheless, it has also been the case that vaccines have been in short supply in the first phase of the vaccination rollouts. Uncertainty continues to surround the effectiveness of the current vaccines against new virus mutations, whether vaccinations provide permanent or only temporary immunity and whether vaccinated people continue to spread the virus or not.

There is no way of saying when life will return to normal, contact restrictions eased and event bans removed. Due to this uncertainty, the CTS Group has developed a variety of different scenarios so that it can react flexibly to future developments. These scenarios are based on assumptions about when events will be permitted again, when postponed events can be held and when tickets can begin to be sold for new events.

The CTS Group will systematically continue with the aforementioned cost-cutting measures until further notice.

The risk is classified as high.

OTHER SOCIAL/POLITICAL/LEGAL RISKS

Market uncertainties as a result of social and political instability, for example caused by domestic conflicts, terrorist attacks, civil unrest, war or international conflicts, or other pandemics/epidemics and natural disasters, can have a negative impact on the earnings performance, financial position and cash flow as well as revenue and operating result targets of both segments.

Political/legal risks can arise when framework conditions are set or changed by government activities, especially in the context of legislation. Examples of these are developments in commercial and tax law as well as competition law, measures to regulate the market, tightening of consumer protection laws, tightening of laws and official requirements when holding events due to changes in the security situation (including unrest caused by violence and terrorism), competition law/anti-trust restrictions (of organic and inorganic growth) and restrictions on contract design as well as risk-relevant influences from consumer protection organisations and authorities. In legal matters, ongoing advice is provided by recognised experts.

In the context of administrative proceedings, the German Federal Cartel Office (Bundeskartellamt) has been investigating the market position and market conduct of CTS KGaA, particularly regarding whether CTS KGaA exploits its market position in the Ticketing segment to an unreasonable extent or puts market partners at a disadvantage, as well as the content of specific regional cooperation agreements. An administrative procedure that has been ongoing since October 2014 was completed by the German Federal Cartel Office on 4 December 2017. As part of these proceedings, it raised objections concerning a limited number of existing exclusive agreements and also restricted the scope and duration of future exclusive agreements. The requirements of the German Federal Cartel Office were already implemented accordingly at the beginning of 2018 and this was proven to the German Federal Cartel Office in due time. The appeal filed by CTS KGaA against this decision was rejected by the higher regional court (Oberlandesgericht) in Düsseldorf in April 2019 and the appeal was not allowed. The appeal of non-admission filed by the company in June 2020 was rejected by the German Federal Court of Justice (Bundesgerichtshof). In addition, administrative proceedings in Switzerland are still pending. The outcome of the proceedings is still uncertain.

It cannot be ruled out that antitrust authorities, consumer protection organisations or other institutions will take issue with individual practices or agreements during ongoing or future proceedings and issue an order for modification.

The risk is classified as medium.

8.2.7 COMPLIANCE RISKS

Compliance risks can arise if any applicable laws, regulations, industry standards and voluntary commitments are not observed. To ensure compliance, a compliance management system based on the IDW auditing standard 980 is operated. The relevant compliance risks are minimised through an organisational and role concept and through corporate policies focusing on material aspects of compliance. The processes are subject to a four-eye principle. Questions about specific areas of activity can be reported directly to the compliance officer using an internal whistle-blowing system. In addition, special officers are appointed for specific risk areas (PCI compliance, IT security and data protection). Through ongoing consultation and case management, the legal and internal audit departments support the identification and management of compliance risks, particularly on the basis of the increasing internationalisation of the Group.

The risk is classified as medium.

8.3 OPPORTUNITY MANAGEMENT

Opportunity management within the CTS Group is aimed at identifying and evaluating opportunities at an early stage and taking appropriate steps so that opportunities are exploited and result in successful business development. Contrary to risks, opportunities are regarded as potential positive budget deviations. Risks are not offset against opportunities.

Responsibility for the systematic recognition and exploitation of opportunities that arise lies with the operational managers.

Of all the identified opportunities facing the Group, the areas of opportunity and specific opportunities that may have a positive impact on the financial position, cash flow and earnings performance are briefly described below.

Evaluating opportunities includes assessing opportunities as a positive deviation from planned weighted EBIT in view of the probability of occurrence and theoretical opportunity potential. Weighted EBIT is calculated on the basis of the scenarios presented in the forecast. The expectation value is calculated by multiplying the theoretical opportunity potential with the probability of occurrence. Opportunities are classified as 'high' (expectation value influences EBIT > 10%), 'medium' (expectation value influences EBIT by between ≥ 1% and ≤ 10%) or 'low' (expectation value influences EBIT by < 1%). Opportunities are classified based on the maximum possible specific opportunity.

Unless otherwise specified, the opportunities described below relate to both segments.

Continuation of the company's growth depends above all on the ability to launch innovative software and product solutions on the market and to create value-added for customers on a continuous basis. In a structured specification process, market requirements and functions are assessed according to selected business administration and strategic criteria to produce a list of priorities.

The aim is to identify and materialise opportunities in both core business segments, Ticketing and Live Entertainment.

Individual growth initiatives are assessed according to strategic and financial criteria based on accounting analyses such as contribution accounting, investment accounting and discounted cash flow accounting.

The following overview shows the current classification of the opportunity areas and their development:

Opportunity categories / areas	Classification		Trend
	2021	2020	2021 vs. 2020
1. Strategic opportunities			
• Industry, market and competition	medium	medium	=
2. Finance opportunities			
• Litigations and claims for damages	high	low	↑

8.3.1 STRATEGIC OPPORTUNITIES

INDUSTRY, MARKET AND COMPETITION

The COVID-19 pandemic poses significant financial challenges for companies in the industry relevant to CTS Group. Depending on the further course of the COVID-19 pandemic, the CTS Group expects to see consolidation, particularly in markets with a fragmented structure and many small market participants, in both the Live Entertainment and Ticketing segments. The CTS Group monitors the market closely for possible changes and opportunities in order to be able to respond flexibly within the scope of merger & acquisition activities. The significant decline in revenue in 2020 also presents additional opportunities for acquisitions due to competition law regulations.

From a product perspective, EVENTIM.fanSALE and EVENTIM.Light are considered to offer market opportunities. EVENTIM.fanSALE is a resale portal where customers can sell event tickets to other customers. EVENTIM.Light, a web-based self-service tool, offers promoters a simple and easy point of entry into the world of professional ticketing, even without specialised knowledge.

The CTS Group recently developed a new product, EVENTIM.VaccinationScheduler, for the digital registration and allocation of appointments in vaccination centres. The product has already been used successfully on a still small scale and is currently being marketed worldwide.

A streaming platform of its own was added to the product portfolio last year. It is linked to the Eventim systems for ticket sales and access control and is available to more than a dozen national companies.

In light of the COVID-19 pandemic, the CTS Group developed a range of high-performance software solutions in the reporting year to ensure the safety of visitors and to help promoters to comply with official requirements, including social distancing and recording visitor data.

This opportunity is classified as medium.

8.3.2 LITIGATIONS AND CLAIMS FOR DAMAGES

After the operating agreement for the infrastructure charge was terminated on 30 September 2019 by the Federal Ministry of Transport and Digital Infrastructure, autoTicket GmbH, Berlin, and its two shareholders made a resolution in December 2019 to assert the contractually agreed financial claims against the federal government in the amount of EUR 560,000 thousand. In the present case of the termination of the agreement by the federal government, the contracting parties have agreed on the loss of profit over the term of the agreement (i.e. the gross company value less expenses saved due to termination). Furthermore, the operating agreement provides for the compensation of termination costs, including claims for damages by subcontractors. The operating agreement provides for an efficient dispute resolution procedure. The independent arbitration tribunal started its work in spring 2020 and currently plans to rule on the merits of the claims (and not yet the amount of the claims) in the autumn of 2021.

As a result of a decision announced in January 2021 by the Italian competition and antitrust authority 'Autorità Garante della Concorrenza e del Mercato' (hereinafter: AGCM) on 22 December 2020, a fine of EUR 10.9 million was imposed on CTS KGaA and five Italian Group companies as a result of alleged abuse of a dominant market position. In the view of CTS KGaA, the ruling by the AGCM was made on the basis of incorrect market definitions and in breach of material procedural guidelines. The affected companies will accordingly lodge an appeal with the responsible court and, taking into consideration the previous judgement on rulings made by the AGCM, are confident that this ruling deemed in their view to be unlawful will be dismissed by the court and that, among other things, the fine imposed will be refunded.

This opportunity of materialisation of currently unaccounted claims is classified as high. Given the anticipated duration of the proceedings, it is not expected to materialise in 2021.

8.4 ASSESSMENT OF THE GROUP'S OPPORTUNITIES AND RISK EXPOSURE

The overview of risks shows that the CTS Group is significantly impacted by risks arising directly or indirectly from measures to combat the COVID-19 pandemic such as social distancing and corresponding event bans. This is reflected in the classification of the corresponding social/political/legal risks as high. Uncertainty regarding the further course of the pandemic and how long it will take to combat leads to a high planning risk.

Opportunities may arise from the anticipated consolidation of fragmented markets and in the rapid provision of new, innovative products.

At the time of reporting, the corporate management does not believe that the company is exposed to any risks that threaten its continued existence as a going concern. Even if live event business only picks up again at the beginning of 2022, there are currently no indications of any liquidity risks threatening the continued existence of the company as a going concern.

However, it is not impossible that the continued existence of the CTS Group could be influenced if live event bans are removed significantly later than assumed in the company's scenarios or in the case of any other influencing factors, of which the company is currently not yet aware or does not yet consider material.

9. INTERNAL ACCOUNTING CONTROL SYSTEM

The internal accounting control system (ICS) includes the policies, procedures and measures designed to ensure correct and reliable accounting at Group companies. The measures of the ICS are intended to ensure that transactions are recorded promptly and fully, in accordance with statutory regulations and the articles of incorporation. They should also ensure that assets and liabilities are correctly recognised, measured and reported in the consolidated financial statements.

Process-integrated and process-independent control and monitoring measures, along with organisational measures, are the key elements of the ICS within the CTS Group. In addition to manual process controls, which are always subject to the ‘four eyes principle’, technical IT-based process controls are also an essential part of the process-integrated measures. The authorisation concepts of the IT systems used, and their monitoring, ensure that only authorised individuals can conduct transactions. The organisational separation of administrative, executive, settlement and approval functions (principle of segregation of duties), and their performance by different persons, also reduces errors and the possibility of fraudulent or malicious activities. These organisational measures are aimed at promptly and properly recognising and recording, in the Group accounting system, any restructuring at enterprise or Group level, and any changes in the operations of individual business units.

In the standalone financial statements of CTS KGaA and the subsidiaries, bookkeeping transactions are mainly recorded by dedicated bookkeeping systems. In order to prepare the consolidated financial statements of the CTS Group, the subsidiaries’ respective financial statements undergo quality control and are approved by local management. The data in the financial statements is supplemented with further information in standardised reporting packages and forwarded to Group Accounting at CTS KGaA for consolidation. All reporting packages are then imported via an interface into the consolidation software from LucaNet AG to produce the consolidated financial statements. The LucaNet consolidation software is used in the preparation of the consolidated financial statements of the CTS Group. All the consolidation steps involved in preparing the CTS consolidated financial statements – such as capital consolidation, consolidation of assets or liabilities, or the elimination of intercompany profits and losses, including equity measurement – are generated and fully documented in LucaNet.

To ensure that legal requirements regarding accounting are met, the Accounting Manual is updated annually and made available to the companies in the CTS Group. It includes an updated overview of the new and amended IFRS standards and interpretations by the IASB as applicable in the EU, along with their binding application dates. The Accounting Manual is the basis for a uniform, orderly and continuous accounting process in accordance with both accounting policies of the German Commercial Code (HGB) and IFRS. The Accounting Manual includes accounting, measurement and disclosure rules for the consolidated financial statements of CTS KGaA in accordance with IFRS and the German Commercial Code (HGB), and for all associated financial information to be reported by the domestic and foreign subsidiaries included in the consolidated financial statements. In addition to defining the scope of consolidation, the accounting rules also contain detailed definitions of the specific elements in the reporting packages to be produced by the Group companies. These formal requirements stipulate, inter alia, the mandatory use of a standardised and complete set of reporting formats.

The centralised performance of impairment tests for specific cash-generating units (CGUs) from the Group’s point of view ensures that consistent and standardized evaluation criteria are used. The CGUs correspond to the Ticketing and Live Entertainment segments. The scope of regulations extends at Group level, inter alia, to the central definition of requirements for parameters in the valuation of pension provisions. Furthermore, the preparation and aggregation of additional data for the preparation of the notes and the management report (including significant events after the balance sheet date) is performed at Group level.

By means of the organisational, control and monitoring systems stipulated within the CTS Group, the ICS makes it possible to record, process and analyse company information and to present it properly in the Group Accounting. However, the nature of discretionary personal decisions, errors during checks, intentional criminal acts and other circumstances, in particular, means that they cannot be excluded entirely. This means that even Group-wide application of the deployed systems cannot guarantee absolute security with regard to correct, complete and prompt recording of facts in the Group Accounting. The ICS is subjected to continuous improvement.

10. REPORT ON EXPECTED FUTURE DEVELOPMENT

10.1 FUTURE MACROECONOMIC ENVIRONMENT

In its December 2020 Economic Outlook, the Kiel Institute for the World Economy (IfW) reports that global economic dynamics slowed by another wave of Corona virus infections and measures to contain them, but the global upswing remains intact. While economic output in Europe is likely to decline in the fourth quarter, it should continue to rise in the rest of the world. In the course of 2021, the Institute expects a sustained reduction in infection risks against the backdrop of increasingly large vaccinated parts of the population and thus a normalisation of economic conditions, also in particularly contact-intensive industries. During the rest of the year, the Institute then expects a sustainable reduction in infection risks against the background of ever larger vaccinated parts of the population and thus a normalisation of the economic conditions, also particularly in contact-intensive industries. For 2021, the IfW forecasts an increase in global production of 6.1%, after a slump of 3.8% in 2020. For 2022, growth of 4.1% is expected.

With regard to Germany, the IfW concludes in December 2020 that the resurgence of the pandemic and the lockdown measures since November are delaying the recovery of the economy. While the gross domestic product declined by 5.2% in 2020, the institute lowered its forecast for 2021 by 1.7 percentage points to 3.1%. If the pandemic can be pushed back sustainably from spring 2021 onwards, a strong recovery will emerge in the course of the year. The Institute then expects growth of 4.5% for 2022.

10.2 EXPECTED EARNINGS PERFORMANCE

The basis for the company's sustainable success in the Ticketing segment is the combination of a high-performance ticket distribution system with a diverse range of attractive events in the fields of music, sport, culture and leisure. Competencies in the areas of big data, marketing partnerships and long-standing contacts in the event industry round off the broad portfolio of the CTS Group. Via the ticketing systems, more than 250 million tickets were sold annually before the outbreak of the COVID-19 pandemic.

The CTS Group will consistently pursue its sustainable growth strategy even after the end of the COVID-19 pandemic. This involves organic growth through the constant improvement of its ticketing solutions, as well as the development of additional innovative services, among others. On the one hand, the emphasis here is on the further expansion of the highly profitable area of ticketing via eCommerce – also via our own secondary market platform fanSALE. On the other hand, it is on the establishment and expansion of new complementary areas of business, including in the lifestyle and travel segments. In addition, the company constantly monitors the international Ticketing and Live Entertainment market for opportunities for additional collaborations and to identify potential acquisitions. In particular, due to the uncertainties and pressures of the COVID-19 pandemic, additional opportunities may arise here in 2021. As long as the COVID- 19 pandemic continues, the focus will remain on strict cost reduction and keeping investments to a minimum.

The focus continues to be on the continuous expansion of online ticketing in Germany and abroad, even if this was slowed down in the reporting year by the consequences of the COVID-19 pandemic as well as the introduction and further development of innovative products and services. In 2020, the CTS Group continued to strengthen its position as one of the leading industry expertise to further expand its position as one of the world's leading ticketing service providers, and to integrate additional pandemic services such as social distancing. The unbroken trend of online shopping continues to offer great growth opportunities. In addition, the development of innovative ticketing services and the continuous optimisation of the systems as well as the international market expansion remain a focus of the business activity.

In 2020, the CTS Group developed powerful software solutions in direct response to the dangers posed by Corona to effectively protect the health of event visitors. The focus is on compliance with minimum distance and the recording of visitor data.

In order to maintain the minimum distance between visitors at events, the company supplies various options tailored to the needs of the venues. With the dynamic variant algorithms control the allocation of seats and automatically ensure that minimum distances are maintained. This means that seats do not have to be blocked in advance. In this way, the permissible capacity of venues can be better utilised than with a static concept. The number of seats that can be booked together remains flexible and the customer experiences the dynamic control as a normal booking process.

Alternatively, fixed, predefined distances between seats can be set up in seating plans with a special editing function. In this way, seats can be removed from the outset, individual seats and rows can be blocked or patterns can be defined according to which seats are available. Existing seating plans in the EVENTIM system are used for this purpose.

With technological solutions, the CTS Group also supports the reseating of events, i.e. the creation of seating plans for events originally planned as unseated. This can be necessary against the background of Corona requirements for events. In addition, special software regulates the delayed admission of visitors in order to avoid the formation of large groups at the entrances.

Two options are offered for the collection of visitor information: With the newly developed software solution EVENTIM.CheckIn, visitors can easily have their data recorded by mobile or directly at the entrance to the respective event. The data is stored securely on EVENTIM servers and deleted again in accordance with data protection regulations. With ticket personalisation, tickets are personalised with the name, which means that visitor data can be automatically recorded during the sales process.

10.3 EXPECTED CASH FLOW

Future investments will be financed from existing cash and cash equivalents as well as from credit lines agreed with various banks. Credit agreements exist with various banks.

In April 2020, the syndicated credit line (Revolving Credit Facility) was fully drawn to increase the CTS Group's financial flexibility during the COVID-19 pandemic. The drawdown has an agreed term of 12 months. The syndicated credit line utilised has an agreed term until October 2022. As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant could not be complied with as of the reporting date 31 December 2020. For this reason, the corporate management applied to the lending banks for the suspension of the debt covenant as a precautionary measure in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant for the period including 30 June 2021. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, corporate management requested an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure in February 2021. The lending banks have agreed to this.

As soon as the restrictions due to the COVID-19 pandemic are eased or lifted and the performance of events is possible again, the current debt will be reduced by the expected high positive cash inflow from operating activities. In many European countries, governments offer different support programmes to companies affected by the COVID-19 pandemic. Within these support programmes some CTS Group subsidiaries will apply for loans in the future if this is possible and necessary in the course of business.

In order to be able to continue to operate in an uncertain environment with regard to the lifting of the ban on the performance of events and the associated tickets sales, but also to be able to make the best possible use of opportunities that arise in this environment and to finance them, the extraordinary Shareholders' Meeting in January 2021, optimised and extended the existing authorisations for contingent and approved capital. The general partner was authorised, with a resolution of a contingent capital increase, to issue warrant bonds and convertible bonds by 12 January 2026, to a total par value of up to EUR 800,000,000. The share capital of the Company shall be conditionally increased by up to EUR 19,200,000 through the issue of up to 19,200,000 (no-par value shares) new ordinary bearer shares (contingent capital 2021). Furthermore, the general partner was authorised, to increase the share capital in the period up to 12 January 2026, with the approval of the Supervisory Board, on one or more occasions by up to EUR 19,200,000 in total by issuing up to 19,200,000 bearer shares against contributions in cash or in kind (approved capital 2021).

To improve businesses' liquidity positions, legislators in individual markets, such as Germany, Austria and Italy, introduced a voucher solution for promoters. Holders of an admission ticket for an event which they were unable to attend due to the COVID-19 pandemic, or which they are unable or unwilling to attend at a later date, receive a voucher instead of a refund of the ticket price, so that an outflow of cash is currently avoided.

At the time of preparing the consolidated financial statements, corporate management assumes that liquidity is secured and that there are no liquidity risks that could jeopardise the continued existence of the company as a going concern. However, it cannot be ruled out that in the future the COVID-19 pandemic or other influencing factors that are not yet known or are currently not considered to be significant, could influence the continued existence of the CTS Group as going concern.

10.4 GENERAL ASSESSMENT OF THE GROUP'S PROSPECTIVE DEVELOPMENT

The CTS Group reacted immediately to the COVID-19 pandemic by adjusting its cost structure and increasing efficiency and achieved a relief in the double-digit millions. In addition, investments were reduced to a minimum. In important European core markets, the CTS Group secures further liquidity with promoter voucher solutions. Cash and cash equivalents amounted to TEUR 741,182 thousand as at 31 December 2020.

Due to the continuing uncertainties surrounding the future course of the COVID-19 pandemic and its impact on the 2021 financial year, corporate management still considers it is impossible to make a precise forecast.

However, against the backdrop of the vaccination programme that has been started worldwide and the expected easing during the summer months, corporate management assumes that it will be possible to hold events again in the course of 2021. As a global the CTS Group is however, dependent on the political and legal framework conditions in the respective countries for the performance of events. The scope of the hygiene measures that will continue to be necessary as well as the possibilities of individual access depending on the implementation of vaccinations also remain unclear at this point in time. Furthermore, it is uncertain to what extent government support will be continued, expanded or even reduced in the individual countries of the business portfolio. At the same time, in connection with the business model of the CTS Group, it must be taken into account that the sale of significant ticket volumes can be expected in advance of the performance of events, as soon as there is a concrete time perspective for the restart of events.

In principle, however, corporate management does not expect any structural changes for the Ticketing and Live Entertainment segments in terms of consumer behaviour with regard to the attendance of events after the end of the COVID-19 pandemic. If necessary, catch-up effects may also come into play, which could affect the further business development at the end of the COVID-19 pandemic.

Depending on the start date of the performance of major events, there will be different effects on the business development in the Ticketing and Live Entertainment segments for 2021, which are presented within the framework of scenarios. Scenario 1 assumes that events will already be held in individual countries in the second quarter of 2021. An event start in the third quarter of 2021 is assumed in scenario 2. Scenario 3 assumes that events will start in the first quarter of 2022. From the 2022 financial year, revenue and earnings figures are expected to be at the pre-Corona level.

If events can be held again in the course of the second quarter of 2021, corporate management expects for the **Ticketing segment** significantly higher revenue and considerably higher earnings figures compared to the year 2020. If events can only be held again from the third quarter of 2021 onwards, the corporate management expects significantly higher revenue and earnings figures compared to 2020. If events with large audiences can only be held again at the beginning of 2022, corporate management expects a moderately lower revenue with almost the same earnings figures as in 2020. The internet ticket volume corresponds to the revenue development compared to 2020.

If events can be held again in the course of the second quarter of 2021, corporate management expects for the **CTS KGaA** significantly higher revenue and earnings figures compared to 2020. If events can only be held again from the third quarter of 2021 onwards, corporate management assumes significantly higher revenue and earnings than in 2020 - but below the level of the previous scenario. If events with large audiences can only be held again at the beginning of 2022, corporate management expects the revenue and earnings figures to develop at almost the same level as in 2020. The internet ticket volume corresponds to the revenue development compared to 2020.

For the **Live Entertainment segment**, corporate management expects, assuming the start of the performance of events in the second quarter of 2021, revenue to be significantly higher than in 2020 and earnings to be significantly lower than in 2020. The development of earnings in the Live Entertainment segment compared to 2020 is clearly affected by significant insurance compensations realised in the 2020 financial year. Should events not be able to take place again until July 2021, the development of revenue will be significantly above the 2020 level and earnings significantly below the 2020 level, but below the level of the previous scenario. In the scenario in which events are not possible to be held again until the beginning of 2022, a significantly lower revenue and significantly lower earnings figures compared to the 2020 are expected by corporate management.

For the **CTS Group**, the first scenario results in significantly higher revenue and earnings figures than in 2020. On the basis of the second scenario, significantly higher revenue (but at a level below the previous scenario) and a significantly higher result compared to 2020 are expected. For the third scenario, based on events not being held until the beginning of 2022, significantly lower revenue and a significantly lower result are expected in comparison to 2020.

11. DISCLOSURES REQUIRED UNDER TAKEOVER LAW

Further disclosures required under takeover law refer to CTS KGaA according to § 289a and § 315a HGB.

COMPOSITION OF SHARE CAPITAL; RESTRICTIONS RELATING TO VOTING RIGHTS OR THE TRANSFER OF SHARES

The share capital of CTS KGaA amounts to EUR 96,000,000 and is divided into 96,000,000 no-par value bearer shares. Each share entitles the bearer to one vote.

With the exception of the statutory exclusion of voting rights, management is not aware of any restrictions that affect voting rights or transfer of shares.

DIRECT OR INDIRECT SHAREHOLDINGS

The general partner with no capital contribution is EVENTIM Management AG.

Klaus-Peter Schulenberg has an indirect holding via the KPS Stiftung in EVENTIM Management AG and CTS KGaA. On 28 December 2015, Klaus-Peter Schulenberg transferred 48,194,000 shares with voting rights of CTS KGaA (50.2% of share capital) as well as 50,000 shares with voting rights of EVENTIM Management AG (100% of share capital) to KPS Stiftung seated in Hamburg. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding. In April 2017, CTS KGaA was informed by the KPS Stiftung that the KPS Stiftung has completed a sale of 6,720,000 shares of CTS KGaA. In November 2019, CTS KGaA was informed by the KPS Stiftung that the KPS Stiftung has completed a sale of 4,200,000 shares of CTS KGaA, so that since then the KPS Stiftung holds 37,274,000 shares (38.8% of the share capital and voting rights).

The company has no knowledge of any other shareholdings, direct or indirect, that exceed 10% of the voting rights.

HOLDERS OF SHARES WITH SPECIAL RIGHTS

Shares with special rights that grant power of control do not exist.

PROCEDURES FOR MONITORING VOTING RIGHTS IN THE EVENT OF EMPLOYEE INVESTMENTS IN THE COMPANY

There are no special procedures for monitoring voting rights in the event that employees hold shares in the company's capital.

LEGAL REGULATIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION FOR THE START AND END OF THE LEGAL STATUS OF THE GENERAL PARTNER AS MANAGEMENT AND REPRESENTATION RIGHTS AND CHANGES TO THE ARTICLES OF ASSOCIATION

The general partner, EVENTIM Management AG, is responsible for the management and representation of the company. Until its departure the authority ceases. The departure of the general partner is governed by § 10 of the articles of association of CTS KGaA. The general partner leaves the company apart from a possible agreement to that effect as soon as all shares in the general partner are no longer held by a person who holds more than 10% of the share capital of the company either directly or indirectly through a dependent company pursuant to § 17 (1) German Stock Corporation Act (AktG); this does not apply if all shares in the general partner are held by the company either directly or indirectly. In addition, the general partner leaves the company if the shares in the general partner are acquired by a person who has not submitted a takeover or mandatory offer to the company's shareholders in accordance with the provisions of the German Securities Acquisition and Takeover Act (WpÜG) and the requirements detailed in the articles of association within a period of twelve months following the acquisition taking effect.

In the case that the general partner withdraws or that the general partner's departure is foreseeable, the articles of association contain the following clause to prevent the liquidation of CTS KGaA: The Supervisory Board of CTS KGaA is entitled and obliged to assume into CTS KGaA a stock corporation, all shares which are held by CTS KGaA, as general partner immediately after or rather upon the departure of the previous general partner. If EVENTIM Management AG withdraws CTS KGaA as general partner without a new general partner being assumed simultaneously, CTS KGaA will be managed by the shareholders during a transitional period. In this case, the Supervisory Board of CTS KGaA must request immediately the appointment of an emergency representative to represent CTS KGaA until the assumption of a new general partner, particularly in relation to the acquisition or foundation of said general partner.

In this case, the Supervisory Board of CTS KGaA is entitled to correct the wording of the articles of association in line with the change of general partner.

According to § 179 (1) AktG, the articles of association may be amended by a shareholder resolution, which requires a majority equal to at least three-quarters of the registered capital present at voting (§ 179 (2) AktG). Under § 18 (3) of the articles of association of CTS KGaA, the option provided for in § 179 (2) AktG is utilised, setting forth that resolutions may be adopted with a simple majority of votes cast and, if a majority of share capital is required, with a simple majority of the share capital. Shareholder resolutions, for which a qualified majority of votes or share capital is required by law, are adopted at the Annual Shareholders' Meeting by a two-thirds majority unless otherwise stipulated by mandatory statutory provisions. Any decisions on amendments of articles of association require the approval of the general partner pursuant to § 18 (6) of the articles of association of CTS KGaA.

EVENTIM Management AG is represented both in legal matters and in general terms by its Management Board.

AUTHORISATION OF THE MANAGEMENT BOARD TO ISSUE AND BUY BACK SHARES

By resolution of the Annual Shareholders' Meeting on 8 May 2018, the general partner was authorised, with the approval of the Supervisory Board, to increase the share capital by 7 May 2024 in whole or in partial amounts once or several times by a maximum of EUR 19,200,000 by issuing up to 19,200,000 to increase ordinary bearer shares against contributions in kind and / or in cash (approved capital 2019).

The Company is authorised in accordance with the Annual Shareholders' Meeting on 19 June 2020 to purchase by 18 June 2025 up to 9,600,000 treasury shares (up to 10% of the existing share capital) at the price and subject to the conditions defined in the authorisation resolution dated 19 June 2020, and to use these treasury shares for certain purposes, partially also with exclusion of subscription rights for shareholders.

By resolution of the Annual Shareholders' Meeting held on 8 May 2018, the general partner has been authorised, by resolution of a contingent capital increase, to issue warrant bonds and convertible bonds by 7 May 2023, to a total par value of up to EUR 800,000,000 and with a maximum term of 20 years, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 19,200,000 new no-par bearer shares of the company, equal to share capital of up to EUR 19,200,000, and excluding the rights of the shareholders to the convertible bonds under certain conditions within the permissible statutory subscription. In view of the possibility to issue shares to the holders of warrant and convertible bonds on the basis of this resolution, contingent capital of EUR 19,200,000 was formed (contingent capital 2018).

The share capital is increased conditionally by up to EUR 1,440,000. The contingent capital increase shall be conducted only to the extent that holders of options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The general partner is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation.

The authorisation granted by the Annual Shareholders' Meeting held on 8 May 2018 to issue warrant bonds and/or convertible bonds was withdrawn by resolution of the Shareholders' Meeting held on 13 January 2021 and replaced with a new authorisation to issue warrant bonds and/or convertible bonds. The previous authorisation was not used. By resolution of the Shareholders' Meeting held on 13 January 2021, the general partner was authorised, with a resolution of contingent capital increase, to issue warrant bonds and convertible bonds by 12 January 2026, to a total par value of up to EUR 800,000,000 and with or without a maximum term, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 19,200,000 new no-par bearer shares of the company, equal to share capital of up to EUR 19,200,000 in accordance with the details of the terms of issue of the bonds. The authorisation may be applied in whole or in part.

The Shareholders' Meeting on 13 January 2021 also resolved to cancel the contingent capital 2018 and to conditionally increase the company's share capital by up to EUR 19,200,000 by issuing up to 19,200,000 new no-par value bearer shares (contingent capital 2021). The shares will be issued at the conversion or exercise price to be determined in accordance with the resolution above. The contingent capital increase will only be carried out to the extent that the holders of conversion or warrant rights exercise these rights or fulfil conversion or warrant obligations or the company exercises its right to grant shares in the company in full or in part instead of payment of the sum due.

The authorisation granted to the general partner by the Shareholders' Meeting of 8 May 2019 to increase the share capital of the company with the approval of the Supervisory Board by up to EUR 19,200,000 by one or more issues of new shares against contributions in cash or in kind up to 7 May 2024 (approved capital 2019) is withdrawn by resolution of the Shareholders' Meeting of 13 January 2021. The general partner is authorised to increase the share capital in the period up to 12 January 2026, with the approval of the Supervisory Board, on one or more occasions by up to EUR 19,200,000 in total by issuing up to 19,200,000 bearer shares against contributions in cash or in kind (approved capital 2021).

MATERIAL AGREEMENTS CONTINGENT ON A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

Credit agreements concluded with major banks contain 'change of control' clauses; these can lead to the revision of existing credit agreements.

COMPENSATION AGREEMENTS

There are no compensation agreements with the management or employees that shall take effect in the event of a takeover bid.

12. COMPENSATION REPORT

The compensation report summarises the principles used to determine the remuneration of the Management Board of CTS KGaA, and explains both the amount and structure of Management Board remuneration. The amount and structure of Supervisory Board remuneration is also described.

REMUNERATION OF THE MANAGEMENT BOARD

The total amount of compensation paid to members of the corporate management in financial year 2020 amounted to EUR 5,269 thousand (previous year: EUR 6,331 thousand). Compensation consists of fixed annual emoluments and a variable, performance-based payment. The agreed criteria for granting the variable component, and for the amount paid, are among others revenue and EBIT development, compared to the annual budget as well as individual targets for each member of the corporate management, which are provided with multi-year bonus and malus incentives. In accordance with the malus arrangement, the variable components are reduced disproportionately in the following year if the result is substantially below target. If the result is reached at least in the following two years, the reduced compensation components are balanced again. Clearly defined, auditable and relevant success criteria are applicable that are continuously monitored by the Supervisory Board. The variable compensation components are subject to limits. They take into account positive and negative developments. The members of the corporate management also receive payments in kind, specifically in the form of an appropriate company car.

Stock options or similar components of compensation have not been contractually agreed and are not granted to the corporate management. There are no contractual commitments regarding payments when their responsibility ends. Commitments for benefits on the occasion of the premature termination of the employment contract by the corporate management member as a result of a change of control are also not contractually agreed.

The Supervisory Board refrained from reviewing the appropriateness of the Management Board's remuneration in the past financial year, also in comparison to the companies listed in the MDAX, due to the COVID-19 pandemic and the reduced Management Board remuneration.

Compensations (in EUR) of corporate management:

	Klaus-Peter Schulenberg | CEO			
Granted Benefits	**2019**	**2020 [1]**	**2020 (Min)**	**2020 (Max)**
Fixed salary	2,800,000	2,100,000	2,100,000	2,100,000
Benefits	13,837	14,206	14,206	14,206
Total (non-performance-related)	**2,813,837**	**2,114,206**	**2,114,206**	**2,114,206**
One-year term variable cash remuneration	800,000	400,000	0	800,000
Multi-year variable cash remuneration	200,000	100,000	0	200,000
Total (performance-related)	**1,000,000**	**500,000**	**0**	**1,000,000**
Pension expenses	0	0	0	0
Total remuneration	**3,813,837**	**2,614,206**	**2,114,206**	**3,114,206**

[1] *As at 1 July 2020, 50% of the fixed salary was waived.*

Granted Benefits	Alexander Ruoff | COO			
	2019	**2020** [1]	**2020 (Min)**	**2020 (Max)**
Fixed salary	750,000	656,250	656,250	656,250
Benefits	22,321	22,622	22,622	22,622
Total (non-performance-related)	**772,321**	**678,872**	**678,872**	**678,872**
One-year term variable cash remuneration	450,000	1,100,000	0	1,200,000
Multi-year variable cash remuneration	50,000	25,000	0	50,000
Total (performance-related)	**500,000**	**1,125,000**	**0**	**1,250,000**
Pension expenses	0	0	0	0
Total remuneration	**1,272,321**	**1,803,872**	**678,872**	**1,928,872**

Granted Benefits	Andreas Grandinger | CFO			
	2019	**since 14.4.2020** [1]	**2020 (Min)**	**2020 (Max)**
Fixed salary	0	413,636	413,636	413,636
Benefits	0	8,746	8,746	8,746
Total (non-performance-related)	**0**	**422,382**	**422,382**	**422,382**
One-year term variable cash remuneration	0	71,000	0	142,000
Multi-year variable cash remuneration	0	35,500	0	71,000
Total (performance-related)	**0**	**106,500**	**0**	**213,000**
Pension expenses	0	0	0	0
Total remuneration	**0**	**528,882**	**422,382**	**635,382**

Granted Benefits	Volker Bischoff | CFO			
	2019	**until 14.4.2020**	**2020 (Min)**	**2020 (Max)**
Fixed salary	750,000	300,000	300,000	300,000
Benefits	20,245	6,735	6,735	6,735
Total (non-performance-related)	**770,245**	**306,735**	**306,735**	**306,735**
One-year term variable cash remuneration	410,000	15,625	0	31,250
Multi-year variable cash remuneration	65,000	0	0	0
Total (performance-related)	**475,000**	**15,625**	**0**	**31,250**
Pension expenses	0	0	0	0
Total remuneration	**1,245,245**	**322,360**	**306,735**	**337,985**

[1] *As at 1 July 2020, 25% of the fixed salary was waived.*

Benefits received	Klaus-Peter Schulenberg | CEO 2019	2020 [1]
Fixed salary	2,800,000	2,100,000
Benefits	13,837	14,206
Total (non-performance-related)	**2,813,837**	**2,114,206**
One-year term variable cash remuneration	800,000	800,000
Multi-year variable cash remuneration	200,000	200,000
Total (performance-related)	**1,000,000**	**1,000,000**
Pension expenses	0	0
Total remuneration	**3,813,837**	**3,114,206**

Benefits received	Alexander Ruoff | COO 2019	2020 [2]
Fixed salary	750,000	656,250
Benefits	22,321	22,622
Total (non-performance-related)	**772,321**	**678,872**
One-year term variable cash remuneration	450,000	1,200,000
Multi-year variable cash remuneration	50,000	50,000
Total (performance-related)	**500,000**	**1,250,000**
Pension expenses	0	0
Total remuneration	**1,272,321**	**1,928,872**

Benefits received	Andreas Grandinger | CFO 2019	since 14.4.2020 [2]
Fixed salary	0	413,636
Benefits	0	8,746
Total (non-performance-related)	**0**	**422,382**
One-year term variable cash remuneration	0	0
Multi-year variable cash remuneration	0	0
Total (performance-related)	**0**	**0**
Pension expenses	0	0
Total remuneration	**0**	**422,382**

[1] *As at 1 July 2020, 50% of the fixed salary was waived.*

[2] *As at 1 July 2020, 25% of the fixed salary was waived.*

Benefits received	Volker Bischoff | CFO 2019	until 14.4.2020
Fixed salary	750,000	392,116
Benefits	20,245	6,735
Total (non-performance-related)	**770,245**	**398,851**
One-year term variable cash remuneration	410,000	350,000
Multi-year variable cash remuneration	65,000	50,000
Total (performance-related)	**475,000**	**400,000**
Pension expenses	0	0
Total remuneration	**1,245,245**	**798,851**

Alexander Ruoff received a one-off special bonus in 2020 in connection with a successfully completed acquisition.

The compensations to members of the corporate management include EUR 2,650 thousand (previous year: 1,975 thousand) in variable components and EUR 3,614 thousand (previous year: EUR 4,356 thousand) in fixed components. Ancillary benefits include company cars among other things.

REMUNERATION OF THE SUPERVISORY BOARD

The fixed annual remuneration for the ordinary members of the Supervisory Board of CTS KGaA is EUR 50 thousand (previous year: EUR 50 thousand) and the remuneration for the Chairman of the Supervisory Board amounts to EUR 100 thousand (previous year: EUR 100 thousand). By resolution of the Annual Shareholders’ Meeting on 19 June 2020, the Supervisory Board was reduced from four to the legally required three members. Mr. Spee resigned from the Supervisory Board on 3 July 2020. The members of the Supervisory Board of CTS KGaA received emoluments totaling EUR 198 thousand (previous year: EUR 225 thousand) as well as reimbursed expenses of EUR 0 thousand (previous year: EUR 5 thousand) for the 2020 financial year. Dr. Thümmel has in the business year 2019 as an ordinary member of the Supervisory Board of CTS KGaA for the year 2017 and for all subsequent years waived 50% of her Supervisory Board remuneration.

Fixed compensation for the 2020 financial year comprised the following: Dr. Kundrun EUR 100 thousand (previous year: EUR 100 thousand), Prof. Plog EUR 50 thousand (previous year: EUR 50 thousand), Dr. Thümmel EUR 25 thousand (previous year: EUR 25 thousand) and Mr. Spee (member until 3 July 2020) EUR 23 thousand (previous year: EUR 50 thousand). Reimbursed expenses comprised the following: Dr. Kundrun EUR 0 thousand (previous year: EUR 0 thousand), Prof. Plog EUR 0 thousand (previous year: EUR 2 thousand), Dr. Thümmel EUR 0 thousand (previous year: EUR 0 thousand) and Mr. Spee EUR 0 thousand (previous year: EUR 3 thousand).

13. CORPORATE GOVERNANCE DECLARATION

The executive bodies of CTS KGaA are guided in their actions by the principles of responsible and good corporate governance. The Management Board of EVENTIM Management AG submits a report on corporate governance in a declaration of compliance, in accordance with § 289f HGB and § 315d HGB. The current and all previous declarations of compliance are permanently available on the internet at the website https://corporate.eventim.de/en/investor-relations/corporate-governance/.

Bremen, 10 March 2021

CTS Eventim AG & Co. KGaA,

Represented by:

EVENTIM Management AG, general partner

The Management Board

6. CONSOLIDATED FINANCIAL STATEMENTS 2020

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

ASSETS		31.12.2020	31.12.2019
		[EUR'000]	[EUR'000]
Current assets			
Cash and cash equivalents	(1)	741,182	790,511
Marketable securities and other investments		600	13,062
Trade receivables	(2)	25,328	69,685
Receivables from affiliated and associated companies accounted for at equity		663	3,700
Inventories	(3)	4,710	5,623
Payments on account	(4)	101,852	70,721
Receivables from income tax	(5)	5,764	4,843
Other financial assets	(6)	52,551	139,997
Other non-financial assets	(7)	48,614	36,468
Non-current assets held for sale	(8)	0	6,746
Total current assets		**981,263**	**1,141,356**
Non-current assets			
Goodwill	(9)	359,943	327,202
Other intangible assets	(10)	148,524	124,429
Property, plant and equipment	(11)	36,373	40,462
Right-of-use assets from leases	(12)	135,668	138,571
Investments	(13)	2,902	2,966
Investments in associates accounted for at equity	(14)	100,934	88,358
Trade receivables	(2)	116	45
Other financial assets	(6)	14,664	19,419
Other non-financial assets	(7)	13,121	1,239
Deferred tax assets	(15)	32,977	14,827
Total non-current assets		**845,222**	**757,519**
Total assets		**1,826,485**	**1,898,874**

EQUITY AND LIABILITIES		31.12.2020	31.12.2019
		[EUR'000]	[EUR'000]
Current liabilities			
Financial liabilities	(16)	228,447	85,843
Trade payables		69,911	139,620
Payables to affiliated and associated companies accounted for at equity		735	1,040
Advance payments received	(17)	400,936	333,340
Other provisions	(18)	42,349	6,834
Tax debts	(19)	36,026	66,641
Other financial liabilities	(20)	258,626	448,778
Lease liabilities	(21)	17,383	16,978
Other non-financial liabilities	(22)	60,012	77,040
Total current liabilities		**1,114,424**	**1,176,115**
Non-current liabilities			
Financial liabilities	(16)	19,144	14,273
Advance payments received	(17)	21,579	3,710
Other provisions	(18)	4,557	4,131
Other financial liabilities	(20)	16,992	11
Lease liabilities	(21)	120,377	122,178
Pension provisions	(23)	16,039	11,815
Deferred tax liabilities	(15)	19,056	16,648
Total non-current liabilities		**217,744**	**172,767**
Equity			
Share capital		96,000	96,000
Capital reserve		1,890	1,890
Statutory reserve		7,200	7,200
Retained earnings		345,739	408,663
Other reserves		-2,752	-1,931
Treasury shares		-52	-52
Total equity attributable to shareholders of CTS KGaA	(24)	**448,025**	**511,770**
Non-controlling interests	(25)	46,292	38,223
Total equity		**494,317**	**549,992**
Total equity and liabilities		**1,826,485**	**1,898,874**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

		01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
		[EUR'000]	[EUR'000]
Revenue	(1)	256,840	1,443,125
Cost of sales	(2)	-247,024	-1,041,369
Gross profit		**9,816**	**401,756**
Selling expenses		-84,740	-105,213
General administrative expenses		-58,523	-74,348
Other operating income	(3)	100,773	31,460
Other operating expenses	(4)	-30,260	-23,461
Earnings before interest and taxes (EBIT)		**-62,933**	**230,194**
Income / expenses from participations		0	891
Income / expenses from investments in associates accounted for at equity	(5)	-8,379	-28
Financial income	(6)	5,145	6,975
Financial expenses	(7)	-35,861	-14,014
Earnings before tax (EBT)		**-102,028**	**224,018**
Taxes	(8)	13,955	-77,933
Net result		**-88,073**	**146,085**
Net result attributable to			
Shareholders of CTS KGaA		**-82,259**	**132,900**
Non-controlling interests		-5,815	13,185
Earnings per share (in EUR); undiluted (= diluted)		-0.86	1.38
Average number of shares in circulation; undiluted (= diluted)		96 million	96 million

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	[EUR'000]	[EUR'000]
Net result	-88,073	146,085
Remeasurement of the net defined benefit obligation for pension plans	-714	-2,257
Items that will not be reclassified to profit or loss	**-714**	**-2,257**
Exchange differences on translating foreign subsidiaries	1,208	2,121
Change in the fair value of derivatives in cash flow hedges	12	2
Share of other comprehensive income (exchange differences) of investments accounted for at equity	-953	868
Items that will be reclassified subsequently to profit or loss when specific conditions are met	**267**	**2,991**
Other result (net)	**-447**	**735**
Total comprehensive income	**-88,521**	**146,820**
Total comprehensive income attributable to		
Shareholders of CTS KGaA	-83,080	132,620
Non-controlling interests	-5,441	14,200

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of CTS KGaA											
					Other reserves							
	Share capital	Capital reserve	Statutory reserve	Retained earnings	Currency translation	Hedging instruments	Associated companies accounted for at equity	Remeasure-ment of the net defined benefit obligation for pension plans	Treasury shares	Total equity attributable to sharehold-ers of CTS KGaA	Non-controlling interests	Total equity
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Status 01.01.2019	**96,000**	**1,890**	**7,200**	**335,098**	**1,465**	**-14**	**-1,923**	**-1,181**	**-52**	**438,483**	**32,805**	**471,289**
Net result	0	0	0	132,900	0	0	0	0	0	**132,900**	13,185	**146,085**
Other results	0	0	0	0	122	2	868	-1,272	0	**-280**	1,015	**735**
Total comprehen-sive income										**132,620**	**14,200**	**146,820**
Dividends	0	0	0	-59,515	0	0	0	0	0	**-59,515**	-10,662	**-70,177**
Changes in the scope of consolidation	0	0	0	180	0	0	0	0	0	**180**	1,880	**2,060**
Status 31.12.2019	**96,000**	**1,890**	**7,200**	**408,663**	**1,587**	**-12**	**-1,054**	**-2,453**	**-52**	**511,770**	**38,223**	**549,992**
Net result	0	0	0	-82,259	0	0	0	0	0	**-82,259**	-5,815	**-88,073**
Other results	0	0	0	0	368	12	-953	-248	0	**-821**	374	**-447**
Total comprehen-sive income									**0**	**-83,080**	**-5,441**	**-88,521**
Dividends	0	0	0	0	0	0	0	0	0	**0**	-4,036	**-4,036**
Changes in the scope of consolidation	0	0	0	19,337	0	0	0	0	0	**19,337**	17,547	**36,884**
Other changes	0	0	0	-2	0	0	0	0	0	**-2**	0	**-2**
Status 31.12.2020	**96,000**	**1,890**	**7,200**	**345,739**	**1,955**	**0**	**-2,007**	**-2,701**	**-52**	**448,025**	**46,292**	**494,317**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
A. Cash flow from operating activities	**[EUR'000]**	**[EUR'000]**
Net result	-88,073	146,085
Depreciation and amortisation	55,818	54,083
Changes in pension provisions	2,101	2,690
Deferred tax expenses / income	-16,602	-396
Other non-cash transactions	24,326	-1,692
Profit / loss from disposal of fixed assets	-33	153
Interest expenses / Interest income	3,081	3,730
Income tax expenses	2,647	78,328
Interest received	1,037	764
Interest paid	-1,781	-2,713
Income tax paid	-34,019	-68,098
Increase (-) / decrease (+) in inventories	2,165	-216
Increase (-) / decrease (+) in payments on account	-25,951	8,699
Increase (-) / decrease (+) in marketable securities and other investments	13,552	-9,650
Increase (-) / decrease (+) in receivables and other assets	108,069	-19,406
Increase (+) / decrease (-) in provisions	35,900	-1,808
Increase (+) / decrease (-) in liabilities	-207,920	-49,554
Cash flow from operating activities	**-125,683**	**141,000**
B. Cash flow from investing activities		
Payments for investments in intangible assets	-12,855	-18,048
Payments for investments in property, plant and equipment	-3,508	-23,994
Payments for investments in non-current financial assets	-3,357	-86,447
Proceeds from sales of intangible assets	6	22
Proceeds from sales of property, plant and equipment	593	486
Proceeds from sales of non-current financial assets	1,144	0
Dividends from associated companies accounted for at equity	0	1,893
Payments from the acquisition of consolidated companies less cash and cash equivalents acquired	-2,279	-4,096
Proceeds from disposal of deconsolidated subsidiaries less cash and cash equivalents	0	6,039
Cash flow from investing activities	**-20,256**	**-124,145**
C. Cash flow from financing activities		
Proceeds from borrowing financing loans	203,811	11,201
Payments for redemption of financing loans	-69,418	-25,792
Proceeds from equity transfers of non-controlling interests (capital increases)	49	5
Payments for the acquisition of consolidated companies	-15,262	-32
Payments of lease liabilities	-16,722	-17,260
Dividend payments to non-controlling interests	-4,036	-10,662
Dividend payments to shareholders of CTS KGaA	0	-59,515
Cash flow from financing activities	**98,422**	**-102,054**
D. Net increase / decrease in cash and cash equivalents	**-47,517**	**-85,199**
Net increase / decrease in cash and cash equivalents due to currency translation	-1,812	2,504
Cash and cash equivalents at beginning of period	790,511	873,206
E. Cash and cash equivalents at end of period	**741,182**	**790,511**
F. Composition of cash and cash equivalents		
Cash and cash equivalents	741,182	790,511
Cash and cash equivalents at end of period	**741,182**	**790,511**

CONTENT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY – 31 DECEMBER 2020

1. PRELIMINARY STATEMENTS

1.1 STRUCTURE AND BUSINESS OPERATIONS OF THE GROUP

The consolidated financial statements include all significant subsidiaries in addition to the CTS Eventim AG & Co. KGaA (hereinafter: CTS KGaA) as the parent company. The CTS KGaA, Rablstrasse 26, 81669 Munich, Germany, is registered in the Commercial Register at Munich Local Court under no. HRB 212700. The company's head office is in Bremen, Germany. CTS KGaA is listed on the Frankfurt Stock Exchange under securities code 547030 and is included in the MDAX stock market index.

The corporate management of the CTS KGaA is perceived by EVENTIM Management AG, Hamburg. EVENTIM Management AG is represented by the Management Board.

The CTS Group is organised in two segments, Ticketing and Live Entertainment and operates in the market for leisure events. The objects of the company in the Ticketing segment are to produce, sell, broker, distribute and market tickets for concerts, theatre, art, sports and other events in Germany and abroad, in particular by using electronic data processing and modern communication and data transmission technologies. The objects of the Live Entertainment segment are to plan, prepare and execute events, in particular music events and concerts, market music productions and to operate venues.

The annual financial statements of CTS KGaA, the consolidated financial statements of CTS KGaA and the combined management report and their electronic reproduction in the 'European Single Electronic Format', audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, are published in the electronic Federal Gazette (Bundesanzeiger).

The consolidated financial statements and the combined management report were approved by the Management Board of EVENTIM Management AG, Hamburg, on 10 March 2021, for presentation to the Supervisory Board. The financial statements are to be presented for approval at the meeting of the Supervisory Board on 17 March 2021.

1.2 ACCOUNTING PRINCIPLES

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), in the form applicable within the European Union (EU), and in accordance with the supplementary accounting regulations pursuant to § 315e (1) of the German Commercial Code (HGB). The consolidated financial statements were prepared using the historical cost convention with the exception of financial instruments recognised at fair value.

A distinction is made in the balance sheet between current and non-current assets and liabilities. The layout of the income statement is based on the cost of sales method. Expenses incurred are set in relation to the revenue generated and are classified according to their function as costs of sales, selling expenses and general administrative expenses.

The comparative figures in the balance sheet and income statement relate to the consolidated financial statements as at 31 December 2019.

The consolidated financial statements are denominated in euros. All amounts in the Annual Report are rounded to the nearest thousand euros. This may lead to minor deviations on addition.

1.3 NEW AND AMENDED STANDARDS IN 2020

The following new and amended standards have been adopted for the first time on or after 1 January 2020:

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of materiality
- Amendments to IFRS 3 'Business Combinations' – Definition of a business
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and measurement' and IFRS 7 'Financial Instruments: Disclosures' – Interest rate benchmark reform
- Amendments to IFRS 16 'Leases' – COVID-19 related rent concessions
- Amendments to References to Conceptual Framework in IFRS Standards

As a result of the COVID-19 pandemic, the IASB published a change to IFRS 16 Leases in May 2020 to allow lessees to use relaxed accounting rules for rent concessions. Lessees are given the option not to classify these kinds of rent concessions as modifications of the lease. The CTS Group benefited from several months of rent reductions, mainly for buildings and venues in the Live Entertainment segment. The CTS Group used the COVID-19 rent concession changes to IFRS 16 for those rent concessions that are granted as direct consequences of the COVID-19 pandemic and meet the relevant requirements. The amount recognised during the reporting period with an effect on the income statement, which reflects the changes in the lease payments in conjunction with these leases for which the CTS Group applied the remedy for the COVID-19 rent concessions, is EUR 522 thousand.

No material effects on the earnings performance, financial position and cash flow from other applicable and amended standards and interpretations have been identified.

1.4 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The IASB and the IFRS Interpretations Committee (IFRIC) have adopted additional standards and interpretations that are not yet mandatory for the 2020 financial year and which have not been applied to the consolidated annual financial statements as at 31 December 2020.

Applicable on or after 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform – Phase 2

Not yet adopted by the European Law:

Applicable on or after 1 January 2022:

- Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ – Cost of fulfilling a contract
- Amendments to IAS 16 ‘Property, Plant and Equipment’ – Proceeds before intended use
- Amendments to IFRS 3 ‘Business Combinations’ – Reference to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018-2020 – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

Applicable on or after 1 January 2023:

- IFRS 17 ‘Insurance Contracts’
- Amendments to IAS 1 ‘Presentation of Financial Statements’ – Classification of liabilities as current or non-current

Standards that are not applicable until after the balance sheet date have not been prematurely applied. The effects of IFRS 17 and the changes to other standards on the presentation of earnings performance, financial position and cash flow are currently being reviewed, so that a reliable assessment of these effects is not yet possible.

1.5 EFFECTS OF THE COVID-19 PANDEMIC

In the 2020 financial year, the worldwide spread of COVID-19 had a significant effect on the CTS Group’s business activities starting in March 2020. In the course of the COVID-19 pandemic, practically all countries enacted rules prohibiting larger events. This led to a steep decline in revenue at the CTS Group in 2020 and a corresponding deterioration in the operational earnings figures.

PREPARATION OF THE FINANCIAL STATEMENTS UNDER THE GOING CONCERN ASSUMPTION

The consolidated financial statements were prepared under the going concern assumption.

At the time of the preparation of this Annual Report, corporate management assumes that liquidity is secured and that the risks do not jeopardise the CTS KGaA and the Group as a going concern. It cannot be ruled out that additional factors, such as the COVID-19 pandemic, will emerge in the future which are not yet known or are currently rated as immaterial and which could jeopardise the continued existence of the CTS Group as a going concern.

CHANGES IN THE FINANCING OF THE GROUP

In April 2020, the syndicated credit line (revolving credit facility) was utilised in full in order to increase the CTS Group's financial flexibility during the COVID-19 pandemic. The utilisation has an agreed term of 12 months. In many European countries, governments offer different support programmes to companies affected by the COVID-19 pandemic. Within the framework of these support programmes, some subsidiaries of the CTS Group applied for credit agreements with a volume equivalent to approximately EUR 8,887 thousand, of which EUR 4,111 thousand had been accessed by the subsidiaries as at 31 December 2020. For further information, see item 16 of the notes to the consolidated balance sheet.

To have added flexibility in financing activities even if official bans on the performance of large events remain in place, and the associated ticket sales, and in navigating the inorganic growth opportunities that may arise from the current situation, the extraordinary Shareholders' Meeting in January 2021 modified the existing powers of the Shareholders' Meeting and passed a resolution on a contingent capital increase authorising the general partner to issue warrant bonds and convertible bonds in an amount up to EUR 800,000,000 by 12 January 2026. The share capital of the company is increased conditionally by up to EUR 19,200,000 by issuing up to 19,200,000 new bearer shares (contingent capital 2021). The general partner was also authorised to increase the share capital in the period up to 12 January 2026, with the Supervisory Board's consent, on one or more occasion by up to EUR 19,200,000 in total by issuing up to 19,200,000 bearer shares against contributions in cash and/or in kind (approved capital 2021).

PRESENTATION OF LEGAL REGULATIONS FOR CANCELLED AND POSTPONED EVENTS

To improve businesses' liquidity positions, the legislatures of individual markets, such as Germany, Austria and Italy, introduced promoter voucher schemes. Holders of an admission ticket for an event which they were unable to attend due to the COVID-19 pandemic, or which they are unable or unwilling to attend at a later date, receive a voucher entitling them to attend an event instead of a refund of the ticket price. Should the event not have taken place by a certain date, the holder of the voucher has the right to demand a refund of the ticket price. The ticket monies affected by this rule that were recognised in the consolidated financial statements as advance payments have been reclassified to the provisions for outstanding promoter vouchers, as it is currently not possible to make a final assessment of the extent to which the holders of the vouchers will make use of their right to reclaim the ticket price after the statutory period has expired (see item 18 of the notes to the consolidated balance sheet).

USE OF GOVERNMENT GRANTS AND REALISATION OF INSURANCE COMPENSATIONS

In the Live Entertainment segment, promoters within the CTS Group were able to obtain insurance compensations for the cancellation and postponement of individual events. The income from insurance compensations amounts to EUR 60,816 thousand and from Corona-related government grants to EUR 22,050 thousand. These are included in other operating income. Income from refunded social security contributions in the amount of EUR 10,549 thousand was recognised as a reduction in personnel expenses and the resulting amount in the corresponding functional areas.

CONSIDERATION OF THE ANTICIPATED DEVELOPMENT IN THE FINANCIAL YEAR 2021 IN THE IMPAIRMENT TESTS

With vaccinations rolling out worldwide and the infection situation expected to ease over the summer months, the corporate management expects that it will once again be possible to hold events at some point during 2021. Still, as an international enterprise, the CTS Group is dependent on the overall political and legal conditions in the specific countries in question in order to hold events. The scope of the hygiene measures that will remain necessary and the possibilities of individual access options depending on the administration of vaccinations also remain unclear at this time. There is also uncertainty as to the extent to which government support programs will continue, be expanded or be scaled back in 2021 in the individual countries of the business portfolio. At the same time, it should be kept in mind in conjunction with the CTS Group business model that the sale of significant ticket volumes well in advance of events should be expected as soon as there is a concrete timeline for when events are expected to resume.

As a basic principle, the corporate management does not expect the Ticketing and Live Entertainment segments to undergo any structural changes in consumer behaviour with regard to attending events once the COVID-19 pandemic is over. On the contrary, the expectation is that there will be pent-up demand among many people, which will have a positive impact on the further development of the business after the end of the COVID-19 pandemic.

Depending on when major events resume, there will be different effects on the development of the business in the Ticketing and Live Entertainment segments for 2021, which are illustrated in three scenarios. Scenario 1 assumes that events will already be held in individual countries in the second quarter of 2021. An event start in the third quarter of 2021 is assumed in scenario 2. Scenario 3 assumes that events will start in the first quarter of 2022.

From the 2022 financial year onwards, revenue and earnings figures are expected to be at pre-Corona levels.

If events can be held again in the course of the second quarter of 2021, corporate management expects for the **Ticketing segment** significantly higher revenue and considerably higher earnings figures compared to the year 2020. If events can only be held again from the third quarter of 2021 onwards, the corporate management expects significantly higher revenue and earnings figures compared to 2020. If events with large audiences can only be held again at the beginning of 2022, corporate management expects a moderately lower revenue with almost the same earnings figures as in 2020. The internet ticket volume corresponds to the revenue development compared to 2020.

For the **Live Entertainment segment**, corporate management expects, assuming the start of the performance of events in the second quarter of 2021, revenue to be significantly higher than in 2020 and earnings to be significantly lower than in 2020. The development of earnings in the Live Entertainment segment compared to 2020 is clearly affected by significant insurance compensation realised in the 2020 financial year. Should events not be able to take place again until July 2021, the development of revenue will be significantly above the 2020 level and earnings significantly below the 2020 level, but below the level of the previous scenario. In the scenario in which events are not possible to be held again until the beginning of 2022, a significantly lower revenue and significantly lower earnings figures compared to the 2020 are expected by corporate management.

For the **CTS Group**, the first scenario results in significantly higher revenue and earnings figures than in 2020. On the basis of the second scenario, significantly higher revenue (but at a level below the previous scenario) and a significantly higher result compared to 2020 are expected. For the third scenario, based on events not being held until the beginning of 2022, significantly lower revenue and a significantly lower result are expected in comparison to 2020.

For the impairment test as at 31 December 2020 of goodwill, other intangible assets, right-of-use assets from leases and shares in companies accounted for at equity, the three scenarios were included with equal weighting. Based on these scenarios, an expected cash flow approach was determined, which was used for the impairment test performed. In addition, a sensitivity analysis was performed based on scenario 3, which assumes the start of events in the first quarter of 2022.

1.6 SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION POLICIES

The consolidated financial statements include all relevant subsidiaries that are controlled directly or indirectly by CTS KGaA. Control exists where CTS KGaA holds control over the decisive activities, is exposed to variable return flows and has the ability to exercise its control to influence the amount of the variable return flows. The option of the power to control is usually related to an indirect or direct majority holding of voting rights. If the CTS Group no longer holds the majority of voting rights in its subsidiaries, the power to control can exist based on contractual agreements. When evaluating whether control exists, the existence and effect of material potential voting rights that are currently exercisable or convertible are taken into consideration. Consolidation is carried out as at the time of acquisition, when control is acquired, or when the minimum significance levels for inclusion in consolidation are exceeded.

As a basic principle, the financial statements of the companies included in the consolidated financial statements are prepared in accordance with uniform accounting policies. The balance sheet date of the fully consolidated companies is principally identical to that of the CTS KGaA parent company. The financial year of FKP Scorpio UK Ltd., London, HOI Group and Palazzo companies do not correspond to the reporting date of CTS KGaA, but they prepare interim financial statements as at the balance sheet date 31 December.

A joint venture exists if CTS KGaA has joint control of the entity together with one or more parties based on a contractual arrangement and the parties exercising joint management have rights to the net assets of the entity. Joint ventures also include entities in which the CTS Group in fact holds a majority or minority of the voting rights, but decisions regarding the decisive activities can only be taken unanimously as a result of contractual agreements. These joint ventures are accounted for by applying the equity method.

Investments in companies in which a significant influence can be exercised are valued according to the equity method, this is normally the case when voting rights are between 20% and 50%.

Companies accounted for at equity are initially carried at the proportionate interest in the investee's revalued equity. Changes in the proportionate equity in profit or loss are recognised in the income statement as profit or loss from investments in associates. If the Group's share in losses from a company accounted for at equity is equal to or greater than the Group’s share in that company, plus other non-current loans (the repayment of which cannot be expected in the near future), the Group does not recognise any further losses unless it has entered into obligations in respect of the company accounted for at equity, or has made payments for the company accounted for at equity.

Revenue, interim results, expenses and income, as well as receivables and payables are eliminated between consolidated companies.

BUSINESS COMBINATIONS AND NON-CONTROLLING INTERESTS

Business combinations are recognised according to the acquisition method where the purchase price is offset against the revalued net assets of the acquired company on a pro rata basis. In this context, the values at the time of the acquisition – the point in time when the company assumes control of the acquired company – are used as underlying values. Differences in value are fully capitalised, while recognisable assets, debts and contingent liabilities of the subsidiary are reported in the consolidated balance sheet at fair value irrespective of non-controlling interests. The fair values of individual assets are determined by referring to published stock exchange or market prices at the time of acquisition, for example. If reference to stock exchange or market prices is not possible, the fair values are determined using the most reliable information available based on market prices for comparable assets, according to appropriate valuation methods. Intangible assets must be recognised separately if they are clearly definable or their recognition is based on a contractual or other law. They are not included in goodwill.

If the paid purchase price is higher than the revalued pro rata net assets at the time of acquisition, the positive difference is recognised as goodwill. A negative difference is dissolved in profit or loss after another review of the valuation of assets and liabilities. The valuation of non-controlling interests is either valued at cost (partial goodwill method) or fair value (full goodwill method) and the option can be utilised on a case-by-case basis. The CTS Group generally applies the partial goodwill method.

Transactions with non-controlling interest are treated as transactions with shareholders. If a difference arises between the costs for these shares and the carrying amount of the acquired minority shares, it must be fully recognised in equity. Gains and losses from the sale of shares in subsidiaries, if they do not involve a loss of control, are also recognised in equity.

Contracts which obligate the group to purchase the equity instruments of its subsidiaries are recognised as financial liabilities carried at the present value of the purchase price. This principle also applies when the obligation to purchase such instruments is conditional on the contractual partner exercising an option, and is independent of the probability of such option being exercised. This principle is also applicable to the forward purchase of non-controlling shares and to put options granted to non-controlling interests in the CTS Group. The first time recognition of the obligation from put options of minority shareholders is a reduction of the non-controlling interests, if the opportunities and risks have already been transferred to the CTS Group and as a reduction of equity of the CTS Group if this is not the case. Subject to the exercise of the put options, the liabilities are recognised at amortised cost using the effective interest rate method. The current interest rate is calculated on the basis of the original effective interest rate. Changes in expected payments due to changed expectations regarding the exercise price lead to an adjustment to the carrying amount of the liabilities recognised in the income statement. The new carrying amount is the present value of the adjusted expected cash flows using the original effective interest rate as the discount rate. If put options are granted as part of a merger, it will be analysed on a case-by-case basis whether the risks and opportunities arising from these shares will already be transferred to the CTS Group or stay with the minority shareholders. When fair value options are agreed, it is assumed that the minority shareholders bear the risks and opportunities.

CURRENCY TRANSLATION PRINCIPLES

Business transactions which are made by Group companies in currencies other than the local currency are translated at the rate applying on the date of transaction.

The financial statements of foreign subsidiaries whose currency is not the Euro are translated using the functional method. The functional currency used for those parts of the company outside Germany is the local currency in each case. Accordingly, assets and liabilities of entities outside Germany or outside the Eurozone are translated to Euro using the rate of exchange on the balance sheet date. Income and expenses are translated using the average exchange rate for the respective financial year. Currency translation differences are disclosed as a separate item in other reserves.

INVENTORIES

Inventories are carried at cost of purchase, taking ancillary expenses into account and deducting any bonuses or discounts received, or at cost of sales, or at the net realisable value on the balance sheet date.

PAYMENTS ON ACCOUNT

Payments on account are carried at cost of purchase.

FINANCIAL INSTRUMENTS

The stated values of the Group's financial instruments include cash and cash equivalents, marketable securities and other investments, financial investments, trade receivables and payables, receivables from and payables to affiliated and associated companies accounted for at equity, other financial assets and liabilities and financial liabilities as well as derivatives.

Cash and cash equivalents primarily consist of bank balances.

Marketable securities and other investments predominantly comprise a securities portfolio, term deposits and bonds.

Investments include participations in companies that do not fall under the scope of IFRS 10, IFRS 11 and IAS 28.

Receivables from affiliated and associated companies accounted for at equity include trade receivables.

Other financial assets include original financial assets such as receivables from ticket monies, loan receivables from associated and affiliated companies not consolidated, receivables from factoring and receivables from promoter. This item also includes positive market values of derivative financial instruments.

Payables to affiliated and associated companies accounted for at equity exclusively comprise trade payables.

Other financial liabilities mainly consist of original financial liabilities from ticket monies that have not yet been invoiced. In addition, negative market values of derivative financial instruments are also reported in this item.

Financial liabilities mostly consist of financial loans and purchase price obligations resulting from the acquisition of shares in consolidated subsidiaries.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets are divided into the following measurement categories:

- financial assets that are subsequently measured at fair value (in other comprehensive income or in profit or loss)
- financial assets that are measured at amortised cost.

Classification is based on the definition of the business model used to manage the financial asset and the analysis of contractual cash flows.

The definition of the business model for a financial asset takes place using groups of contracts with similar structures (portfolios). The business model used to manage a financial asset is characterised by certain defined activities. These include how the performance of the portfolio is assessed and reported to management, which risks impact performance and how these risks are managed. Other aspects in the assessment of the business model include the frequency, volume and timing of, as well as the reasons for past sales of financial assets. This results in the following business models:

‚Hold to collect': The aim of this business model is to hold financial assets in order to collect the contractual cash flows.

‚Hold to collect and sell': The aim of this business model is to collect contractual cash flows and sell financial assets.

‚Other': This is a residual category, if the two business models above are not relevant.

Contractual cash flows are analysed at an individual contract level. The financial asset is checked to identify whether it gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, as in a standard loan, or whether the contract includes terms that change the timing or amount of the contractual cash flows so that the aforementioned requirements are not met. The contract is analysed with regard to any advance payment or extension options, variable components and contingent elements.

Within determining the business model and checking the cash flow criterion the following measurement categories for financial assets arise:

If the financial asset meets the requirements of the ‚hold to collect' business model and passes the cash flow criterion, it is subsequently measured at amortised cost.

If the financial asset meets the requirements of the ‚hold to collect and sell' business model and passes the cash flow criterion, it is subsequently measured at fair value directly in equity.

If the financial asset does not meet the cash flow criterion or only fits the ‚Other' business model, it is subsequently measured at fair value through profit or loss.

Equity instruments, by definition, do not meet the cash flow criterion and therefore must be subsequently measured at fair value through profit or loss. Companies have the option to measure equity instruments at fair value directly in equity; however, the Group does not currently exercise this option. Investments reported under financial assets currently meet the required definition of equity instruments.

Original financial assets are generally recognised on the settlement date. At the initial recognition of financial assets measured at fair value through profit or loss, transaction costs are recognised as expenses in the income statement. The initial recognition of financial assets (directly in equity or at amortised cost) takes place at fair value plus directly attributable transaction costs.

Marketable securities and other investments (securities portfolio) as well as investments in participations are subsequently measured at fair value. Net gains and losses on these financial instruments include interest, dividends and valuation effects at the respective balance sheet date.

Cash and cash equivalents, trade receivables, receivables from affiliated and associated companies accounted for at equity, other financial assets and marketable securities and other investments are measured at amortised cost. Net gains and losses from these financial instruments include interest, currency effects and impairments.

Other financial assets include factoring receivables from an external service provider that arise in connection with the introduction of new types of payment to secure customer receivables from ticket sales. With regard to the sale of receivables (real factoring), all significant opportunities and risks are transferred without giving rise to a sustained engagement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial assets are written off when there is no longer a reasonable expectation that the cash flows of the financial asset will be collected. Indications of the latter can include insolvency proceedings, ongoing financial difficulties or high volumes of receivables past due in relation to the contractual partner.

Original financial liabilities are initially measured at fair value minus transaction costs and subsequently measured at amortised cost using the effective interest method. The derecognition of a financial liability occurs if it is extinguished. The contractual liabilities are discharged, cancelled or expired. Net gains and losses include interest expense and foreign currency effects.

Derivative financial instruments are recognised as at the trade date and are measured at fair value through profit or loss. The positive or negative market value as at the reporting date is entered in other financial assets or liabilities. Derivatives from company transactions (e.g. put options) are recognised as financial liabilities.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

As part of requirements concerning impairment, expected credit losses in relation to financial assets measured at amortised cost must be recognised as expenses at initial recognition.

The simplified approach is applied for trade receivables, receivables from affiliated and associated companies accounted for at equity (trade receivables) and receivables from ticket monies. Under this approach, the expected credit loss is recognised over the full term of the respective financial asset. Expected losses are calculated for each company and past-due period largely on the basis of historical values from the past three financial years. These figures are then adjusted for macroeconomic factors of the country in question if corresponding factors are determined that could have an impact on credit risk. Receivables that are overdue for more than 90 days are also subject to a detailed analysis. If there are indications of concrete financial difficulties on the part of the debtor, the receivable is partially impaired or completely written off, depending on the circumstances. In the simplified approach, receivables with an overdue period of up to 90 days are classified as 'not credit-impaired'. Receivables that are overdue by more than 90 days are classified as 'credit-impaired'.

The general approach is applied to all other financial assets measured at amortised cost (cash and cash equivalents, marketable securities and other investments, receivables from affiliated and associated companies accounted for at equity (loans), other financial assets). Under this approach, expected losses are calculated for the following 12 months in the case of financial assets that are not subject to a significantly increased credit risk. The expected loss is to be calculated for the full term of the financial asset as soon as a significant increase in credit risk is determined. This is the case if the contractual partner is past due on a payment by more than 30 days or there are indications of financial difficulties. If the financial difficulties are substantiated by certain objective indications, this financial asset is considered to be a credit-impaired financial asset. Rating classes with defined statistical probabilities of default based on external market data are used to calculate expected credit losses.

In order to take into account the effects of the COVID-19 pandemic on the default risk of financial assets in the CTS Group, an additional future-oriented macroeconomic factor has been integrated into the determination of the expected future losses since the beginning of 2020. In addition to a future-based variance analysis of key figures, this factor determined for each subsidiary also takes into account a country-specific risk component. These are adjusted quarterly or every six months. Furthermore, prolongations were agreed for individual contracts maturing in the near future.

HEDGE ACCOUNTING

The CTS Group uses targeted forward foreign exchange transactions to hedge exchange rate risks from operating activities. At the beginning of each hedge transaction, documentation concerning the hedge is created in accordance with the aim and strategy of risk management. In addition, the economic relationship between the underlying transaction and the hedging instrument is also documented, including the question of whether changes to cash flows from the underlying transaction and the hedging instrument are likely to be balanced out.

The effective portion of the gains or losses from cash flow hedges are recognised in other comprehensive income and are reclassified to the income statement as soon as the hedged cash flows affect the income statement. This takes place in the same item on the income statement in which the hedged cash flows are recognised. The ineffective portion of the hedging instrument is immediately recognised in profit or loss.

The effectiveness of the hedging instruments is assessed prospectively on the basis of the dollar offset method, in which the absolute changes in the value of the hedged item and the hypothetical derivative are compared. To differentiate between effective and ineffective parts of hedging instruments the dollar offset method is also used. Generally, the nominal volume, the maturity and the remaining contractual details of the underlying transaction and the hedge transaction are the same and so no ineffective elements are anticipated.

If the derivative financial instruments expire as hedging instruments, are sold, or no longer satisfy the hedge accounting criteria, the accumulated gain or loss remains in equity and is not recognised through profit or loss until the originally hedged future transaction actually occurs. If the future transaction is irrevocably no longer expected to occur, the cumulative gain or loss that has been recognised in equity has to be reclassified immediately to the income statement.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets with a definite useful life and property, plant and equipment are carried at their cost of purchase or cost of sales, minus systematic straight-line depreciation and amortisation.

Development costs for proprietary software are recognised as assets if they meet the criteria specified in IAS 38. The cost of software development is capitalised if the results arise in new or improved products. Prerequisite for the capitalisation is that the development costs can be reliably determined, the software products/modules technically and economically feasible and future benefits are probable. The costs directly attributable to the software include personnel costs of those involved in the development as well as a reasonable portion of the related overheads. Capitalised development costs for software are amortised over their estimated lifetime.

Systematic depreciation and amortisation of intangible assets and property, plant and equipment is mainly based on the following useful economic lives:

- Software, licences and similar rights: between 1 - 17 years and in exceptional cases an unlimited useful life
- Trademarks: between 5 - 18 years
- Customer base: between 5 - 15 years
- Other real estate, land rights and buildings, including buildings on third-party properties: between 3 - 25 years
- Technical equipment and machinery: between 3 - 5 years
- Other property, plant and office equipment: between 3 - 30 years

In accordance with IAS 36, goodwill is not amortised systematically, but instead is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The goodwill is allocated to those cash-generating units that are expected to derive benefits from the business combination in which the goodwill arose. Within the CTS Group, these cash-generating units are equivalent to the segments. Goodwill is subject to an impairment test at least once annually as at 31 December and during the year if there is any indication of impairment.

The Group routinely assesses the carrying values of all assets within the scope of IAS 36 for possible impairment. If events or changes in circumstances provide basis for believing that the carrying value of such an asset might no longer reach the applicable amount, the Group makes a comparison between the recoverable amount and the carrying value of the particular asset (impairment test). If the asset is impaired, the Group records an impairment loss so that the asset is written down to the recoverable amount. Impairments of goodwill may not be reversed.

Due to the impact of the COVID-19 pandemic, such indications occurred at the quarterly financial statements as at 31 March, 30 June and 30 September 2020, so that impairment tests for goodwill, intangible assets and right-of-use assets for venues were performed at these reporting dates. These impairment tests did not result in any need for impairment for goodwill and right-of-use assets. Impairments of intangible assets were recognised as at 30 June and 30 September (see item 10 of the notes to the consolidated balance sheet).

As at 31 December 2020, the annual impairment test of goodwill in the two segments Ticketing and Live Entertainment was performed in accordance with IAS 36. Impairment tests were also performed for other intangible assets, e.g. specific customer bases and brands, right-of-use assets for venues as well as for companies accounted for at equity, as the ongoing COVID-19 pandemic led to indications of impairment in accordance with IAS 36. These did not result in any need for impairment.

LEASES

Assets (right-of-use assets) and financial liabilities (the obligation to pay the lease instalments) are recognised in the balance sheet according to IFRS 16. The standard is only applied to tangible assets at the CTS Group. The capitalisation of the right-of-use assets mainly relates to venues, rented office space or buildings and vehicles for employees.

The CTS Group makes use of the option to waive the capitalisation of the right-of-use assets and the recognition of obligations as liabilities resulting from current leases (terms of less than one year) and leases for low-value leased objects (assets with a value below EUR 5,000 when new).

Assets are depreciated over the term of the underlying lease agreement. For certain individual contracts - especially venues and buildings – extension or termination options exist. If it can be assumed with sufficient certainty and taking all circumstances into account that these options will be exercised, they are included in the determination of the lease term. If the estimates regarding options change, the corresponding contracts are revalued.

A currency-specific incremental borrowing rate is used to calculate the present value of lease liabilities and right-of-use assets for each lease agreement, unless an interest rate on which the lease is based can be determined. To determine the incremental borrowing rates, reference interest rates for a period of up to 30 years were derived from the yields of corporate bonds or, if not available, government bonds. A country-specific risk was also taken into account.

Interest expense is recognised in the financial result in the income statement.

OPERATE LEASES

Leasing transactions in which the CTS Group is the lessor are to be classified exclusively as operate leases. In this case, the leased item remains in the consolidated balance sheet and is subject to scheduled depreciation. The lease payments are recognised as income over the term of the lease.

DEFERRED TAXES

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts in the consolidated balance sheet and in the fiscal balance sheets of the standalone companies, as well as for fiscal loss carry forwards. Deferred tax assets are recognised if it is likely that taxable earnings will be available against which the deductible temporary difference or the loss carry forwards can be applied. In particular for tax loss carry forwards an appropriate business-related planning horizon is used per company. Deferred tax assets and liabilities are valued at the applicable taxation rates that must prospectively be applied to the taxable income in those years in which the temporary differences are expected to be recovered or settled. The impact of a changed taxation rate on deferred assets and liabilities is carried as tax income or expense.

PROVISIONS

Other provisions were formed when commitments towards third parties exist that are reasonably likely to require settlement. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the closing date. Non-current provisions are recognised with the present value to the extent that discounting results have a significant effect. A maturity and currency-adequate, risk-free interest rate is used. A discounting with negative interest rates is not done.

Provisions for pensions and similar obligations are formed for defined benefit plans. These are obligations on the part of the company resulting from pension expectancies and ongoing benefits paid to active employees who are eligible for benefits. Pension obligations are dependent on years of service and the pay level of the respective employee. The calculation is based on actuarial reports. The pension provisions were measured on the basis of actuarial expertise, using the projected unit credit method. As far as assets exist that meet the criteria for plan assets their fair value is offset against the actuarial liability. The net obligation is recognised as provision in the balance sheet.

With regard to the provisions for promoter vouchers, we refer to the explanations in item 1.5.

RECOGNITION OF REVENUE AND EXPENSES

Revenue from contracts with customers is recognised upon the fulfilment of the service obligations derived from contracts. At the beginning of the contractual relationship, it is determined whether the CTS Group fulfils each identified service obligation over time or at a particular point in time.

Revenue in the ordinary course of business in the Ticketing segment mainly relates to the provision of services. These primarily include the brokering and distribution of tickets, the provision of systems for ticket brokering and the brokering of insurance. These services are provided to a variety of different parties, including ticket buyers/end customers, box offices and promoters. Through the provision of these services, the CTS Group generates revenue from ticket fees, licence fees, commission and other service charges. Usually, the CTS Group provides agency services in the Ticketing segment (broker/commission agent), in which rights of access documented on behalf of a promoter are marketed to end customers (event visitors). Only the commission generated by the Group is recognised as revenue and reported as a net amount. The services associated with the sale of tickets to end customers are recognised at the point at which the ticket is sold. Income from the provision of systems to box offices and promoters is recognised over the period in which the systems are provided. Revenue from ticket fees also includes variable compensations (e.g. service charges), which may be refunded to the customer if the event is cancelled. The CTS Group assumes that the corresponding events will take place when measuring these variable compensations.

Revenue in the ordinary course of business in the Live Entertainment segment mainly relates to the provision of services. Services encompass planning, organising and implementing concerts, concert tours, festivals and other live events as well as operating venues (entertainment services). The CTS Group generally assumes responsibility for providing services. This particularly concerns activities in which the CTS Group operates as a tour promoter, local promoter or venue operator. In this respect, the CTS Group generally functions as a principal in the Live Entertainment segment and recognises revenue as gross amounts. The received ticket monies during the presale period are deferred as advance payments received. These are contract liabilities according to IFRS 15. When the event is subsequently held, these advance payments are transferred to revenue and the profits are realised over the time period in which the event is held. In addition, revenue is also generated through the sale of goods, including catering and merchandising products. This revenue is recognised at the point of sale.

User charges are accrued in accordance with the terms of the underlying contract and dividends are recorded at the point at which the legal claim to the payment arises. Interest rates are recognised proportional to time, taking into account the effective interest rate.

Income from insurance compensations is recognised when the necessary conditions for receiving the insurance compensation are met and it can be assumed with a high certainty that the compensation will be granted.

SIGNIFICANT DISCRETIONARY DECISIONS, ASSUMPTIONS AND ESTIMATES

When preparing the consolidated financial statements, it is necessary to a certain degree to make discretionary decisions, estimates and assumptions (measurement uncertainties) that affect the assets and liabilities, the disclosure of contingent liabilities and the statement of income and expenses during the financial year. Estimates and assumptions are continuously reviewed and adjusted if necessary. The actual amounts may deviate from the respective estimates and assumptions. All estimates and assumptions are based on the circumstances and assessments as at the balance sheet date.

The outbreak of the COVID-19 pandemic and the official bans and requirements for the performance of events have had a significant adverse impact on the CTS Group. Due to the measures taken by governments around the world to curb the coronavirus, there have been negative effects on the Group's earnings and liquidity situation during this reporting year. At the time of preparation of this annual report, the corporate management assumes that the risks do not jeopardise CTS KGaA and the Group as a going concern. Despite careful estimates and assumptions, however, it cannot be ruled out that additional factors, such as the COVID-19 pandemic, will emerge in the future which are not yet known or are currently rated as immaterial and which could jeopardise the continued existence of the CTS Group as a going concern (also see item 1.5).

Uncertain estimates and assumptions relate among other things to purchase price allocations and valuation of conditional purchase price liabilities, the valuation of call and put options on minority interests in companies accounted for using the equity method, actuarial parameters in the valuation of pension provisions, the calculation of the fair value of financial assets, provisions and the determination of useful lives of intangible assets and property, plant and equipment.

The valuation of the existing deposits at the Austrian Commerzialbank Mattersburg im Burgenland AG of the Barracuda Group (EUR 34.3 million) is associated with estimates. In July 2020, the Financial Market Authority (FMA) has prohibited Commerzialbank Mattersburg im Burgenland AG from continuing its entire business operations on suspicion of balance sheet fraud and misappropriating customer deposits. As a result, the companies of the Barracuda Group no longer have access to the existing deposits. These indications have led to an estimate of possible reduction of the value of the deposits, as confirmation has not been received from either the insolvency administrator or the Austrian bank supervisory authority that the deposits are not voided. The respective carrying amounts are stated in the notes to the consolidated balance sheet in item 1.

Assumptions and estimates also relate to the determination of the expected default rates of trade receivables and receivables from ticket monies. When determining the expected default rates, the CTS Group uses historical information as well as information that contains assumptions about future economic developments. There is an uncertainty that the determined default rates will differ from the actual default rates due to market developments, in particular with regard to the effects of the COVID-19 pandemic and the resumption of events. The carrying values of trade receivables are disclosed in the notes to the consolidated balance sheet in item 2 and those of receivables for ticket monies in item 6.

In addition, estimates and assumptions must be made, particularly in connection with the annual impairment test for goodwill, intangible assets, right-of-use assets for venues, companies accounted at equity and for the recognition of deferred tax assets (cf. item 1.5 effects of the COVID-19 pandemic).

The Group conducts annual reviews, in conformity with the accounting policies described above, to determine whether there is any impairment of goodwill. The recoverable amount of cash-generating units was measured on the basis of calculated fair value minus costs of sale. These calculations must be derived from assumptions based on management estimates. If trends arise that are beyond the control of management, future carrying values may deviate from the estimated values as originally anticipated. If actual developments diverge from expectations, the assumptions and, if necessary, the carrying values of the goodwill are adjusted accordingly. The carrying values of goodwill are disclosed in the notes to the consolidated balance sheet in item 9.

The carrying values of intangible assets are disclosed in the notes to the consolidated balance sheet in item 10 and those of property, plant and equipment in item 11.

Deferred tax assets in respect of fiscal loss carry forwards and temporary differences are recognised in the consolidated financial statements. When recognising deferred tax assets, the management must make estimates regarding recoverability. Deferred tax assets are recognised to the extent that it is likely that they can be used. The use of deferred tax assets depends on the possibility of generating sufficient taxable income in the respective tax category and in the respective fiscal jurisdiction. Assessing the likelihood of future usability depends on a variety of factors, such as past earnings performance, operative planning and tax planning strategies. If estimates diverge from actual events, carrying values must be adjusted accordingly if there is any doubt. The carrying values of deferred taxes are disclosed in the notes to the consolidated balance sheet in item 15.

Conditional purchase price liabilities resulting from corporate acquisitions are recognised at fair value at the time of acquisition when they are initially recognised. In the subsequent measurement, the determination of fair value or amortised cost is subject to an estimation risk within the scope of future business developments. Call and put options on minority interests in companies accounted for at equity are recognised at fair value on the basis of option mathematical models, which require the estimation of corresponding parameters. Please refer to the information on France Billet in item 14. The disclosures on purchase price obligations are explained in the notes to the consolidated balance sheet in item 16.

The provisions for promoter vouchers concern obligations toward holders of an admission ticket for events that have been cancelled or postponed due to the COVID-19 pandemic and for which a voucher in the amount of the ticket price was issued instead of refunding the ticket price. The monies collected from the holders of an event ticket are recognised in the advance payments received in the Live Entertainment segment. In keeping with the conversion of a ticket into a voucher, a reclassification from the advance payments received to the provisions is performed, as it is not yet possible to gauge the extent to which this voucher will be redeemed either for the make-up event or alternatively for another event organised by the promoter or to what extent the money will be paid out to the end customer. An estimate of the amount in which a voucher will be paid out and thus division into financial and non-financial obligations is not possible at present, as almost no presales are taking place while events are prohibited. The disclosures on provisions are explained in the notes to the consolidated balance sheet in item 18.

Lease liabilities are recognised in the present value of the lease payments not yet made at this time. An incremental borrowing rate is used to value the lease liabilities. This is the interest rate that the CTS Group would have to pay if the CTS Group were to borrow, for a comparable term and with comparable security, the funds the CTS Group would need in a comparable economic environment for an asset comparable to the right-of-use. The incremental borrowing rate therefore requires estimates of what interest the Group would have to pay. In the process, it is necessary to make assumptions concerning factors such as the interest the companies in the CTS Group would have to pay if there were no observable interest available or if adjustments to terms and conditions agreed in individual contracts were necessary. The CTS Group calculates the contract-specific incremental borrowing rate using observable factors such as bond yields and makes adjustments such as applying country risk premiums. The CTS Group determines the term of the lease based on the base term that is not subject to termination, including periods arising from options to renew, provided that it is sufficiently certain that the option will be exercised, along with periods arising from options to terminate, provided that it is sufficiently certain that the option will not be exercised. Many real estate lease agreements contain options to renew or terminate. Assessing whether it is sufficiently certain that a renewal option will be exercised or a termination option not exercised requires judgement. The disclosures on lease liabilities are explained in the notes to the consolidated balance sheet in item 21.

Obligations arising from defined benefit pension commitments are determined using actuarial calculations based on the underlying assumptions with regard to long-term pay and pension trends, average life expectancy and the discount rate. The assumptions relating to the pay and pension trends are based on developments observed in the past and take account of the country-specific interest and inflation levels and of the respective labour market developments. The average life expectancy is estimated based on recognised biometric calculations. The interest rate used to discount the respective future payment obligations is based on the yield for high quality corporate bonds in the same currency with a comparable term. The disclosures on pension provisions are explained in the notes to the consolidated balance sheet in item 23.

2. SCOPE OF CONSOLIDATION

In addition to the parent company's financial statements, the CTS Group comprises the annual financial statements of 118 subsidiaries (previous year: 97).

In the reporting year, the number of fully consolidated companies in the Ticketing segment was on previous year's level at 37 subsidiaries. Changes have resulted from a liquidation and an acquisition.

In the Live Entertainment segment, the number of fully consolidated companies increased from 60 to 81 mainly due to additions from acquisitions and newly established companies.

In the Live Entertainment segment, one joint venture (previous year: 1) and 14 associated companies (previous year: 10) are included in the consolidated financial statements. The main joint venture (Hammersmith Apollo Ltd., London, hereinafter: HAL Apollo) relates to Stage C Ltd. based in the United Kingdom. The CTS Group holds 50% stake in Stage C Ltd., London, which holds 100% in HAL Apollo which is the operating company of the Eventim Apollo venue in London.

In the Ticketing segment, one joint venture (previous year: 1) and one associated company (previous year: 1) are included in the consolidated financial statements using the equity method. CTS KGaA holds 50% of the joint venture shares in autoTicket GmbH, Berlin (operating company for the collection of the German infrastructure charge 'car toll', hereinafter: autoTicket). CTS KGaA holds 48% of the shares in the associated company France Billet SAS, Paris, France (hereinafter: France Billet), whose business purpose is the brokerage, distribution and marketing of tickets for concerts, sports, theatre and other events.

Due to their insignificance, 14 subsidiaries (previous year: 13 subsidiaries) are recognised in investments at fair value through profit or loss in the reporting year. Two additions from acquisitions in the Live Entertainment segment are offset by a liquidation in the Ticketing segment.

2.1 SIGNIFICANT CHANGES IN THE TICKETING SEGMENT

PURCHASE OF TICKETING OPERATIONS OF ZAPPA

As at 10 December 2020, CTS Eventim Israel Ltd., Tel Aviv, Israel, (hereinafter: CTS Eventim Israel) founded the Israeli company CTS Eventim New Co Ltd., Tel Aviv, Israel (hereinafter: Eventim Israel NewCo). As at 22 December 2020 49% of the shares were transferred to the Israeli promoter Zappa Ltd., Herzelia, Israel (hereinafter: Zappa) and in return, the exclusive marketing of tickets for all Zappa events by Eventm Israel NewCo was contractually agreed. For this purpose the previous domains of the online ticketing distribution, the attendant processes as well as key personnel were taken over. As component of the transaction, the ticketing business operation of CTS Eventim Israel is transferred to Eventim Israel NewCo. By bundling CTS Eventim Israel and the Zappa ticketing businesses, the position of the CTS Group in Israel will be expanded further. Zappa is the main local promoter of live entertainment, operator of several venues with up to 15,000 seats as well as clubs and has been behind three popular festivals in Israel for many years.

Based on the provisional purchase price allocation, the following table shows the fair values at the time of initial consolidation of Eventim Israel NewCo:

	Fair values at the time of initial consolidation - provisional purchase price allocation -
	[EUR'000]
Intangible assets	25,641
Total non-current assets	**25,641**
Total net assets	**25,641**

Assets and liabilities were measured at fair value within the scope of the provisional purchase price allocation. At the time of initial consolidation, intangible assets (property rights and ticket distribution rights with an unlimited period of use) were recognised at a fair value of EUR 25,641 thousand.

As at 31 December 2020 the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending.

The following table shows the reconciliation of consideration transferred as at initial consolidation:

	[EUR'000]
Consideration transferred	23,323
Total net assets	**25,641**
Pro rata net assets	**13,077**
Goodwill	10,246

The consideration transferred consists of a fixed purchase price payment of EUR 3,646 thousand as well as an earn-out agreement of EUR 3,066 thousand and the fair value of 49% of the added ticketing operations of CTS Eventim Israel. Due to measuring the added operations of CTS Eventim Israel at fair value, the retained earnings increased by EUR 16.611 thousand.

The difference between the consideration transferred and the pro rata net assets was assigned to the goodwill in the Ticketing segment and mainly reflects future synergy and earnings potential. Goodwill is tax deductible.

Since its initial consolidation at the end of December 2020, Eventim Israel NewCo has generated neither revenue nor net income for the period.

FINAL PURCHASE PRICE ALLOCATION FRANCE BILLET

In October 2019, the French ticketing company France Billet was included in the consolidated financial statements using the equity method. The purchase price allocation was completed within the 12-month deadline in October 2020. No adjustments were made as a result of the final purchase price allocation. As part of the purchase price allocation, mainly intangible assets (customer base and brands) with a fair value of EUR 52,546 thousand were recognised. Deferred tax liabilities of EUR 12,045 thousand were recognised for temporary differences from revaluation. The carrying amount of the investment and the pro rata net assets at the date of initial consolidation resulted in goodwill of EUR 43,673 thousand. The goodwill mainly reflects future synergy and earnings potential. Goodwill is not tax deductible.

2.2 SIGNIFICANT CHANGES IN THE LIVE ENTERTAINMENT SEGMENT

ACQUISITION OF 50% OF THE SHARES IN ALTERNATE NATION ENTERTAINMENT

In February 2020, the CTS Group acquired 50% of the shares in the newly established company Alternate Nation Entertainment Group LLC, Wilmington, with administrative office in New York City, USA, for a purchase price of USD 20 million. The CTS Group and U.S. promoter Michael Cohl each hold 50% of the shares in the company. This partnership, which has been arranged for a period of five years, has as its object the acquisition of live entertainment content for international tours. The company is fully consolidated in the CTS Group in accordance with IFRS 10 since the CTS Group holds the majority of the voting rights (51%) for decisions that influence the relevant activities of the company and thus the variable returns from the company. These rights relate in particular to the definition of the budget and decisions about investments and financing. The purchase price was recorded as a non-current non-financial asset, as the transaction does not constitute a business combination in accordance with IFRS 3 and reflects an advance payments for future payments. The non-current non-financial asset will be essentially amortised over the term of the contract in cost of sales.

PURCHASE OF THE BARRACUDA GROUP

At the beginning of January 2020, the CTS Group took over 71% of the shares in the Austrian concert promoter Barracuda Holding GmbH, Vienna, and its subsidiaries (hereinafter: Barracuda Group). The CTS Group has thus expanded its Europe-wide event portfolio to include some of Austria's most popular concerts and festivals. In this context, the Barracuda Group became part of the EVENTIM LIVE promoter network. The transaction was approved by the relevant antitrust authorities in December 2019.

The following table shows the fair values at the time of initial consolidation of the Barracuda Group:

	Fair values at the time of initial consolidation - final purchase price allocation -
	[EUR'000]
Cash and cash equivalents	4,793
Inventories	928
Payments on account	4,095
Trade receivables	6,125
Other assets	1,554
Total current assets	**17,495**
Intangible assets	10,188
Property, plant and equipment	609
Right-of-use assets from leases	533
Investments	3,957
Other assets	4
Deferred tax assets	3,326
Total non-current assets	**18,616**
Trade payables	2,757
Advance payments received	22,687
Other liabilities	3,095
Lease liabilities	51
Total current liabilities	**28,590**
Other liabilities	17
Lease liabilities	481
Deferred tax liabilities	3,480
Total non-current liabilities	**3,979**
Total net assets	**3,542**

Within the scope of the final purchase price allocation, assets and liabilities were measured at fair value. At the time of initial consolidation, intangible assets (customer base with a useful life of 8 years and brands with a useful life of 5 to 10 years) with a fair value of EUR 10,138 thousand as well as order backlog at EUR 847 thousand with a useful life of one year were recognised. Furthermore investments with a fair value of EUR 1,191 thousand were recognised. Besides that, fair value changes in advance payments received of EUR 1,745 thousand were recorded. Temporary differences in the revaluation resulted in deferred tax liabilities of EUR 3,480 thousand. At the date of initial consolidation, the companies of the Barracuda Group placed funds of EUR 13,051 thousand at Commerzialbank Mattersbug im Burgenland AG. Based on the information available on balance sheet fraud and misappropriation of customer deposits at this bank, it must be assumed that these deposits were misappropriated, so that a fair value of EUR 0 has been recognised.

The following table shows the reconciliation of consideration transferred as at initial consolidation:

	[EUR'000]
Consideration transferred	14,873
Total net assets	**3,542**
Pro rata net assets	**2,515**
Goodwill	12,358

The consideration transferred consists of a fixed purchase price payment (EUR 12,079 thousand) and an earn-out agreement (EUR 2,794 thousand). The present value of the earn-out agreement was calculated using the historical income statement for the 2019 financial year and the underlying budget for the following years.

The difference between the consideration transferred and the pro rata net assets was assigned to the goodwill in the Live Entertainment segment and mainly reflects future synergy and earnings potential. Goodwill is not tax deductible.

Since initial consolidation at the beginning of January 2020, the Barracuda Group generated revenue of EUR 4,530 thousand, particularly due to effects of the COVID-19 pandemic, and a net result for the period before non-controlling interests of EUR -13,800 thousand. The result of the Barracuda Group was heavily burdened by the impairment of cash and cash equivalents of EUR 20,712 thousand invested with Commerzialbank Mattersburg im Burgenland AG after the date of initial consolidation.

PURCHASE OF THE GADGET GROUP

At the end of January 2020, the CTS Group has aquired 60% of the shares in the Swiss Gadget Entertainment AG, Zurich. Within this process the CTS Group aquired 60% of the shares of wepromote entertainment group switzerland ag, St. Gallen, as well. By this acquisition the CTS Group intensifies its commitment and is expanding its business activities in the Swiss Live Entertainment market. Simultaneously the CTS Group reorganises its business activity in Switzerland. After the transaction Gadget Entertainment AG and wepromote entertainment group switzerland ag joined forces and merged with ABC Production AG, Opfikon, which is already belonging to the CTS Group, to jointly utilise existing synergy effects in the future. The new founded company operates under the name 'Gadget abc Entertainment Group AG' and has its main office in Zurich (hereinafter: Gadget Group). Gagdet Entertainment AG, Zurich, was renamed Gadget abc Entertainment AG, Zurich upon entry in the Swiss commercial register on 3 September 2020.

The following table shows the fair values at the time of initial consolidation of the Gadget Group:

	Fair values at the time of initial consolidation - final purchase price allocation -
	[EUR'000]
Cash and cash equivalents	9,079
Inventories	885
Payments on account	2,583
Trade receivables	1,012
Other assets	631
Total current assets	**14,191**
Intangible assets	4,109
Property, plant and equipment	307
Right-of-use assets from leases	1,085
Investments	109
Deferred tax assets	409
Total non-current assets	**6,018**
Trade payables	821
Advance payments received	11,284
Other liabilities	193
Lease liabilities	140
Other provisions	47
Total current liabilities	**12,484**
Pension provisions	1,818
Lease liabilities	945
Deferred tax liabilities	1,047
Total non-current liabilities	**3,809**
Total net assets	**3,915**

As part of the final purchase price allocation, assets and liabilities were measured at fair value. At the time of initial consolidation, intangible assets (brands with a useful life of 3 to 10 years) with a fair value of EUR 903 thousand and exclusivity agreements with a useful life of 8 years with a fair value of EUR 3,205 thousand as well as order backlog at EUR 775 thousand with a useful life of one year were recognised. Besides that, fair value changes in advance payments received of EUR 661 thousand were recognised. Temporary differences in the revaluation resulted in deferred tax liabilities of EUR 1,011 thousand.

The following table shows the reconciliation of consideration transferred as at initial consolidation:

	[EUR'000]
Consideration transferred	7,908
Total net assets	**3,915**
Pro rata net assets	**2,349**
Goodwill	5,559

The consideration transferred consists of a fixed purchase price payment (EUR 2,805 thousand) as well as an earn-out agreement (EUR 1,544 thousand). The present value of the earn-out agreement was calculated using the underlying budget for the financial years 2021,2022, and 2023. The transferred 40% shares in the ABC Group were measured at fair value amounting to EUR 3,559 thousand. In this context the equity attributable to the shareholder of the CTS KGaA increased by EUR 2,726 thousand.

The difference between the consideration transferred and the pro rata net assets was assigned to the goodwill in the Live Entertainment segment and mainly reflects future synergy and earnings potential. Goodwill is not tax deductible.

Since initial consolidation at the end of January 2020, the Gadget Group generated revenue of EUR 3,907 thousand and a net result for the period before non-controlling interests of EUR -1,673 thousand. The result was heavily burdened by the COVID-19 pandemic.

PURCHASE OF NORDIC LIVE

At the end of January 2020, the CTS Group acquired 66.7% of the shares in the Norwegian agency Nordic Live AS, Oslo, Norway (hereinafter: Nordic Live) through its subsidiary FKP Scorpio. This gives FKP Scorpio access to the portfolio of Nordic Live, which currently boasts 60 national and international artists.

The following table shows the fair values at the time of initial consolidation of the Nordic Live:

	Fair values at the time of initial consolidation - final purchase price allocation -
	[EUR'000]
Cash and cash equivalents	950
Inventories	311
Trade receivables	258
Other assets	24
Total current assets	**1,543**
Intangible assets	599
Property, plant and equipment	76
Right-of-use assets from leases	100
Total non-current assets	**775**
Trade payables	792
Other liabilities	76
Lease liabilities	38
Total current liabilities	**906**
Lease liabilities	62
Deferred tax liabilities	177
Total non-current liabilities	**239**
Total net assets	**1,173**

Within the scope of the final purchase price allocation, assets and liabilities were measured at fair value. At the time of initial consolidation, intangible assets (customer base with a useful life of 5 years) with a fair value of EUR 599 thousand as well as order backlog at EUR 217 thousand with a useful life of one year were recognised. Temporary differences in the revaluation resulted in deferred tax liabilities of EUR 177 thousand.

The following table shows the reconciliation of consideration transferred as at initial consolidation:

	[EUR'000]
Consideration transferred	2,786
Total net assets	**1,173**
Pro rata net assets	**747**
Goodwill	2,039

The difference between the consideration transferred and the pro rata net assets was assigned to the goodwill in the Live Entertainment segment and mainly reflects future synergy and earnings potential. Goodwill is not tax deductible.

Since initial consolidation at the end of January 2020, Nordic Live generated revenue of EUR 1,595 thousand and a net result for the period before non-controlling interests of EUR 133 thousand. The result was burdened by the COVID-19 pandemic.

FINAL PURCHASE PRICE ALLOCATION WOAH DAD LIVE

The initial consolidation of the Swedish tour and concert promoter Woah Dad Live AB, Gothenburg, Sweden, was prepared in July 2019 and completed within the 12-month deadline in the financial year 2020. No adjustments were made as a result of the final purchase price allocation. As part of the purchase price allocation, intangible assets (customer base) with a fair value of EUR 713 thousand were recognised. Deferred tax liabilities of EUR 147 thousand were recognised for the temporary differences from the revaluation. The difference between the consideration and the pro rata net assets was allocated to goodwill in the Live Entertainment segment and essentially reflects future synergy and growth potentials. The goodwill is not tax deductible.

FINAL PURCHASE PRICE ALLOCATION TCI

The initial consolidation of the Russian tour and concert promoter Talent Concert International o.o.o., Moscow, Russia, was prepared in October 2019 while the preliminary purchase price allocation was completed within the 12-month deadline in the financial year 2020. No adjustments were made as a result of the final purchase price allocation. As part of the purchase price allocation, intangible assets (customer base) with a fair value of EUR 2,993 thousand and an order backlog of EUR 99 thousand were recognised. In addition further changes in fair value in advance payments received of EUR 12 thousand were recognised. Temporary differences in the revaluation resulted in deferred tax liabilities of EUR 621 thousand. The difference between the consideration and the pro rata net assets was allocated to goodwill in the Live Entertainment segment and essentially reflects future synergy and growth potentials. The goodwill is not tax deductible.

2.3 PRO-FORMA DISCLOSURES

The acquisitions made in the 2020 financial year, with the exception of the ticketing operation of Zappa, were included in the consolidated financial statements at the beginning of the financial year. Therefore, a pro forma presentation in the consolidated financial statements of the CTS Group of revenue and earnings contributions of the acquired Group companies, under the assumption that they had already been included in the consolidated financial statements at the beginning of the financial year, can be dispensed with for reasons of materiality. As the acquisition of Zappa's ticketing activities was made in the context of a transfer of individual assets and not as an acquisition of a company, no pro forma figures were determined for the corresponding revenue and earnings figures. This would not have resulted in a significant change.

2.3 LIST OF INVESTMENTS

The disclosures pursuant to § 313 (2) HGB are stated online at the CTS KGaA website under https://corporate.eventim.de/en/investor-relations/corporate-governance/.

3. NOTES TO THE CONSOLIDATED BALANCE SHEET

CASH AND CASH EQUIVALENTS (1)

Cash and cash equivalents are predominantly bank balances. Cash and cash equivalents include ticket money from presales for events that have not yet been invoiced (ticket money not yet invoiced in the Ticketing segment).

In July 2020, the Austrian Financial Market Authority (FMA) ordered Commerzialbank Mattersburg im Burgenland AG to cease all business operations on suspicion of balance sheet fraud and misappropriation of customer deposits. As a result, the companies of the Barracuda Group no longer have access to the existing deposits of EUR 34.3 million, of which EUR 13.1 million already existed at the time of initial consolidation. In this respect, these deposits of EUR 13.1 million at the time of initial consolidation and the deposits invested after the initial consolidation in the amount of EUR 20.7 million were fully impaired in the financial result. The affected companies of the Barracuda Group have asserted their claims against the Republic of Austria on the basis of official liability and will also exhaust all legal channels and means to enforce their claims.

TRADE RECEIVABLES (2)

The trade receivables include gross book values of EUR 30,294 thousand (previous year: EUR 74,351 thousand). This is offset by impairments of EUR 4,851 thousand (previous year: EUR 4,622 thousand). Gross book values of EUR 116 thousand (previous year: EUR 45 thousand) are assigned to non-current trade receivables.

INVENTORIES (3)

Inventories comprise the following items:

	31.12.2020	31.12.2019
	[EUR'000]	[EUR'000]
Raw materials and supplies	585	843
Work in progress	2,768	2,823
Finished goods and merchandise	1,357	1,956
	4,710	**5,623**

Raw materials and supplies mainly comprise ticket blanks. Work in progress relate in particular to production costs for Holiday on Ice Shows. Finished goods and merchandise mainly include IT hardware, merchandising and catering articles.

PAYMENTS ON ACCOUNT (4)

Payments on account, at EUR 101,852 thousand (previous year: EUR 70,721 thousand) pertain to prepaid production costs in the Live Entertainment segment (e.g. artists' fees) for events taking place in 2021 or 2022.

RECEIVABLES FROM INCOME TAX (5)

Receivables from income tax, at EUR 5,764 thousand (previous year: EUR 4,843 thousand) relate in particular to claims from losses carried back for the year 2019 and receivables due to prepayments made for the year 2020, as tax losses have arisen in the current year.

OTHER FINANCIAL ASSETS (6)

Other current financial assets, at EUR 52,551 thousand (previous year: EUR 139,997 thousand) comprise inter alia receivables from ticket monies from presales in the Ticketing segment at EUR 17,215 thousand (previous year: EUR 83,993 thousand), factoring receivables against an external service provider from ticket monies at EUR 2,263 thousand (previous year: EUR 30,201 thousand), receivables against promoters at EUR 10,709 thousand (previous year: EUR 12,785 thousand) and receivables for insurance compensations of EUR 11,744 thousand (previous year: EUR 60 thousand).

Non-current other financial assets, at EUR 14,664 thousand (previous year: EUR 19,419 thousand) primarily include loan receivables against autoTicket at EUR 5,437 thousand (previous year: EUR 12,500 thousand), receivables against promoters at EUR 4,115 thousand (previous year: EUR 5,001 thousand) and other receivables from affiliated and associated companies accounted for at equity of EUR 3,255 thousand (previous year: EUR 976 thousand).

As at 31 December 2020 collaterals amounted to EUR 2,574 thousand (previous year: EUR 2,762 thousand), including EUR 2,140 thousand for rental deposits (previous year: EUR 1.853 thousand).

OTHER NON-FINANCIAL ASSETS (7)

The current other non-financial assets, at EUR 48,614 thousand (previous year: EUR 36,468 thousand), mainly relate to refund claims in respect of value added tax and other taxes, at EUR 26,438 thousand (previous year: EUR 23,927 thousand), accrual and deferral items in the amount of EUR 9,636 thousand (previous year: EUR 11,002 thousand) which relate, inter alia, to accrued payments for events in the Live Entertainment segment and for IT hardware and software support in the Ticketing segment as well as receivables from short-time working allowances and social security contributions of EUR 2,488 thousand (previous year: EUR 0 thousand) and receivables from Corona-related government grants of EUR 5,593 thousand (previous year: EUR 0 thousand).

The non-current other non-financial assets, at EUR 13,121 thousand (previous year: EUR 1,239 thousand), mainly relate to advance payments relating to the transaction with the U.S. promoter Michael Cohl and accrued expenses.

NON-CURRENT ASSETS HELD FOR SALE (8)

The non-current asset held for sale was sold in December 2020 and related to an asset of the subsidiary JUG Jet Air GmbH & Co. KG, Bremen (previous year: EUR 6,746 thousand).

GOODWILL (9)

	2020 [EUR'000]	2019 [EUR'000]
Historical cost		
1 January	331,883	325,444
Addition from change in scope of consolidation	32,216	3,936
Currency differences	525	2,503
31 December	**364,624**	**331,883**
Accumulated amortisation		
1 January	4,681	4,681
31 December	**4,681**	**4,681**
Carrying value as at 31 December	**359,943**	**327,202**

The disclosed goodwill totalling EUR 359,943 thousand (previous year: EUR 327,202 thousand) breaks down into EUR 257,150 thousand in the Ticketing segment (previous year: EUR 246,345 thousand) and EUR 102,793 thousand in the Live Entertainment segment (previous year: EUR 80,857 thousand). Both segments are applied as cash-generating unit (CGU) for goodwill impairment testing according to IAS 36.

In the Live Entertainment segment, the goodwill increased by EUR 21,936 thousand from the acquisitions of the Barracuda Group, the Gadget Group, Nordic Live and Eventum Entertainment Properties AB, Stockholm, Sweden, as well as currency effects from the valuation as of 31 December 2020 (Euros to Swiss francs and Norwegian kroner). The increase in goodwill in the Ticketing segment of EUR 10,805 thousand mainly relates to the acquisition of Zappa's ticketing business in Israel, and currency effects of the valuation as of 31 December 2020 of goodwill in foreign currencies (Euros to Swiss francs and to Israeli Shekel).

Within the impairment test for goodwill, the recoverable amount of a cash-generating unit (CGU), the fair value less costs to sell, is determined.

The fair value is the best possible estimate of the amount for which an independent third party would acquire the cash-generating unit on the balance sheet date, minus the costs of sale. The fair value is calculated on the basis of a discounted cash flow (DCF) valuation model and can be assigned to level three in the fair value hierarchy according to IFRS 13. This procedure and the basic assumptions apply to the two CGUs with goodwill.

The official bans and restrictions for the performance of events and the associated effects of the COVID-19 pandemic on the Ticketing and Live Entertainment segments were an indication of an impairment, so that an impairment test within the quarterly financial statements as of 31 March, 30 June, 30 September 2020 was carried out. As of 30 June 2020, a discount rate of 8.7% (previous year: 7.4%) was used in the impairment test in the Ticketing segment and 8.7% (previous year 7.5%) in the Live Entertainment segment. The discount rates used are after-tax rates and reflect the specific risks of the CGUs concerned. The group uses constant growth rates of 1% (previous year: 1%) to extrapolate the cash flows following the detailed planning period. There were no impairments as of the quarterly reporting dates.

For the impairment test as of 31 December 2020, the three scenarios (see item 1.5 Effects of the COVID-19 pandemic) were used for the cashflow planning. With the beginning of the 2022 financial year, revenue and earnings figures are expected to be at the pre-Corona level. For the impairment test as of 31 December 2020 a discount rate of 8.7% (previous year: 7.4%) is used in the Ticketing segment and 8.7% (previous year 7.5%) in the Live Entertainment segment. An EBITDA margin of around 17% (previous year: around 45%) in the Ticketing segment and of -5,9% (previous year: around 6%) in the Live Entertainment segment was assumed for the 2021 financial year. In the years that followed, an EBITDA margin of around 45% (previous year: 45%) was expected in the Ticketing segment due to an expected increase in high-margin internet ticket sales, among other things. In the Live Entertainment segment, an average EBITDA margin of around 7.9% (previous year: 6%) is planned. In the Ticketing and Live Entertainment segments, discount rates representing after-tax rates were used as in the quarters. The Group uses constant growth rates of 1% (previous year: 1%) to extrapolate the cash flows following the detailed planning period. The growth rate has been derived from past experience and does not exceed the long-term development of the respective markets. The growth rates take into account external macroeconomic data and industry-specific trends. No need for impairment was identified for the goodwill broken down by segment as at 31 December 2020. If the estimated discount factor had been one percentage point higher or the EBITDA margin in the Ticketing segment or in the Live Entertainment segment had been 10% lower, there would have been no need for impairment of the goodwill in the respective segments. Even if the most conservative plan scenario is used, according to which the performance of events will not be possible again until the beginning of 2022, there would have been no need for impairment.

OTHER INTANGIBLE ASSETS (10)

	Software, licences and similar rights	Brands	Capitalised development costs	Customer base	Payments on account / Propri-etary software in progress	Total
2019	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost						
1 January	84,841	32,314	92,635	118,916	6,492	335,198
Addition from change in scope of consolidation	505	0	0	2,993	0	3,498
Disposal from change in scope of consolidation	-879	0	0	-3	0	-882
Addition	2,483	465	6,449	0	8,651	18,048
Disposal	-776	-1	-1,632	0	-37	-2,444
Reclassification	233	0	4,040	0	-4,273	0
Currency differences	441	250	231	799	12	1,733
31 December	**86,850**	**33,028**	**101,724**	**122,706**	**10,845**	**355,152**
Accumulated amortisation						
1 January	57,421	22,410	47,067	78,106	0	205,004
Addition	6,755	1,830	10,456	7,465	0	26,506
Disposal	-631	-1	-1,611	0	0	-2,243
Reclassification	8	0	-8	0	0	0
Currency differences	319	234	211	692	0	1,456
31 December	**63,871**	**24,474**	**56,115**	**86,263**	**0**	**230,723**
Carrying value as at 31 December 2019	**22,979**	**8,554**	**45,608**	**36,443**	**10,845**	**124,429**
2020						
Historical cost						
1 January	86,850	33,028	101,724	122,706	10,845	355,152
Addition from change in scope of consolidation	26,230	2,674	0	12,170	0	41,074
Disposal from change in scope of consolidation	-3	0	0	0	0	-3
Addition	1,818	458	5,685	0	4,894	12,855
Disposal	-950	-1	-3,728	-8	-9	-4,697
Reclassification	187	10	7,057	0	-7,254	0
Currency differences	-483	-191	-9	91	-20	-612
31 December	**113,648**	**35,978**	**110,728**	**134,959**	**8,455**	**403,768**
Accumulated amortisation						
1 January	63,871	24,474	56,115	86,263	0	230,723
Addition from change in scope of consolidation	214	0	0	0	0	214
Disposal from change in scope of consolidation	-3	0	0	0	0	-3
Addition	6,053	2,039	11,765	7,800	0	27,657
Impairments for the current year	153	529	0	975	0	1,657
Disposal	-938	-1	-3,729	-5	0	-4,673
Reclassification	27	6	-33	0	0	0
Currency differences	-260	-166	-1	95	0	-332
31 December	**69,117**	**26,880**	**64,118**	**95,128**	**0**	**255,243**
Carrying value as at 31 December 2020	**44,531**	**9,098**	**46,609**	**39,831**	**8,455**	**148,524**

Additions from change in the scope of consolidation to software, licences and similar rights (EUR 26,230 thousand; previous year: EUR 505 thousand) mainly relate to property rights and ticket distribution rights that were recognised as part of the purchase price allocation of Eventim Israel NewCo. The additions to software, licenses and similar rights (EUR 1,818 thousand; previous year: EUR 2,483 thousand) include licenses for third-party software in connection with the further development of ticket distribution systems and ticket sales rights.

Additions to capitalised development costs including payments on account (EUR 10,579 thousand; previous year: EUR 15,100 thousand) relate to the development of ticket systems. Of those investments, EUR 5,685 thousand (previous year: EUR 6,449 thousand) are for proprietary software development and EUR 1,847 thousand (previous year: EUR 1,195 thousand) for external software development.

The additions from change in the scope of consolidation in customer base (EUR 12,170 thousand; previous year: EUR 2,993 thousand) were recorded as part of the purchase price allocations of the Barracuda Group and the Gadget Group.

The amortisation from purchase price allocation amounts to EUR 12,573 thousand (previous year: EUR 10,522 thousand).

Due to the strain of the COVID-19 pandemic on the earnings situation, an impairment test for the intangible assets within the quarterly financial statements as of 31 March, 30 June and 30 September 2020 was carried out. As of 30 June 2020, the impairment test of intangible assets (specific customer bases and brands) with a certain useful life was based on a country-specific weighted cost of capital of between 6.7% and 13.0%. The fair values were determined on the basis of discounted cash flow scenarios. The calculations are based on the scenario that major events will not take place again until 2021. To determine the need for impairment of the intangible asset, the fair value less costs to sell was compared with the book value of the allocated cash-generating unit on the valuation date. There were impairments as of 30 June 2020 of EUR 1,504 thousand. Of this, EUR 674 thousand relate to the customer base at JetTicket Software GmbH, Oberpullendorf, Austria, EUR 301 thousand to the customer base at Di and Gi S.r.l., Lido di Camaiore, Italy, and EUR 529 thousand to brands at Eventim Scandinavia A/S, Copenhagen, Denmark. As of 30 September 2020, software, licences and similar rights were impaired amounting to EUR 153 thousand at CTS Eventim RU o.o.o., Moscow, Russia.

For the impairment test of the other intangible assets as of 31 December 2020, the three scenarios (see item 1.5 Effects of the COVID-19 pandemic) were used for the cashflow planning, according to which events will be held not until the beginning of 2022. From the 2022 financial year, revenue and earnings figures are expected to be at the pre-Corona level. The impairment test of intangible assets (customer base and brand) with a certain useful life was based on a country-specific weighted cost of capital of between 7.0% and 12.0%. The fair values were determined on the basis of discounted cash flow scenarios mentioned above. In order to determine the need for impairment of the intangible asset, the fair value with the appropriate term, less costs to sell, was compared with the book value of the allocated cash-generating unit on the valuation date. There were no impairments. Even if the most conservative plan scenario is used, according to which the performance of events will not be possible again until the beginning of 2022, there would have been no need for impairment.

Zappa's ticketing business was acquired at the end of December 2020, so no additional impairment test was carried out.

PROPERTY, PLANT AND EQUIPMENT (11)

	Other real estate, land rights and buildings, including buildings on third-party properties	Technical equipment and machinery	Other facilities, operating and office equipment	Payments on account	Total
2019	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost					
1 January	10,253	4,919	75,736	39	90,947
Disposal from change in the scope of consolidation	0	-30	-52	0	-82
Addition	739	682	8,015	14,557	23,994
Disposal	-60	-166	-2,271	0	-2,498
Reclassification	0	0	-8,941	-5	-8,945
Currency differences	46	3	141	0	190
31 December	**10,978**	**5,408**	**72,629**	**14,591**	**103,606**
Accumulated depreciation					
1 January	2,281	2,919	52,344	0	57,544
Disposal from change in the scope of consolidation	0	-14	-32	0	-46
Addition	1,145	503	8,163	0	9,812
Disposal	-8	-134	-1,932	0	-2,074
Reclassification	22	-2	-2,219	0	-2,199
Currency differences	18	3	87	0	108
31 December	**3,458**	**3,275**	**56,411**	**0**	**63,144**
Carrying value as at 31 Dezember 2019	**7,520**	**2,132**	**16,218**	**14,591**	**40,462**
2020					
Historical cost					
1 January	10,978	5,408	72,629	14,591	103,606
Addition from change in the scope of consolidation	279	5	1,169	0	1,453
Disposal from change in the scope of consolidation	-1	0	-12	0	-13
Addition	253	229	2,948	78	3,508
Disposal	-140	-767	-2,613	0	-3,520
Reclassification	-59	56	14,231	-14,228	0
Currency differences	0	-13	-338	0	-351
31 December	**11,311**	**4,918**	**88,014**	**441**	**104,684**
Accumulated depreciation					
1 January	3,458	3,275	56,411	0	63,144
Addition from change in the scope of consolidation	98	0	426	0	524
Disposal from change in the scope of consolidation	-1	0	-12	0	-13
Addition	1,149	542	6,192	0	7,883
Disposal	-59	-731	-2,186	0	-2,976
Reclassification	0	45	-45	0	0
Currency differences	-2	-13	-236	0	-251
31 December	**4,642**	**3,119**	**60,549**	**0**	**68,311**
Carrying value as at 31 Dezember 2020	**6,668**	**1,798**	**27,465**	**441**	**36,373**

Additions to other property, plant and office equipment mainly relate to hardware for new IT infrastructure, stage and event technology as well as office equipment.

Depreciation for other intangible assets and property, plant and equipment amounting to EUR 55,818 thousand (previous year: EUR 54,083 thousand) is included in the cost of sales, selling and administrative expenses as well as other operating expenses.

OPERATING LEASE AS LESSOR

The CTS Group leases IT hardware to box offices as the lessor. Of the minimum lease payments from non-cancellable operating leases of EUR 3,490 thousand (previous year: EUR 4,402 thousand), EUR 1,203 thousand (previous year: EUR 1,515 thousand) are due within one year and EUR 2,288 thousand (previous year: EUR 2,887 thousand) between one and five years. In the reporting year, income from lease payments of EUR 1,206 thousand (previous year: EUR 1,517 thousand) was collected.

The carrying amount of the leased items developed as follows:

Rented IT hardware	[EUR'000]
2019	
Historical cost	
1 January	6,259
Addition	573
Disposal	-126
31 December	**6,706**
Accumulated depreciation	
1 January	5,679
Addition	524
Disposal	-123
31 December	**6,080**
Carrying value as at 31 December 2019	**626**
2020	
Historical cost	
1 January	6,706
Addition	85
Disposal	-14
31 December	**6,776**
Accumulated depreciation	
1 January	6,080
Addition	309
Disposal	-13
31 December	**6,376**
Carrying value as at 31 December 2020	**401**

RIGHT-OF-USE ASSETS FROM LEASES (12)

The following right-of-use assets are presented within property, plant and equipment:

	Venues	Buildings	Vehicles	Office Equipment	Total
2019	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost					
1 January	101,671	42,910	1,414	346	146,341
Addition	0	5,477	1,340	95	6,912
Disposal	-25	-336	-173	-15	-549
Reassessment	1,361	1,408	93	-7	2,854
Currency differences	-6	263	5	2	263
31 December	**103,001**	**49,721**	**2,679**	**420**	**155,821**
Accumulated depreciation					
1 January	0	0	0	0	0
Addition	7,869	8,758	1,021	118	17,766
Disposal	-25	-336	-173	-15	-549
Currency differences	0	32	1	0	33
31 December	**7,844**	**8,454**	**849**	**103**	**17,250**
Carrying value as at 31 December 2019	**95,157**	**41,267**	**1,829**	**317**	**138,571**
2020					
Historical cost					
1 January	103,001	49,721	2,679	420	155,821
Addition from change in the scope of consolidation	0	1,893	59	0	1,952
Addition	0	7,359	406	133	7,899
Disposal	-57	-1,241	-368	-22	-1,688
Reassessment	207	5,739	76	-75	5,947
Currency differences	35	-203	1	0	-167
31 December	**103,188**	**63,268**	**2,852**	**456**	**169,764**
Accumulated depreciation					
1 January	7,844	8,454	849	103	17,250
Addition	7,920	9,523	1,053	123	18,619
Disposal	-57	-1,243	-368	-22	-1,690
Currency differences	2	-87	0	0	-85
31 December	**15,710**	**16,648**	**1,535**	**203**	**34,097**
Carrying value as at 31 December 2020	**87,478**	**46,620**	**1,317**	**253**	**135,668**

The lease agreements concluded for venues mainly relate to the LANXESS arena in Cologne, the Waldbühne in Berlin, the Arena Berlin in Berlin and the K.B. Hallen in Copenhagen. The right-of-use assets from leases for buildings essentially relate to rented office space or buildings.

The additions from change in the scope of consolidation for buildings result from the expansion of the group of consolidated companies in the Live Entertainment segment. The additions to the buildings mainly relate to newly rented office space in the Ticketing segment. The additions to the reassessment of buildings mainly result from the exercise of extensions of lease term options in the Ticketing segment.

Due to the strain of the COVID-19 pandemic on the earnings situation, the right-of-use assets for venues in the Live Entertainment segment were subject to an impairment test on 30 June 2020. The calculations are based on the scenario that major events will not take place again until 2021. As of 30 June 2020, a country-specific weighted cost of capital of between 7.3% and 7.7% was applied. There were no impairments.

For the impairment test as of 31 December 2020, the three scenarios (see item 1.5 Effects of the COVID-19 pandemic) were used for cashflow planning, according to which events will be held not until the beginning of 2022. From the 2022 financial year, revenue and earnings figures are expected to be at the pre-Corona level. The impairment test of the right-of-use assets was based on a country-specific weighted cost of capital of between 8.0% and 8.2%. The fair values were determined on the basis of discounted cash flow scenario mentioned above. In order to determine the need for impairment of the intangible asset, the fair value with the appropriate term, less costs to sell, was compared with the book value of the allocated cash-generating unit on the valuation date. There were no impairments. Even if the most conservative plan scenario is used, according to which the performance of events will not be possible again until the beginning of 2022, there would have been no need for impairment.

INVESTMENTS (13)

Investments include participations at EUR 802 thousand (previous year: EUR 1,008 thousand) and shares in affiliated companies not included in consolidation due to their insignificance of EUR 2,100 thousand (previous year: EUR 1,959 thousand).

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (14)

Net book values of significant investments in associates accounted for at equity developed as follows:

	HAL Apollo		autoTicket		France Billet		Electric Love	Associated companies		Total	
	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]
Net book value at 1 January	**17,606**	**16,659**	**7,599**	**14**	**61,604**	**0**	**0**	**1,549**	**2,130**	**88,359**	**18,803**
Addition	0	0	17,857	10,000	0	60,602	3,922	117	0	21,895	70,602
Disposal	0	0	0	0	0	0	0	-5	0	-5	0
Dividends	0	-1,763	0	0	0	0	0	0	-130	0	-1,893
Proportionate result of the period	-523	1,848	-4,475	-2,414	-5,808	1,002	1,979	448	-463	-8,380	-27
Proportionate other comprehensive income	-944	863	0	0	0	0	0	8	11	-936	874
Net book value at 31 December	**16,140**	**17,606**	**20,981**	**7,599**	**55,796**	**61,604**	**5,900**	**2,117**	**1,549**	**100,934**	**88,358**

The Austrian festival company Electric Love GmbH & Co. KG, Hallein, Austria, and Electric Love GmbH, Hallein (hereinafter: Electric Love) are part of the Barracuda Group and have been accounted for at equity since January 2020.

The column 'associated companies' includes all investments in associates accounted for at equity which are immaterial.

In the financial year 2023, a call option (based on a multiple of average EBITDA-figures) for a further 17% of the shares in France Billet can be exercised, which is the prerequisite for the acceptance of a put option of the other shareholder (based on a multiple of average EBITDA-figures) for the remaining 35% of the shares in France Billet in the financial year 2026 at the earliest. As at 31 December 2020, the call option was recorded as a non-current other financial asset at EUR 771 thousand and the put option was recorded as a non-current financial liability with EUR 3,444 thousand. As of 31 December 2019, the fair value of the options were insignificant due to the fact that they were only granted shortly before.

Due to the strain of the COVID-19 pandemic on the earnings situation, an impairment test for investments in associates accounted for at equity as at 31 December 2020 was carried out. For the impairment test as of 31 December 2020, the three scenarios (see item 1.5 Effects of the COVID-19 pandemic) were used for cashflow planning, according to which events will be held not until the beginning of 2022. From the 2022 financial year, revenue and earnings figures are expected to be at the pre-Corona level. The impairment test for investments in associates accounted for at equity was based on a country-specific weighted cost of capital of between 7.8% and 8.7%. The fair values were determined on the basis of discounted cash flow scenario mentioned above. In order to determine the need for impairment, the fair value with the appropriate term, less costs to sell, was compared with the book value of the allocated cash-generating unit on the valuation date. There were no impairments. Even if the most conservative plan scenario is used, according to which the performance of events will not be possible again until the beginning of 2022, there would have been no need for impairment.

The key figures below represent the financial information on the basis of a 100% shareholding:

	HAL Apollo		autoTicket		France Billet		Electric Love
	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]	31.12.2020 [EUR'000]
Current assets	12,662	14,549	677	917	50,806	118,974	9,290
thereof cash and cash equivalents	11,468	13,154	624	911	38,239	61,512	5,392
Non-current assets	41,046	43,304	54,566	50,549	100,145	106,059 [1]	83
Current liabilities	14,304	15,169	2,315	11,271	108,168	168,677 [1]	5,618
Non-current liabilities	6,940	7,286	10,971	25,000	17,986	18,926 [1]	0
Revenue	2,466	11,450	32	48,618	8,307	4,651	0
EBITDA	274	5,928	-12,568	-2,194	-10,410	3,937	3,925
Depreciation and amortisation	-1,003	-1,006	-94	-16	-7,648	-624	-41
Financial result	-331	-326	-125	-4,688	-142	-10	3
Taxes	13	-901	3,836	2,070	5,568	-1,143	-2
Net result	-1,046	3,695	-8,951	-4,829	-12,632	2,087	3,885
Other comprehensive income	-1,888	1,726	0	0	0	0	0
Total comprehensive income	-2,934	5,421	-8,951	-4,829	-12,632	2,087	3,885

[1] The previous year's figures have been adjusted.

DEFERRED TAXES (15)

The deferred tax assets of EUR 32,977 thousand relate to the following items:

	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]
Tax loss carryforwards	20,011	6,496
Temporary differences	12,966	8,331
	32,977	**14,827**

The total amount of unrecognised temporary differences relating to shares in subsidiaries, associates and joint ventures amounts to EUR 5,699 thousand (previous year: EUR 5,906 thousand). The Group does not expect this to be a burden, since there is currently no release of deferred taxes planned due to a sale or a distribution.

The deferred tax assets and liabilities relate to the following balance sheet items and loss carryforwards:

	31.12.2020		31.12.2019	
	Deferred tax assets [EUR'000]	Deferred tax liabilities [EUR'000]	Deferred tax assets [EUR'000]	Deferred tax liabilities [EUR'000]
Receivables	1,294	304	775	86
Other assets	2,589	80	395	80
Current assets	**3,883**	**384**	**1,170**	**166**
Property, plant and equipment	42,637	41,445	751	42,463
Intangible assets	2,433	17,439	2,689	16,425
Investments	33	0	0	0
Other assets	187	0	0	0
Non-current assets	**45,290**	**58,884**	**3,440**	**58,889**
Other provisions	1,575	1,147	1,038	0
Other liabilities	773	42	43,116	56
Current liabilities	**2,348**	**1,189**	**44,154**	**56**
Pension provisions	2,860	14	2,030	0
Non-current liabilities	**2,860**	**14**	**2,030**	**0**
Loss carryforwards	20,011	0	6,496	0
Total	**74,392**	**60,471**	**57,290**	**59,111**
Offset	-41,415	-41,415	-42,463	-42,463
Deferred taxes	**32,977**	**19,056**	**14,827**	**16,648**

The deferred tax liabilities mainly result from temporary differences arising from the fair value measurement of intangible assets in the context of purchase price allocations. The increase in deferred tax liabilities is mainly due to purchase price allocations for acquisitions made in the reporting period.

The rate of deferred domestic taxation was between 29.3% and 33.0%. This rate includes corpore tax at 15%, the solidarity surcharge at 5.5% of the corporate tax and municipal trade tax at between 13.5% and 17.2%. For foreign subsidiaries, the applicable local tax rate was applied respectively.

As at 31 December 2020, the recognised fiscal loss carryforwards were as follows:

	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]
Loss carryforwards international		
up to 5 years	602	212
up to 10 years	13,258	4,363
indefinite	38,434	15,146
	52,294	**19,720**
Loss carryforwards national		
Corporate tax (unlimited)	21,722	6,405
Municipal trade tax (unlimited)	28,238	5,487
Loss carryforwards, total	**102,254**	**31,612**

It is assumed with sufficient likelihood that the EUR 102,254 thousand (previous year: EUR 31,612 thousand) in recognised fiscal loss carryforwards as at 31 December 2020 can be used, since loss carryforwards arose in particular due to the effects of the COVID-19 pandemic in 2020 and the respective companies will generate tax profits of at least the same amount in future periods.

Deferred tax assets were formed in respect of foreign income tax and domestic corporate tax losses amounting to EUR 7,489 thousand (previous year: EUR 10,217 thousand), and to EUR 1,489 thousand (previous year: EUR 3,496 thousand) in respect of domestic municipal trade tax losses, even though the respective companies have a history of losses and no corresponding deferred tax liabilities do exist. However, positive earnings are planned for these companies after start-up losses.

In accordance with IAS 12.36 (loss history), no deferred tax assets were recognised for domestic municipal trade tax loss carryforwards in the amount of EUR 22,675 thousand (previous year: EUR 21,236 thousand) and for foreign income tax and domestic corporate tax loss carryforwards of EUR 100,158 thousand (previous year: EUR 64,297 thousand).

Within the next six to ten years an expiry of currently unusable recognised tax loss carryforwards of EUR 18,686 thousand (previous year: EUR 9,688 thousand) is possible in some European countries and within a period of up to 5 years in the amount of EUR 543 thousand (previous year: EUR 0 thousand).

As of 31 December 2020, deferred taxes at EUR 722 thousand (previous year: EUR 687 thousand) were reccorded in other reserves in equity.

FINANCIAL LIABILITIES (16)

As of the balance sheet date financial liabilities of EUR 247,591 thousand (previous year: EUR 100,116 thousand) include loans of EUR 204,097 thousand (previous year: EUR 69,296 thousand) of which EUR 200,023 thousand (previous year: EUR 69,296 thousand) are due in short-term. In addition, purchase price obligations from the acquisition of shares in subsidiaries already included in consolidation (primarily purchase price commitments with put options of existing non-controlling interests) amounting to EUR 43,495 thousand (previous year: EUR 30,820 thousand) are reported under financial liabilities, thereof EUR 28,424 thousand (previous year: EUR 16,547 thousand) are short-term.

As at 31 December 2020, the loans include the following main items:

- EUR 200,000 thousand final-maturity loan tranche from the syndicated credit line

- EUR 4,055 thousand final-maturity loan from government granted COVID-19 aid programs with a maximum term of 4 and 5 years. The loans were taken out in Swiss Francs and are subject to the closing date conversion of liabilities in foreign currencies.

- EUR 56 thousand final-maturity loan from government granted COVID-19 aid programs with a maximum term of 6 years. The loans were taken out in Pound Sterling and are subject to the closing date conversion of liabilities in foreign currencies.

The majority of the loans have variable interest rates. Liabilities to banks were subject to interest at market rates.

In October 2015, CTS KGaA agreed on a syndicated credit facility (Revolving Credit Facility) of EUR 200 million. The syndicated credit line utilised has an agreed term until October 2022. In April 2020, the syndicated credit line (Revolving Credit Facility) was fully drawn to increase the CTS Group's financial flexibility during the COVID-19 pandemic. The drawdown has an agreed term of 12 months. The syndicated credit line is subject to financial covenants regarding the equity ratio and adjusted net debts. The contractual margin for the drawdown is currently 0.55% plus an exercise fee. As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant could not be complied with as of the reporting date 31 December 2020. For this reason, the corporate management applied to the lending banks for the suspension of the debt covenant as a precautionary measure in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant for the period including 30 June 2021. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, corporate management requested an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure in February 2021. The lending banks have agreed to this.

According to IAS 7, the reconciliation of movements in financial and lease liabilities to cash flows from financing activities is shown below:

	Current financial liabilities	Non-current financial liabilities	Current lease liabilities	Non-current lease liabilities
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Balance as at 1 January 2020	**85,843**	**14,273**	**16,978**	**122,178**
Proceeds from borrowing financing loans	199,700	4,111	0	0
Payments for redemption of financing loans	-69,418	0	0	0
Payments for the acquisition of consolidated companies	-15,262	0	0	0
Payments for redemption of lease liabilities	0	0	-16,722	0
Total change in cash flow from financing activities	**115,020**	**4,111**	**-16,722**	**0**
New leases	0	0	1,264	6,804
Additions to scope of consolidation or new leases	11,795	9,971	282	1,670
Changes in fair value or modifications of lease agreements	4,344	3,784	-326	5,749
Changes due to currency translation	128	-51	-67	-51
Payments for purchase price liabilities of business acquisitions	-1,627	0	0	0
Timely reclassifications	12,944	-12,944	15,973	-15,973
Total other changes, referring to financial and lease liabilities	**27,584**	**760**	**17,127**	**-1,801**
Balance as at 31 December 2020	**228,447**	**19,144**	**17,383**	**120,377**

	Current financial liabilities	Non-current financial liabilities	Current lease liabilities	Non-current lease liabilities
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Balance as at 1 January 2019	**38,960**	**66,339**	**15,628**	**130,713**
Proceeds from borrowing financing loans	11,201	0	0	0
Payments for redemption of financing loans	-25,792	0	0	0
Payments for redemption of lease liabilities	0	0	-17,260	0
Total change in cash flow from financing activities	**-14,591**	**0**	**-17,260**	**0**
New leases	0	0	2,093	4,768
Changes in fair value or modifications of lease agreements	3,305	5,639	1,184	1,732
Changes due to currency translation	348	119	112	186
Timely reclassifications	57,821	-57,821	15,221	-15,221
Total other changes, referring to financial and lease liabilities	**61,474**	**-52,066**	**18,610**	**-8,535**
Balance as at 31 December 2019	**85,843**	**14,273**	**16,978**	**122,178**

ADVANCE PAYMENTS RECEIVED (17)

The current and non-current advance payments received of EUR 422,515 thousand (previous year: EUR 337,050 thousand), mainly include ticket monies already received for future events in the Live Entertainment segment. The increase is mainly due to the expansion of the scope of consolidation in the reporting period. As of the advance payments received EUR 21,579 thousand (previous year: EUR 3,710 thousand) are non-current as future events due to the COVID-19 pandemic were postponed to 2022.

The following table shows the changes in advance payments received (contractual liabilities in accordance with IFRS 15) in the reporting period:

	Advance payments received
	[EUR'000]
1 January 2019	**390,423**
Revenue recognised	-389,901
Addition due to change in the scope of consolidation	724
Addition for events after the balance sheet date	335,804
31 December 2019	**337,050**
1 January 2020	**337,050**
Revenue recognised	-127,341
Addition due to change in the scope of consolidation	36,377
Addition for events after the balance sheet date	176,429
31 December 2020	**422,515**

OTHER PROVISIONS (18)

	Promoter vouchers	Mainte-nance	Risks from pending transactions	Other personnel costs	Other	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
1 January 2019	**0**	**8,228**	**1,524**	**307**	**2,061**	**12,119**
Change in scope of consolidation	0	0	441	0	0	441
Consumption	0	-1,933	-1,700	-237	-1,162	-5,032
Reversal	0	-6	-298	0	-304	-608
Addition	0	920	2,294	277	543	4,034
Currency differences	0	0	7	0	4	11
31 December 2019	**0**	**7,209**	**2,268**	**347**	**1,142**	**10,965**
thereof non-current	0	4,050	82	0	0	4,132
1 January 2020	**0**	**7,209**	**2,268**	**347**	**1,142**	**10,965**
Change in scope of consolidation	0	0	0	0	47	47
Consumption	0	-1,154	-1,833	-242	-244	-3,473
Reversal	0	0	-439	-5	-179	-623
Addition	24,723	0	349	235	14,686	39,992
Currency differences	0	0	1	-4	0	-3
31 December 2020	**24,723**	**6,054**	**347**	**331**	**15,451**	**46,906**
thereof non-current	0	4,420	0	60	77	4,557

The provisions for promoter vouchers relate to obligations towards holders of an admission ticket for events that have been cancelled or postponed due to the COVID-19 pandemic. The promoter voucher is entitling holders to attend an event instead of receiving a refund of the ticket price (see item 1.5 Effects of the COVID-19 pandemic).

The provisions for maintenance mainly relate to contractual obligations for maintenance and modernisation measures of a venue.

The provisions for risks from pending transactions mainly relate to onerous contracts in the Live Entertainment segment.

The provisions for other personnel costs relate to employee benefits on the occasion of the termination of the employment relationship and provisions for anniversary bonuses.

The other provisions include a fine of EUR 10,868 thousand which was recorded as a result of a decision announced in January 2021 by the Italian competition and antitrust authority 'Autorità Garante della Concorrenza e del Mercato' (hereinafter: AGCM) on 22 December 2020, and imposed on CTS KGaA and five Italian group companies for alleged abuse of a dominant market position. At the same time, certain rules of conduct were imposed on the companies concerning their ticket distribution and the conclusion of exclusive contracts. In the view of CTS KGaA, the ruling by the AGCM was made on the basis of incorrect market definitions and in breach of material procedural guidelines. The affected companies will accordingly lodge an appeal with the responsible court and, taking into consideration the previous judgement on rulings made by the AGCM, are confident that this ruling deemed in their view to be unlawful will be dismissed by the court. Since the Appeal in Italian antitrust law has no suspensive effect on the payment of the fine a corresponding provision was taken into account in full.

TAX DEBTS (19)

The tax debts (EUR 36,026 thousand; previous year: EUR 66,641 thousand) primarily comprise trade tax and corporation tax provisions.

OTHER FINANCIAL LIABILITIES (20)

The current other financial liabilities (EUR 258,626 thousand; previous year: EUR 448,778 thousand) include liabilities from ticket monies that have not yet been invoiced at EUR 240,164 thousand (previous year: EUR 429,052 thousand), liabilities from third-party concerts in the Live Entertainment segment at EUR 3,324 thousand (previous year: EUR 3,034 thousand), liabilities from refunds of ticket money to end customers at EUR 6,917 thousand (previous year: EUR 260 thousand), liabilities from ticket insurance at EUR 490 thousand (previous year: EUR 3,706 thousand), and other financial liabilities at EUR 7,731 thousand (previous year: EUR 12,727 thousand). The non-current other financial liabilities (EUR 16,992 thousand; previous year: EUR 11 thousand) mainly include ticket monies that have not yet been invoiced of EUR 16,701 thousand (previous year: EUR 0 thousand), as the performance of events has been postponed to 2022 due to the COVID-19 pandemic.

LEASE LIABILITIES (21)

The current lease liabilities (EUR 17,383 thousand; previous year: EUR 16,978 thousand) and non-current lease liabilities (EUR 120,377 thousand; previous year: EUR 122,178 thousand) mainly relate to contracted leases for venues such as the LANXESS arena in Cologne or the Waldbühne in Berlin, office buildings and vehicles for employees.

The following table shows additional information about leases in which the CTS Group is lessee. The undiscounted lease liabilities break down according to maturity as follows:

	Lease liabilities according to IFRS 16 31.12.2020 [EUR'000]	Lease liabilities according to IFRS 16 31.12.2019 [EUR'000]
Maturity < 1 year	18,693	18,309
Maturity 1 - 5 years	58,240	58,563
Maturity > 5 years	68,441	70,254
Total	**145,374**	**147,126**

The following expenses are recognised in the income statement for leases:

	Ticketing		Live Entertainment		Group	
	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]
Expense relating to current leases	341	350	10,417	45,743	10,758	46,093
Expense relating to variable lease payments	34	249	10	676	45	925
Expense relating to leases of low-value assets	50	31	55	34	105	65
Depreciation of right-of-use assets	7,015	6,566	11,606	11,200	18,621	17,766
Interest expenses on lease liabilities	398	361	1,073	1,093	1,471	1,454

In the consolidated cash flow statement, the repayment of lease liabilities are shown in the cash flow from financing activities in the amount of EUR 16,722 thousand (previous year: EUR 17,260 thousand) and the interest payments of EUR 1,471 thousand (previous year: EUR 1,454 thousand) are recorded in cash flow from operating activities.

In the financial year, within the measurement of lease liabilities the extension option for possible additional lease payments of EUR 928 thousand (previous year: EUR 1,033 thousand) were not taken into account as it is not sufficiently certain whether the leasing contracts will be extended or not terminated. Leases that the CTS Group entered but which did not started on the balance sheet date include possible future lease payments of EUR 1,319 thousand (previous year: EUR 3,764 thousand).

OTHER NON-FINANCIAL LIABILITIES (22)

The current other non-financial liabilities (EUR 60,012 thousand; previous year: EUR 77,040 thousand) result from tax debts at EUR 8,351 thousand (previous year: EUR 19,178 thousand), present voucher liabilities at EUR 29,105 thousand (previous year: EUR 29,505 thousand), liabilities to personnel at EUR 16,016 thousand (previous year: EUR 21,915 thousand), deferred income at EUR 3,157 thousand (previous year: EUR 2,897 thousand), social insurance liabilities at EUR 2,191 thousand (previous year: EUR 2,021 thousand), and other non-financial liabilities at EUR 1,193 thousand (previous year: EUR 1,523 thousand).

PENSION PROVISIONS (23)

There are pension commitments in the CTS Group that must be classified as defined benefit plans and as defined contribution plans in accordance with IAS 19.

A defined benefit plan exists for one German company in the CTS Group. This plan provides retirement pensions, early retirement pensions, pensions due to disability and survivor's pensions. The amount 'pension benefit' is calculated using the total pension entitlements acquired during continuous employment in the company. In addition, the contributions to the German pension insurance have to be shown as benefits to a defined contribution plan.

The insurance policies used in Switzerland to provide occupational pensions cover all the benefits according to regulations. The invalidity, mortality and longevity risks are fully underwritten in these pension schemes. The insurers invest the plan assets and provide a 100% guarantee on capital and interest. These 'full-cover' BVG plans (BVG: Swiss Federal Law on Occupational, Survivor's and Invalidity Pension Plans) are classified under IAS 19 as defined benefit plans, because there is no guarantee that the benefit can be continued at the same conditions if the plan is terminated and because different risk and cost premiums can be expected. Benefits which are due are paid out by the insurance companies directly to the beneficiaries. The changes in the scope of consolidation result from the expansion of the scope of consolidation in the Live Entertainment segment in Switzerland.

The pension obligations in Italy are 'Trattamento di Fine Rapporto' (TFR) – a form of severance indemnity pursuant to Article 2120 of the Italian Civil Code (Codice Civile – CC). Benefits accrue from TFR in every employment relationship. This is an additional pension entitlement regulated by public law. The TFR is owed 'on termination of employment' (Article 2120 CC). Until 31 December 2006, the severance indemnity scheme in Italy (TFR) was classified as a defined benefit plan. The legislation governing the scheme was revised by the Law No. 296 dated 27 December 2006 (the 'Finance Act 2007') and by subsequent rules and regulations dating from the first half of 2007. In view of these changes, and with special reference to companies with at least 50 employees, this scheme remains classified as a defined benefit plan only for those benefits for which provisions were made previous to 1 January 2007 (and which were still outstanding at the closing date), whereas commitments after that date are classified as a defined contribution plan.

The pension provisions in Austria relate to 'former severance payments'. Severance payments are once-only payments when employment ends, except when the employee gives notice. In accordance with IAS 19, only those employment relationships entered into until 31 December 2002 are taken into account, when calculating the pension provisions.

In Switzerland pension commitments are financed by reinsurance contracts. There is no quoted market price in an active market for these contracts, rather they are accounted for at the fair value or surrender value calculated by the particular insurance company.

Service costs are recognised as part of the personnel expenses in the income statement; net interest expense/income is recognised in financial expense/income. Revaluations are recognised in other comprehensive income and are part of the other reserves in equity.

	Present value of the obligations	Plan assets	Pension provision
	[EUR'000]	[EUR'000]	[EUR'000]
Status 01.01.2020	**27,622**	**-15,807**	**11,815**
Service costs			
Current service costs	2,041	0	2,041
Gain (-)/loss (+) from settlement	0	-1	-1
	2,041	**-1**	**2,041**
(Net) interest expense/income	**120**	**-49**	**71**
Remeasurements			
Experience-based gains (-)/losses (+)	-821	0	-821
Gain (-)/loss (+) from change in financial assumptions	606	0	606
Plan asset income, not included in interest income	0	1,158	1,158
	-215	**1,158**	**943**
Benefits paid	**-3,025**	**2,911**	**-114**
Fund allocations			
Employer	0	-854	-854
Employee	1,645	-1,645	0
	1,645	**-2,500**	**-854**
Currency differences	**116**	**-76**	**40**
Changes in the scope of consolidation	**4,713**	**-2,615**	**2,098**
Status 31.12.2020	**33,018**	**-16,979**	**16,039**

	Present value of the obligations	Plan assets	Pension provision
	[EUR'000]	[EUR'000]	[EUR'000]
Status 01.01.2019	**23,367**	**-14,510**	**8,857**
Service costs			
Current service costs	1,444	0	1,444
Gain (-)/loss (+) from settlement	-1,221	587	-633
	223	**587**	**811**
(Net) interest expense/income	**222**	**-123**	**99**
Remeasurements			
Experience-based gains (-)/losses (+)	267	-5	262
Gain (-)/loss (+) from change in demographic assumptions	-13	0	-13
Gain (-)/loss (+) from change in financial assumptions	2,360	0	2,360
Plan asset income, not included in interest income	0	177	177
	2,614	**172**	**2,786**
Benefits paid	**-1,762**	**1,528**	**-234**
Fund allocations			
Employer	0	-721	-721
Employee	2,209	-2,209	0
	2,209	**-2,930**	**-721**
Currency differences	**731**	**-532**	**199**
Changes in the scope of consolidation	**17**	**0**	**17**
Status 31.12.2019	**27,622**	**-15,807**	**11,815**

The present value of the obligations is allocated as follows:

	2020	2019
	[EUR'000]	[EUR'000]
Present value of the obligations	**33,018**	**27,622**
thereof active employees	30,416	25,044
thereof terminated employees with vested benefits	279	245
thereof retirees	2,324	2,333

The following table shows the regional allocation of obligations, plan assets and provision:

	Present value of the obligations		Plan assets		Pension provision	
	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]
Germany	1,014	825	0	0	1,014	825
Switzerland	28,946	24,085	-16,979	-15,807	11,967	8,278
Rest of Europe	3,059	2,712	0	0	3,059	2,712

The current 2018 G Heubeck Tables are applicable for demographic assumptions when accounting for pension obligations in Germany. In Switzerland, the generation tables for 2015 in the Swiss Federal Law on Occupational, Survivors' and Disability Pension Plans (BVG) are used. The Pagler & Pagler tables (AVÖ 2018-P 'Employees' – Principles for calculating pension insurance benefit) were used to calculate the pension provisions for the Austrian companies. In Italy the RG48 tables and a study by the INPS were taken as the basis. In addition, the following key valuation parameters were taken into account.

	Discount rate		Future salary increases		Future pension increases	
	2020	2019	2020	2019	2020	2019
Germany	1.40%	1.75%	2.50%	2.50%	1.00%	1.00%
Switzerland	0.20%	0.30%	1.00%	1.00%	0.00%	0.00%
Rest of Europe	0.75%	1.10%	2.08%	2.00%	0.00%	0.00%

The calculation of the discount rate in Switzerland is based on the return on high quality corporate bonds in Swiss francs. This takes into account bonds with a maturity of 15 to 20 years, which are traded on the Swiss bond market. The basis for the interest rates used in the euro area is the 'Mercer yield curve approach'. Under this approach, a spot rate yield curve based on the indices of Thomson Reuters Datastream is created. Solely bonds, that do not include interest-distorting options like call or put options, are used. Furthermore, bonds that offer much higher or lower interest rates (statistical outliers) compared to the other bonds in their risk rating are also excluded.

The companies are exposed to various risks in connection with the existing pension plans in the CTS Group. The CTS Group is exposed to valuation risks, such as interest rate risk, but also to actual risks such as longevity risk. In addition, there are currency and investment risks. An increase or decrease in the main actuarial assumptions would have had the following effects on the present value of the defined benefit obligation:

2020	Change in assumption	Increase of the assumption	Decrease of the assumption
		[EUR'000]	[EUR'000]
Discount rate	0.50%	-2,939	3,417
Future salary increases	1.00%	616	-657
Future pension increases	1.00%	2,518	0
Life expectancy	1 year	507	-524

2019	Change in assumption	Increase of the assumption	Decrease of the assumption
		[EUR'000]	[EUR'000]
Discount rate	0.50%	-2,434	2,830
Future salary increases	1.00%	496	-527
Future pension increases	1.00%	2,067	0
Life expectancy	1 year	411	-425

The above sensitivity analysis is based on the change in one assumption, with all other assumptions remaining constant. It is improbable that this scenario would happen in reality, because changes in some assumptions could correlate. When calculating the sensitivity of the commitment to actuarial assumptions, the same method was applied as is used to calculate the pension provisions in the balance sheet.

The weighted average duration of the obligation as of 31 December 2020 is 19.5 years (previous year: 19.4 years). For the following year, employer contributions to the pension plans at EUR 1.008 thousand (previous year: EUR 932 thousand) are expected.

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF CTS KGaA (24)

The parent company of the Group has the legal form of a partnership limited by shares. The shareholders are liable only to the extent of their capital contribution.

Reference is made to the consolidated statement of changes in equity on page 106.

Share capital of CTS KGaA is EUR 96,000,000 and is divided into 96,000,000 no-par value bearer shares. Each share has a voting right and presents an arithmetic share in the share capital of EUR 1.00. All shares are fully paid. The CTS KGaA holds 8,700 own shares, 95,991,300 shares were in circulation during the entire financial year. Capital and legal reserve are limited in their use according to AktG.

Shares with special rights, granting power of control, do not exist. The Management Board of EVENTIM Management AG, Hamburg, is not aware of any restrictions, which affect voting rights or transfer of shares.

According to § 150 AktG, corporations must form a **statutory reserve** if the capital reserve does not constitute 10% of the registered capital. Annual allocations to the statutory reserve amount to 5% of net income for the year until 10% of subscribed share capital is covered by the capital reserve and statutory reserve. In the financial year 2015, the legal reserve was increased by EUR 1,982 thousand for the last time so that the statutory reserve and the capital reserve as of 31 December 2015 totalled 10% of the share capital. The statutory reserve amounts up to EUR 7,200 thousand as at 31 December 2020 and is bared for distributions.

Treasury shares of EUR 8.700 resulting from initial shares of 2,175 shares that were purchased on 31 July 2007 at a price of EUR 28.99 per share due to a shareholder resolution according to § 71 (1) No. 8 AktG. As a result of the share capital increase the number of treasury shares currently amounts to 8,700 shares at an appropriate purchase price of EUR 7.25. They represent 0.0090625% of the registered share capital.

Based on its option right for measuring internally generated intangible assets in accordance with § 248 (2) HGB, as well as the option to capitalise deferred tax assets in accordance with § 274 (1) sentence 2 HGB an amount of EUR 6,994 thousand (previous year: EUR 228 thousand) is derived which is bared from distribution.

In the 2020 financial year, the retained earnings increased by EUR 2,726 thousand from the fair value valuation of shares in the ABC Group as part of the transfer to the Gadget Group (see point 2.2) as well as in the amount of EUR 16,611 thousand from the fair value valuation of the business activities transferred by CTS Eventim Israel to Eventim Israel NewCo (see item 2.1).

RESOLUTIONS OF THE ANNUAL SHAREHOLDERS' MEETING:

By resolution of the Annual Shareholders' Meeting on 8 May 2019, the general partner was authorised, with the approval of the Supervisory Board, to increase the share capital until 7 May 2024 in full or in partial amounts on one or more occasions by EUR 19,200,000 by issuing up to 19,200,000 ordinary bearer shares against contributions in kind and/or in cash (approved capital 2019).

By resolution of the Annual Shareholders' Meeting held on 19 June 2020, the general partner was authorised under § 71 (1) No. 8 AktG to purchase **treasury shares** amounting to up to 10% of the registered share capital as at the date of resolution, by 18 June 2025, and to use these for specific purposes except for the purpose of trading as detailed in the resolution, partially with exclusion of subscription rights for shareholders. The counter value paid for these shares may not fall below the traded price by more than 5%. The applicable share price is defined as the mean closing price for shares on the XETRA trading platform during the last five trading days before publication of the offer to purchase the shares. The volume of the offering may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase treasury shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims. This resolution replaces the one made in the Annual Shareholders' Meeting of 7 May 2015, authorising the purchase of treasury shares, which will be cancelled upon the effective date of the new authorisation.

By resolution of the Annual Shareholders' Meeting held on 8 May 2018, the general partner was authorised, with a resolution of contingent capital, to issue **warrant bonds and convertible bonds** by 7 May 2023, to a total par value of up to EUR 800,000,000 and with a maximum term of 20 years, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 19,200,000 new no-par bearer shares of the company, equal to share capital of up to EUR 19,200,000, and excluding the rights of the shareholders to the convertible bonds under certain conditions within the permissible statutory subscription. In view of the possibility to issue shares to the shareholder arising from warrant and convertible bonds resulting from this resolution, a contingent capital of EUR 19,200,000 was formed (contingent capital 2018).

At the Annual Shareholders' Meeting on 21 January 2000, a contingent capital increase of EUR 180,000 was agreed. This increase shall be effected only to the extent that holders of options issued under the **stock option plan** on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The general partner is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decisions on 23 August 2005, 13 May 2011 and 8 May 2014 to increase the share capital to a total of EUR 96,000,000, this contingent share capital has increased accordingly to a total of EUR 1,440,000 in accordance with § 218 sentence 1 AktG. No use has been made so far of this authorisation.

RESOLUTIONS OF THE EXTRAORDINARY SHAREHOLDERS' MEETING ON 13 JANUARY 2021:

The Shareholders' Meeting held on 13 January 2021 resolved to withdraw the authorisation of the Annual Shareholders' Meeting of 8 May 2018 to issue **warrant bonds and/or convertible bonds** and to replace it with a new authorisation to issue warrant bonds and/or convertible bonds. The previous authorisation was not utilised. By resolution of the Shareholders' Meeting held on 13 January 2021, the general partner is authorised to issue warrant bonds and/or convertible bonds by 12 January 2026, to a total par value of up to EUR 800,000,000 and with or without a maximum term, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 19,200,000 new no-par bearer shares of the company, equal to share capital of up to EUR 19,200,000 in accordance with the details of the terms of issue of the bonds. The authorisation may be applied in full or in part.

Furthermore, the Shareholders' Meeting of 13 January 2021 resolved to eliminate the contingent capital 2018 and to conditionally increase the company's share capital by up to EUR 19,200,000 by issuing up to 19,200,000 new bearer shares (no-par shares) (contingent capital 2021). The shares will be issued at the conversion or exercise price to be determined in accordance with the resolution above. The contingent capital increase will only be carried out to the extent that the holders of conversion or warrant rights exercise these rights or fulfil conversion or warrant obligations or the company exercises its right to grant shares in the company in full or in part instead of payment of the sum due.

The Shareholders' Meeting of 13 January 2021 also resolved to withdraw the authorisation granted to the general partner by the Annual Shareholders' Meeting of 8 May 2019 to increase the **share capital** of the company with the approval of the Supervisory Board by up to EUR 19,200,000 by one or more issues of new shares against contributions in cash or in kind up to 7 May 2024 (approved capital 2019). By resolution of the Shareholders' Meeting of 13 January 2021, the general partner is authorised to increase the share capital in the period up to 12 January 2026, with the approval of the Supervisory Board, on one or more occasions by up to EUR 19,200,000 in total by issuing up to 19,200,000 bearer shares against contributions in cash or in kind (approved capital 2021).

NON-CONTROLLING INTERESTS (25)

Both the subgroup Ticketcorner Holding AG, Rümlang (hereinafter: subgroup TC AG), and the subgroup CTS Eventim Austria GmbH, Vienna (hereinafter: subgroup Austria), are allocated to the Ticketing segment. The subgroup TC AG includes the Ticketcorner Holding AG, Rümlang, and its subsidiary, the Ticketcorner AG, Rümlang. The subgroup Austria includes the CTS Eventim Austria GmbH, Vienna, as the parent company and its subsidiaries.

The subgroup EVENTIM LIVE GmbH, Bremen (hereinafter: subgroup EVENTIM LIVE), represents a substantial part of companies that are allocated to the Live Entertainment segment. There are also substantial non-controlling interests in the subgroup EVENTIM LIVE INTERNATIONAL GmbH, Bremen (hereinafter: subgroup EVENTIM LIVE INTERNATIONAL). The subgroup EVENTIM LIVE INTERNATIONAL represents the acquired international companies (in Italy, Switzerland, Austria, Spain and Russia) attributable to the Live Entertainment segment.

The following overview shows the participation ratios and non-controlling interests for each subsidiary/subgroup with a group-material non-controlling interest for 2020.

		Proportional share of non-controlling interests [1]	Net result attributable to non-controlling interests [2]	Net book value of accumulated non-controlling interests [2]	Participation ratio of non-controlling interests [2]
		31.12.2020	31.12.2020	31.12.2020	31.12.2020
Name	**Country**		**[EUR'000]**	**[EUR'000]**	
Subgroup TC AG	Switzerland	50.0%	-3,400	19,459	50.0%
Subgroup Austria	Austria	14.0%	-397	6,049	14.0% - 56.1%
Subgroup EVENTIM LIVE	Germany	5.6%	4,560	7,901	5.6% - 78.3%
Subgroup EVENTIM LIVE INTERNATIONAL	Germany	0.0%	-5,132	6,228	0.0% - 64.0%
Total subgroups				39,637	
Subsidiaries with individually immaterial non-controlling interests				6,655	
Total non-controlling interests				**46,292**	

[1] *The proportional share of non-controlling interests includes only the level of the parent company.*

[2] *The amounts include both the non-controlling interests at the level of the parent company as well as other non-controlling interests in the subgroup.*

The following overview shows the participation and non-controlling interests for each subsidiary/subgroup with a group-material non-controlling interest in 2019.

Name	Country	Proportional share of non-controlling interests [1]	Net result attributable to non-controlling interests [2]	Net book value of accumulated non-controlling interests [2]	Participation ratio of non-controlling interests [3]
		31.12.2019	**31.12.2019**	**31.12.2019**	**31.12.2019**
			[EUR'000]	**[EUR'000]**	
Subgroup TC AG	Switzerland	50.0%	4,870	23,490	50.0%
Subgroup Austria	Austria	14.0%	2,105	6,444	14.0% - 56.1%
Subgroup EVENTIM LIVE	Germany	5.6%	8,293	3,863	5.6% - 78.3%
Subgroup EVENTIM LIVE INTERNATIONAL	Germany	0.0%	-2,004	9,647	0.0% - 64.0%
Total subgroups				43,444	
Subsidiaries with individually immaterial non-controlling interests				-5,221	
Total non-controlling interests				**38,223**	

[1] The proportional share of non-controlling interests includes only the level of the parent company.

[2] The amounts include both the non-controlling interests at the level of the parent company as well as other non-controlling interests in the subgroup.

[3] The previous year's figures have been adjusted.

The summarised financial information for each subsidiary/subgroup with non-controlling interest, which is significant for the Group, is presented in the following tables.

Significant non-controlling interests in the Ticketing segment:

Summarised balance sheet:	**Subgroup TC AG**		**Subgroup Austria**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Current assets	19,003	69,395	42,221	71,651
Non-current assets	72,328	70,756	4,635	5,506
Current liabilities	38,438	83,047	33,088	62,151
Non-current liabilities	14,674	11,123	2,534	2,216

Summarised income statement:	**Subgroup TC AG**		**Subgroup Austria**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Revenue	12,743	45,128	7,448	30,507
Taxes	1,378	-2,621	264	-3,744
Net result	-6,800	9,739	-1,490	12,322
Net result attributable to non-controlling interests	-3,400	4,870	-397	2,105
Dividend payments to non-controlling interests	0	-800	0	-1,861

Summarised cash flow statement:	**Subgroup TC AG**		**Subgroup Austria**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Cash flow from operation activities	-19,123	18,779	-28,273	13,260
Cash flow from investing activities	-1,187	-709	-314	-543
Cash flow from financing activities	-9,174	-12,854	-342	-11,119
Net increase / decrease in cash and cash equivalents	-29,484	5,216	-28,929	1,598
Net increase / decrease in cash and cash equivalents due to currency translation	473	1,193	-145	-87
Cash and cash equivalents at beginning of period	42,982	36,573	59,067	57,556
Cash and cash equivalents at end of period	13,971	42,982	29,993	59,067

Significant non-controlling interests in the Live Entertainment segment:

Summarised balance sheet:	Subgroup EVENTIM LIVE		Subgroup EVENTIM LIVE INTERNATIONAL	
	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]
Current assets	331,990	355,250	193,971	122,599
Non-current assets	84,835	95,209	117,037	61,541
Current liabilities	369,370	405,648	299,838	171,180
Non-current liabilities	47,266	42,302	30,595	11,142

Summarised income statement:	Subgroup EVENTIM LIVE		Subgroup EVENTIM LIVE INTERNATIONAL	
	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]
Revenue	86,554	702,975	31,130	228,956
Taxes	-4,309	-15,657	4,944	-3,952
Net result	-806	6,726	-23,483	-4,591
Net result attributable to non-controlling interests	4,560	8,293	-5,132	-2,004
Dividend payments to non-controlling interests	0	-6,075	0	-1,541

Summarised cash flow statement:	Subgroup EVENTIM LIVE		Subgroup EVENTIM LIVE INTERNATIONAL	
	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]
Cash flow from operation activities	34,932	-6,503	40,981	-6,353
Cash flow from investing activities	-1,871	-2,612	-2,134	-6,373
Cash flow from financing activities	-20,097	-14,718	882	-2,007
Net increase / decrease in cash and cash equivalents	12,964	-23,833	39,729	-14,733
Net increase / decrease in cash and cash equivalents due to currency translation	-613	545	-471	-39
Cash and cash equivalents at beginning of period	225,961	249,249	41,797	56,569
Cash and cash equivalents at end of period	238,312	225,961	81,055	41,797

4. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
4.1 FINANCIAL INSTRUMENTS

The following table shows the carrying values, valuations and fair values of current and non-current financial instruments for the 2020 financial year:

		Balance sheet value according to IFRS 9			
	Carrying value 31.12.2020	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS					
Cash and cash equivalents	741,182		741,182		741,182
Marketable securities and other investments	600	501	99		600
Trade receivables	25,444		25,444		25,442
Receivables from affiliated and associated companies accounted for at equity	663		663		663
Other original financial assets	66,441	853	65,588		66,693
thereof receivables from ticket monies	*17,215*		*17,215*		*17,215*
Derivatives standalone	773	773			773
Investments	2,902	2,902			2,902
Total	**838,005**	**5,030**	**832,975**		**838,255**
LIABILITIES					
Financial liabilities	244,147			244,147	243,506
Trade payables	69,911			69,911	69,911
Payables to affiliated and associated companies accounted for at equity	735			735	735
Other original financial liabilities	274,686			274,686	274,566
thereof liabilities from not yet invoiced ticket monies	*256,865*			*256,865*	*256,747*
Lease liabilities	137,760				137,760
Derivatives standalone	4,376	4,376			4,376
Total	**731,614**	**4,376**		**589,478**	**730,853**

On the assets side, 'derivatives standalone' includes on the one hand derivatives to hedge foreign currency risks in the amount of EUR 2 thousand (previous year: EUR 10 thousand) and on the other hand derivatives from corporate transactions in the amount of EUR 771 thousand. In the consolidated balance sheet, these are reported in other financial assets. On the liabilities side, derivatives for hedging foreign currency risks in the amount of EUR 931 thousand (previous year: EUR 0 thousand) and derivatives from corporate transactions in the amount of EUR 3,444 thousand are classified as 'derivatives standalone'. Derivatives used to hedge foreign currency risks are allocated to other financial liabilities in the consolidated balance sheet and the derivatives from corporate transactions to financial liabilities.

The following table shows the carrying values, valuations and fair values of current and non-current financial instruments for the 2019 financial year:

	Carrying value 31.12.2019	Balance sheet value according to IFRS 9: Fair value through profit and loss	Fair value hedging instruments	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS						
Cash and cash equivalents	790,511			790,511		790,511
Marketable securities and other investments	13,062	512		12,550		13,062
Trade receivables	69,729			69,729		69,729
Receivables from affiliated and associated companies accounted for at equity	3,700			3,700		3,700
Other original financial assets	159,407	785		158,622		159,534
thereof receivables from ticket monies	*83,993*			*83,993*		*83,993*
Derivatives standalone	10	10				10
Investments	2,966	2,966				2,966
Total	**1,039,385**	**4,273**		**1,035,112**		**1,039,512**
LIABILITIES						
Financial liabilities	100,116				100,116	100,135
Trade payables	139,620				139,620	139,620
Payables to affiliated and associated companies accounted for at equity	1,040				1,040	1,040
Other original financial liabilities	448,771				448,771	448,771
thereof liabilities from not yet invoiced ticket monies	*429,052*				*429,052*	*429,052*
Lease liabilities	139,157					139,157
Derivatives in cash flow hedges	17		17			17
Total	**828,722**		**17**		**689,548**	**828,741**

FAIR VALUE DISCLOSURES

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and independent parties.

The fair value of cash and cash equivalents and other current original financial instruments not listed on an active market is not calculated, as it is assumed that the carrying amount is a reasonable approximation of the fair value.

Principles and methods used to determine fair values are unchanged compared to previous year.

If financial instruments are listed on an active market, like funds, the respective listed price signifies the fair value on that market. In the case of unlisted financing instruments, the fair value is calculated as the present value of the future cash flows, taking interest rate curves and the rating-dependent credit risk premium of the CTS Group into account.

The fair values of non-current original financial assets and liabilities correspond to the present values of the cash flows associated with the financial instruments, taking into account current interest rate parameters.

Excluded from the above are the fair values of certain other original financial assets, which are calculated using discounted cash flow (DCF) methods. The calculation is based on forecast cash flows resulting from planning over the term of the contracts.

Derivative financial instruments are recognised at fair value. The carrying amount of forward exchange transactions is therefore equal to the respective fair value. These fair values are determined on the basis of quoted forward rates on the balance sheet date and net present value calculations based on yield curves. The fair values of the call and put option on the acquisition of further shares in France Billet were determined using an option mathematical model.

FAIR VALUE HIERARCHY

According to IFRS 13, the fair values of financial assets and liabilities are classified according to the three levels of the fair value hierarchy. Level 1 contains fair values of financial instruments for which a market price can be quoted; securities traded on active markets are an example. In Level 2, fair values are based on market data, such as currency rates or interest curves, using market-based valuation techniques; examples include derivatives. Fair values in Level 3 are derived using valuation techniques based on unobservable inputs, due to the lack of an active or measurable market.

Reclassifications between the levels within the fair value hierarchy are carried out at the beginning of the respective quarter in which the reason or the change in circumstances occurred that results in the reclassification. There have been no reclassifications within the fair value hierarchy in the reporting period.

The following table provides an overview of the fair values of financial assets and liabilities, and their allocation to the three levels within the fair value hierarchy according to IFRS 13 as at 31 December 2020:

	31.12.2020			
	Level 1	Level 2	Level 3	Total
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
ASSETS				
Marketable securities and other investments	501	0	0	501
Trade receivables [2]	0	115	0	115
Other original financial assets [2]	0	13,291	853	14,144
Derivatives standalone	0	2	771	773
Investments	513	0	2,389 [1]	2,902
	1,014	**13,408**	**4,013**	**18,435**
LIABILITIES				
Financial liabilities	0	243,506	0	243,506
Other original financial liabilities [2]	0	16,872	0	16,872
thereof liabilities due to not yet invoiced ticket monies [2]	*0*	*16,584*	*0*	*16,584*
Derivatives standalone	0	931	3,444	4,376
	0	**261,309**	**3,444**	**264,753**

[1] As this balance sheet item contains a large number of individual contracts, the additional disclosures on level 3 instruments are not provided for reasons of materiality.

[2] For the current part of this item, it is assumed that the carrying amount is a reasonable apporoximation of the fair value. Therefore, it is not included in the fair value hierarchy.

As at 31 December 2019, the fair value of other original financial assets in the level 3 fair value hierarchy amounted to EUR 785 thousand. In the reporting year, a new contract with a nominal value of EUR 500 thousand was recognised. For these contracts, fair value adjustments of EUR -432 thousand were recognised in the financial result. Accordingly, the book value of other original financial assets in level 3 as at the reporting date 31 December 2020 is EUR 853 thousand.

As at 31 December 2020, the call option for further shares in France Billet was recognised with a fair value of EUR 771 thousand and the put option for further shares in France Billet with a fair value of EUR 3,444 thousand. Both options are allocated to 'derivatives standalone' and level 3.

In the valuation of the call and put option by means of an option mathematical model, the underlying equity value is the main value driver. If the equity value was adjusted by +10% (-10%), the fair value of the call option would increase (decrease) by EUR 401 thousand (by EUR 302 thousand) and the fair value of the put option would increase (decrease) by EUR 1,183 thousand (by EUR 1,238 thousand).

For the valuation of the other contracts in level 3, discount rates between 4.6% and 8.3% were used in the DCF method, which reflect the specific risks of the respective contract. An adjustment of the interest rates used by +100 basis points (-100 basis points) would reduce (increase) the fair values of the financial assets by EUR 42 thousand (EUR 45 thousand). If the expected cash flows were adjusted by +10% (-10%), the fair values would increase (decrease) by EUR 12 thousand. The underlying cash flows are within a range between EUR 7,602 thousand and EUR 9,291 thousand.

The following table provides an overview of the fair values of financial assets and liabilities, and their allocation to the three levels within the fair value hierarchy according to IFRS 13 as at 31 December 2019:

	31.12.2019			
	Level 1	Level 2	Level 3	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS				
Marketable securities and other investments	512	0	0	512
Trade receivables [2]	0	44	0	44
Other original financial assets [2]	0	18,758	785	19,543
Derivatives standalone	0	10	0	10
Investments	716	0	2,250 [1]	2,966
	1,228	**18,813**	**3,035**	**23,075**
LIABILITIES				
Financial liabilities	0	100,135	0	100,135
Other original financial liabilities [2]	0	11	0	11
Derivatives in cashflow hedges	0	17	0	17
	0	**100,163**	**0**	**100,163**

[1] As this balance sheet item contains a large number of individual contracts, the additional disclosures on level 3 instruments are not provided for reasons of materiality.

[2] For the current part of this item, it is assumed that the carrying amount is a reasonable apporoximation of the fair value. Therefore, it is not included in the fair value hierarchy.

NET RESULTS

The following table provides the net gains/losses on financial instruments:

	2020	2019
	[EUR'000]	[EUR'000]
Financial assets at fair value through profit and loss	496	-1,462
Financial assets at amortised cost	-28,550	-4,947
Financial liabilities at amortised cost	-7,846	-7,926
Derivatives standalone	-3,683	-81
	-39,583	**-14,416**

Net results of financial assets at fair value through profit or loss mainly include effects due to fair value measurement of EUR 496 thousand (previous year: EUR -2,239 thousand) as well as in the previous year income from investments of EUR 891 thousand.

Net results of financial assets at amortised cost consist of interest income and expenses from negative interest, impairment losses on receivables as well as effects from currency translation (EUR -3,049 thousand; previous year: EUR 711 thousand). Impairment losses (including reversals of impairment losses) amount to EUR 26,070 thousand (previous year: EUR 6,541 thousand) and are included in selling expenses, financial expenses and other operating income. This includes expenses for derecognised receivables of EUR 4,176 thousand (previous year: EUR 5,383 thousand), for written off cash and cash euqivalents in connection with the impairment of the deposits of the Barracuda Group at Commerzialbank Mattersburg im Burgenland AG (EUR 20,712 thousand) and for additions to valuation allowances (EUR 4,236 thousand; previous year: EUR 3,559 thousand). Furthermore income from the reversal of value adjustments and from written off receivables (EUR 3,054 thousand; previous year: EUR 2,401 thousand) is reported.

Net results of financial liabilities at amortised cost include interest expenses (EUR 1,816 thousand; previous year: EUR 2,570 thousand) and currency effects (EUR -2,477 thousand; previous year: EUR 220 thousand), effects from the subsequent valuation of liabilities from put options (EUR -2,408 thousand; previous year: EUR -3,628 thousand) and variable purchase price liabilities (EUR -1,956 thousand; previous year: EUR -3,376 thousand). This was offset by income from derecognised financial liabilities in the amount of EUR 1,556 thousand (previous year: EUR 2,051 thousand). The total interest expense calculated according to the effective interest method in the category financial liabilities at amortised cost amounts to EUR 715 thousand (previous year: EUR 85 thousand).

Currency options to hedge intercompany loans in Pound Sterling and forward exchange contracts to hedge a purchase price payment in US dollar resulted in expenses of EUR 1,010 thousand (previous year: EUR 81 thousand). Furthermore, there is an expense from the valuation of the put option for the acquisition of further shares in France Billet of EUR 3,444 thousand and income from the valuation of the call option for the acquisition of further shares in France Billet in the amount of EUR 771 thousand.

TRANSFER OF FINANCIAL ASSETS

In 2015, CTS KGaA has concluded an agreement with a factoring company on the sale of trade receivables from private customers to improve liquidity management. The agreement has a term of one year and can be terminated with a period of three months. Under the agreement, outstanding trade receivables are only sold for the payment methods 'purchase on account' and 'purchase on instalments' for trade receivables connected with the web shops of the company. The factoring company performs the credit management including credit checks, default payment and collection proceedings of receivables on account for CTS KGaA.

The collection risk associated with the sold receivables was completely transferred to the factor. Hence, all significant risks and opportunities of the assigned trade receivables are transferred to the factoring company.

As at 31 December 2020, receivables from the factoring company amounting to EUR 2,263 thousand (previous year: EUR 30,201 thousand) are outstanding.

4.2 FINANCIAL RISK MANAGEMENT

DEFAULT RISKS

Default risks exist when there is a risk of debtors being unable to settle their debts in whole or in part. Due to the COVID-19 pandemic, the default risks in the CTS Group have increased. At present, there are no increased defaults due to this, however this may change if the COVID-19 pandemic continues. The maximum default risk is equal to the value of all receivables, minus liabilities owed to the same debtor if set-off by civil law is possible. Receivables management is carried out decentrally in the Group companies, what provides indications of the risk. Default risks are taken into account in the Group through the recognition of impairments on the basis of expected credit losses when financial assets are posted and measured at amortised cost.

In the 2020 business year, collaterals amounting to EUR 9,145 thousand (previous year: EUR 11,113 thousand) were provided to Group companies mainly to hedge the risks in ticket presales by various box offices (EUR 6,428 thousand; previous year: EUR 9,161 thousand). Trade receivables, receivables from ticket monies and receivables against promoters from collateral providers amount to EUR 1,698 thousand (gross carrying amounts; previous year: EUR 8,565 thousand).

The impairments developed as follows:

	Simplified approach			General approach	
	Trade receivables	Receivables from affiliated and associated companies accounted for at equity	Receivables from ticket monies	Other financial assets	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Impairments as at 1 January 2020	4,622	6	350	2,450	7,428
Usage	-1,585	0	0	-377	-1,963
Net change in impairments	1,814	75	266	1,354	3,509
Impairments as at 31 December 2020	**4,851**	**80**	**616**	**3,427**	**8,975**
Impairments as at 1 January 2019	1,656	3	597	2,157	4,413
Usage	-87	0	-10	-20	-117
Net change in impairments	3,053	3	-237	313	3,132
Impairments as at 31 December 2019	**4,622**	**6**	**350**	**2,450**	**7,428**

The net change of impairments in the amount of EUR 3,509 thousand mainly results from additions due to a reassessment of default risks of trade receivables and other financial assets in the course of the COVID-19 pandemic. At the same time, the pandemic-related decrease in receivables as at the balance sheet date had the opposite effect.

The following table shows the risk categories of financial assets used to determine expected credit losses and the gross carrying amounts as well as impairments allocated to them as at 31 December 2020 according to the simplified approach:

31.12.2020	**Trade receivables**		**Receivables from affiliated and associated companies accounted for at equity**		**Receivables from ticket monies**		**Total**	
Risk categories simplified approach	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Not credit-impaired	25,901	*1,260*	451	*10*	17,697	*491*	44,049	*1,761*
Credit-impaired	4,394	*3,591*	294	*71*	134	*125*	4,821	*3,787*
Total	**30,294**	*4,851*	**744**	*80*	**17,832**	*616*	**48,870**	*5,548*

Receivables that are credit-impaired have increased in relation to the total portfolio of receivables. This is mainly due to the impact of the ongoing COVID-19 pandemic. The CTS Group is therefore conducting detailed analyses of overdue receivables with regard to the default risk, but assumes that overdue receivables will be reduced when business activities resume.

The following table shows the risk categories of financial assets used to determine expected credit loss and the gross carrying amounts as well as impairments allocated to them as at 31 December 2019 according to the simplified approach:

31.12.2019	**Trade receivables**		**Receivables from affiliated and associated companies accounted for at equity**		**Receivables from ticket monies**		**Total**	
Risk categories simplified approach	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Not credit-impaired	68,613	*1,103*	3,681	*6*	84,065	*198*	156,359	*1,307*
Credit-impaired	5,738	*3,519*	25	*0*	279	*152*	6,042	*3,671*
Total	**74,351**	*4,622*	**3,706**	*6*	**84,343**	*350*	**162,401**	*4,978*

The following table shows the risk categories of financial assets used to determine expected credit loss and the gross carrying amounts as well as impairments allocated to them as at 31 December 2020 according to the general approach:

31.12.2020	**Receivables against promoter**		**Other receivables from affiliated and associated companies accounted for at equity**		**Other original financial assets**		**Total**	
Risk categories general approach	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Not credit-impaired	11,076	*5*	10,988	*6*	762,963	*42*	785,028	*54*
Significant increase in credit risk	1	*0*	0	*0*	0	*0*	1	*0*
Credit-impaired	5,038	*2,186*	1,227	*731*	456	*456*	6,721	*3,374*
Total	**16,115**	*2,191*	**12,215**	*737*	**763,420**	*499*	**791,750**	*3,427*

The following table shows the risk categories of financial assets used to determine expected credit loss and the gross carrying amounts as well as impairments allocated to them as at 31 December 2019 according to the general approach:

31.12.2019	**Receivables against promoter**		**Other receivables from affiliated and associated companies accounted for at equity**		**Other original financial assets**		**Total**	
Risk categories general approach	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***	**Gross carrying amount**	***thereof impaired***
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Not credit-impaired	13,880	*21*	16,473	*8*	841,187	*53*	871,539	*82*
Significant increase in credit risk	252	*1*	1,066	*10*	31	*0*	1,349	*11*
Credit-impaired	5,220	*2,320*	0	*0*	297	*37*	5,518	*2,357*
Total	**19,352**	*2,342*	**17,538**	*18*	**841,515**	*90*	**878,405**	*2,450*

LIQUIDITY RISKS

Liquidity risks arise if the payment obligations of the Group cannot be covered with available cash or credit lines.

Cash flow is planned and managed to ensure permanent solvency and financial flexibility.

Due to the COVID-19 pandemic and the resulting ban on live events a large number of events have been rescheduled or cancelled. To improve businesses' liquidity positions, legislators in individual markets, such as Germany, Austria and Italy, introduced a voucher solution for promoters. Holders of an admission ticket for an event which they were unable to attend due to the COVID-19 pandemic, or which they are unable or unwilling to attend at a later date, receive a voucher instead of a refund of the ticket price. If the voucher is not redeemed, customers can receive a cash payment instead from the beginning of 2022 (from January 2023 in Austria).

The CTS Group's negative cash flow from operating activities is currently financed through existing cash and cash equivalents as well as credit lines agreed with numerous banks. Credit agreements are in place with various banks. The credit agreements comprise bilateral credit lines for short-term drawdowns and a long-term working capital credit facility which forms the company's general financing structure. In many European countries, governments offer different support programmes to companies affected by the COVID-19 pandemic. Some CTS Group subsidiaries have taken out loans as part of these support programmes. The prolongation risk is taken into account through different maturities.

As a listed company, CTS KGaA is able to take equity measures in the short term, such as a capital increase by issuing new shares. By resolution of the extraordinary Shareholders' Meeting held on 13 January 2021, the general partner was authorised, to issue warrant bonds and convertible bonds up to an amount of EUR 800,000,000. The Group had sufficient liquidity reserves as at the balance sheet date of 31 December 2020.

As at 31 December 2020, the Group has bank liabilities of EUR 204,097 thousand (previous year: EUR 69,296 thousand). Of the external loans, EUR 200,000 thousand (previous year: EUR 9,089 thousand) are tied up to comply with standard 'financial covenants' for companies with good creditworthiness ratings (cf. notes to the consolidated balance sheet, item 16).

As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant regarding adjusted net debt could not be met as of 31 December 2020. For this reason, the corporate management applied for the suspension of the debt covenant with the lending banks as a precaution in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant up to and including 30 June 2021. Due to the ongoing COVID-19 pandemic and on the basis of the scenarios for business development in 2021, the corporate management applied for an extension of the suspension of the debt covenant up to and including 31 March 2022 in February 2021, as a precautionary measure. The lending banks have agreed to this. As soon as the restrictions associated with the COVID-19 pandemic are eased or removed and it is possible to organise major events again, the current debt will be repaid by the expected high cash inflows from operating activities. With a positive cash flow from operating activities, the CTS Group expects to be in compliance with the debt covenant again.

Based on the current liquidity scenarios, the CTS Group assumes that additional cash and cash equivalents from the full drawdown of the syndicated credit line will also be able to be repaid even in the scenario that major events cannot be held until the first quarter of 2022. Based on current knowledge, the CTS Group assumes that there are no liquidity risks that could jeopardise the continued existence of the company as a going concern, even with the resumption of the live event business does not take place until the beginning of 2022.

The following table shows the contractually agreed (undiscounted) interest and redemption payments in respect of original and derivative financial liabilities, lease liabilities as well as derivative financial assets as at 31 December 2020:

	Carrying amount	**Interest and redemption payments**			
	31.12.2020	**< 1 year**	**< 2 years**	**< 4 years**	**> 4 years**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Financial liabilities	244,147	-228,729	-1,338	-10,011	-4,351
Trade payables	69,911	-69,911	0	0	0
Payables to affiliated and associated companies accounted for at equity	735	-735	0	0	0
Other original financial liabilities	274,686	-257,695	-16,770	0	-222
thereof liabilities from not yet invoiced ticket monies	*256,865*	*-240,164*	*-16,701*	*0*	*0*
Lease liabilities	137,760	-18,693	-16,614	-28,745	-81,323
Other derivative financial liabilities	4,376	-931	0	0	-3,444
Other derivative financial assets	-2	2	0	0	0
	731,612	**-576,692**	**-34,721**	**-38,756**	**-89,340**

The carrying amount of the financial liabilities as at 31 December 2020 is lower due to amortisation of the transaction costs at a constant effective interest rate.

The following table shows the contractually agreed (undiscounted) interest and redemption payments in respect of original and derivative financial liabilities as well as derivative financial assets as at 31 December 2019:

	Carrying amount	Interest and redemption payments			
	31.12.2019	< 1 year	< 2 years	< 4 years	> 4 years
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	100,116	-86,332	-3,866	0	-10,407
Trade payables	139,620	-139,620	0	0	0
Payables to affiliated and associated companies accounted for at equity	1,040	-1,040	0	0	0
Other original financial liabilities	448,771	-448,761	-4	-4	-3
thereof liabilities from not yet invoiced ticket monies	*429,052*	*-429,052*	*0*	*0*	*0*
Other derivative financial liabilities	17	-17	0	0	0
Other derivative financial assets	-10	8	2	0	0
	689,555	**-675,762**	**-3,868**	**-4**	**-10,410**

With regard to the maturities of lease liabilities as at 31 December 2019, please refer to the notes to the consolidated balance sheet, item 21.

The above includes all instruments in place as at the balance sheet date and for which payments had already been contractually agreed. Budget figures for future liabilities are not included. Foreign currency amounts are converted at the spot rates applying on the closing date. The variable interest payments from financial instruments were determined taking into account the respective forward interest rates. For currency derivatives, the cash flows were calculated on the basis of the respective spot exchange rates. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

INTEREST RISKS

Fixed-rate loan agreements are mostly in place for existing short-term loans. Short-term working capital credit facilities are not used continuously throughout the year. A syndicated credit line (revolving credit facility) agreed in October 2015 has been fully utilised since mid-April 2020. When drawing on the syndicated credit line, the interest rate is redefined with each drawdown in accordance with the contractual agreement.

Risks associated with changes in interest rates exist due to potential changes in market interest rates and may lead to a change in fair value of fixed-rate financial instruments, and to variation of interest payments of financial instruments with variable interest rates.

Variable-rate loans and fixed-rate agreements expiring in the short term are regularly reviewed for possible hedging against interest rate changes. Due to the current market situation no significant increase in interest rates is expected in the short term. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, the corporate management applied in February 2021 for an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure. The lending banks have agreed to this.

As part of IBOR (interbank offered rates) reform, certain reference interest rates will be comprehensively revised by the end of 2021 and replaced by alternative, risk-free reference rates. The CTS Group does not expect the IBOR reform to have any impact on its financial instruments with variable interest rates.

Changes in the market interest rates of original financial instruments with fixed interest rates affect earnings only when these are accounted for at fair value. Accordingly, all financial instruments with fixed interest rates and recognised at amortised costs are not exposed to any interest risks within the meaning of IFRS 7.

Hypothetical changes in market interest rates as at 31 December 2020 would have effects on ongoing interest payments and/or interest income and expenses in net result. The hypothetical effect on income results from the potential effects of original, variable interest other financial assets of EUR 2,180 thousand (previous year: EUR 2,450 thousand) and financial liabilities of EUR 4,432 thousand (previous year: EUR 3,542 thousand), as well as of original fixed interest bearing financial assets measured at fair value through profit and loss (EUR 672 thousand; previous year: EUR 785 thousand).

If the level of market interest rates had been 100 basis points higher (lower) as at 31 December 2020, net result would have been EUR 11 thousand lower (EUR 4 thousand lower).

If the level of market interest rates had been 100 base points higher (lower) as at 31 December 2019, net result would have been EUR 42 thousand lower (EUR 31 thousand higher).

Since the Governing Council of the European Central Bank (ECB) decided on 5 June 2014 to charge negative interest rates for deposits, banks started to pass on these negative interest rates to commercial clients and to charge negative interest for demand deposits if an individually defined limit is exceeded. Banks with which the CTS Group cooperates also charge negative interest rates on demand deposits when the agreed limits are exceeded. In 2020, the credit institutions have significantly reduced the individually set limits, so that the burdens due to negative interest rates have increased. It is expected that the limits will be further reduced in 2021, resulting in higher costs due to negative interest rates. The CTS Group is attempting to restrict the impact of negative interest rates through active cash management. As at the reporting date, negative interest expenses amounted to EUR 424 thousand.

FOREIGN EXCHANGE RISKS AND HEDGE ACCOUNTING

The Group's foreign exchange risks result from investments, financing and operating activities in foreign currencies. Within the Group, some contracts with artists as well as licensing agreements are concluded in foreign currencies.

Foreign exchange risks which do not affect the cash flow of the Group (that is, risks which result from translating the assets and liabilities of foreign entities into the Group reporting currency) remain unsecured, as a basic principle. Foreign exchange risks that may affect the cash flow of the Group are reviewed on a regular basis and hedged where necessary. Within the CTS Group, derivatives are used exclusively for risk hedging, not for speculative purposes.

A foreign exchange risk may also arise when intercompany receivables or liabilities exist in a currency other than the functional currency of the consolidated financial statements.

In order to disclose financial risk exposure, the CTS Group produces sensitivity analyses in accordance with IFRS 7, showing the effects that hypothetical appreciation and devaluation of the Euro in relation to other currencies will have on net result after tax and on equity, where relevant. The periodic effects are determined by relating the hypothetical changes in foreign exchange rates to the financial instruments in place at the closing date. It is assumed that the volume of such instruments at the closing date is representative for the year as a whole. Foreign exchange risks within the meaning of IFRS 7 ensue when financial instruments are denominated in a currency other than the functional currency and are of a monetary nature; currency translation differences relating to the translation of financial statements into the functional currency of the Group are ignored in this regard.

There were no hypothetical effects on equity as at 31 December 2020. The effects on net result for the year would be as follows:

		31.12.2020	31.12.2019	
		Net result	Net result	Equity
		[EUR'000]	[EUR'000]	[EUR'000]
CHF	+ 10%	-322	-126	48
	- 10%	322	126	-48
USD	+ 10%	-1,073	-591	0
	- 10%	1,073	591	0
GBP	+ 10%	-436	-330	0
	- 10%	443	452	0
BRL	+ 10%	-346	-641	0
	- 10%	346	641	0
Other currencies	+ 10%	-1,054	-1,606	0
	- 10%	1,054	1,606	0
Total effects (all currencies)	**+ 10%**	**-3,231**	**-2,653**	**48**
	- 10%	**3,238**	**2,775**	**-48**

In the reporting period, cash flows denominated in foreign currencies were hedged on a short-term basis. As at 31 December 2020, the CTS Group recognised no derivatives in cash flow hedges:

	31.12.2020				During the reporting period 2020		
	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included	Change in value of hedging instrument recognised in OCI	Amount reclassified from hedging reserve to profit or loss	Line item effected in profit or loss due to the reclassification
		Asset	Liability				
	[EUR'000]	[EUR'000]	[EUR'000]				
Foreign exchange contracts to hedge license fees in CHF	0	0	0	-	0	-12	Revenue
Foreign exchange contracts to hedge artist fees in USD	0	0	0	-	-20	-20	Cost of sales
Total	**0**	**0**	**0**		**-20**	**-32**	

As at 31 December 2020, a currency option with a nominal amount of EUR 167 thousand to hedge repayments in Pound Sterling and a forward exchange contract with a nominal amount of EUR 9,073 thousand to hedge a purchase price payment in US dollars do not meet the criteria for hedge accounting. The market value of the currency option in the amount of EUR 2 thousand was recognised in other financial assets, the fair value of the forward exchange contract in the amount of EUR 931 thousand in other financial liabilities.

As at 31 December 2019, the CTS Group recognised the following forward exchange contracts in cash flow hedges:

	31.12.2019				During the reporting period 2019		
	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included	Change in value of hedging instrument recognised in OCI	Amount reclassified from hedging reserve to profit or loss	Line item effected in profit or loss due to the reclassification
		Asset	Liability				
	[EUR'000]	[EUR'000]	[EUR'000]		[EUR'000]	[EUR'000]	
Foreign exchange contracts to hedge license fees in CHF	462	0	17	Other financial liabilities	-51	-53	Revenue
Foreign exchange contracts to hedge artist fees in USD	0	0	0	-	3	3	Cost of sales
Total	**462**	**0**	**17**		**-48**	**-50**	

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE (1)

In the reporting period, the Group generated revenue of EUR 256,840 thousand after EUR 1,443,125 thousand in the previous year.

	2020	2019
	[EUR'000]	[EUR'000]
Ticketing		
Ticket fees	95,213	410,357
Commissions	7,491	16,972
Other service charges	5,048	10,501
Licence fees	4,294	7,613
Other	14,598	36,153
	126,643	**481,595**
Live Entertainment		
Entertainment services	112,969	895,207
Catering and merchandising	7,080	33,855
Sponsoring	2,090	18,689
Other	14,637	38,020
	136,776	**985,771**
Intersegment consolidation	-6,580	-24,241
CTS Group	**256,840**	**1,443,125**

Of the external revenue generated by the CTS Group, an amount of EUR 144,615 thousand (previous year: EUR 1,001,853 thousand) was recognised over time pursuant to IFRS 15. A total of EUR 30,387 thousand (previous year: EUR 93,355 thousand) of this amount was attributable to the Ticketing segment and EUR 114,228 thousand (previous year: EUR 908,498 thousand) to the Live Entertainment segment. In the Live Entertainment segment, the periods of time in which revenue is recognised are very short and amount to a maximum of several days in the case of festivals. In the previous year, the Ticketing segment recognised revenue of EUR 9,547 thousand from services in connection with the 'car toll' project, which has been classified in other revenue.

Revenue recognised in the reporting period that was included in the balance of current advance payments received at the beginning of the period amounted to EUR 127,341 thousand (previous year: EUR 389,901 thousand) and was attributable to the Live Entertainment segment. The current advance payments received of EUR 400,936 thousand (previous year: EUR 333,340 thousand) as at 31 December 2020 are likely to result in revenue over the subsequent 12 months.

COST OF SALES (2)

The cost of sales rendered to generate revenue (EUR 247,024 thousand; previous year: EUR 1,041,369 thousand) comprise all material expenses (EUR 148,120 thousand; previous year: EUR 921,511 thousand) as well as pro rata personnel expenses (EUR 59,620 thousand; previous year: EUR 76,604 thousand), depreciation and amortisation (EUR 23,568 thousand; previous year: EUR 23,211 thousand) and other operating expenses (EUR 15,715 thousand; previous year: EUR 20,044 thousand).

OTHER OPERATING INCOME (3)

	2020	2019
	[EUR'000]	[EUR'000]
Income from insurance compensations	60,816	1,607
Income from Corona-related government grants	22,050	0
Income from written-off liabilities / receivables	5,727	5,707
Income from currency translation	2,506	2,475
Income from advertising and marketing	2,370	5,015
Income relating to other periods	1,997	1,152
Income from passed on expenses	1,265	1,400
Income from the reversal of allowances for doubtful accounts	771	390
Other operating income	3,270	13,715
	100,773	**31,460**

Due to the cancellation and rescheduling of events due to the COVID-19 pandemic, income from insurance compensations was recognised in the Live Entertainment segment.

In the previous year, other operating income included income of EUR 6,795 thousand resulting from the termination of the contracts between the operating company and the CTS companies relating to the 'car toll' project and the associated derecognition of contractual liabilities existing at that time.

OTHER OPERATING EXPENSES (4)

	2020 [EUR'000]	2019 [EUR'000]
Expenses for consumer protection lawsuits	10,868	0
Currency translation expenses	8,000	1,649
Non-recurring items	4,175	2,211
Expenses for third-party services	2,975	3,490
Expenses passed on from third parties	1,002	2,008
Expenses relating to other periods / non-operating costs	560	569
Donations	396	520
Loss from disposal of fixed assets	197	292
Cost for the supply of goods sold	75	148
Other operating expenses	2,012	12,574
	30,260	**23,461**

Expenses from currency translation result from the translation of receivables and liabilities as at the balance sheet date, especially in Brazilian Real, US Dollar, Euro and Pound Sterling.

INCOME / EXPENSES FROM INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (5)

The expenses from associates accounted for at equity increased from EUR 28 thousand by EUR 8,350 thousand to EUR 8,379 thousand mainly due to the impact of the COVID-19 pandemic on earnings.

FINANCIAL INCOME (6)

Financial income includes interest income of EUR 979 thousand (previous year: EUR 860 thousand) and other financial income of EUR 4,165 thousand (previous year: EUR 6,115 thousand). Financial income includes income from updated valuations of existing contractual agreements (put options and earn-out agreements) in the amount of EUR 2,994 thousand due to lower business developments caused by the COVID-19 pandemic. In the previous year, income from the deconsolidation effect due to the sale of shares in CTS Eventim France S.A.S., Paris, France, was reported (EUR 6,076 thousand).

FINANCIAL EXPENSES (7)

The financial expenses are burdened by the impairment of the deposits of the Barracuda Group at Commerzialbank Mattersburg im Burgenland AG in the amount of EUR 20,712 thousand. Furthermore, the financial expenses concern interest expenses of EUR 4,060 thousand (previous year: EUR 4,590 thousand) and other financial expenses of EUR 10,875 thousand (previous year: EUR 9,294 thousand). The other financial expenses mainly relate to expenses from updated valuations of existing contractual agreements (put options and earn-out agreements) in the amount of EUR 6,512 thousand. Due to the impact of the COVID-19 pandemic, a reassessment was necessary for certain put options. This reassessment resulted in expenses of EUR 3,170 thousand.

TAXES (8)

	2020	2019
	[EUR'000]	[EUR'000]
Current income taxes	2,647	78,328
Deferred taxes	-16,602	-396
	-13,955	**77,933**

Current income taxes for the 2020 financial year include income of EUR 2,836 thousand (previous year: tax expenses of EUR 2,695 thousand) for current tax income for previous years.

The deferred taxes included in the statement of comprehensive income amount to EUR 157 thousand (previous year: EUR 629 thousand) for the remeasurement of the net defined benefit obligation for pension plans and amount to EUR -6 thousand (previous year: EUR -1 thousand) for derivatives in cash flow hedges.

Deferred tax income / expenses developed as follows:

	2020	2019
	[EUR'000]	[EUR'000]
Deferred taxes	-16,602	-396
thereof:		
from temporary differences	-6,249	-3,440
from tax loss carryforwards	-10,353	3,045

Deferred tax income from temporary differences mainly result from the updating and the development of temporary differences on assets and liabilities arising in the purchase price allocations. The deferred tax income due to tax loss carryforwards mainly results from the negative result for the financial year 2020 due to the effects of the COVID-19 pandemic.

The following table shows the reconciliation of the tax income/expenses expected in the respective financial year with the tax income/expense actually disclosed. To determine the expected tax expense for 2020, an average tax rate of 31.9% (previous year: 32.3%) was multiplied by earnings before tax. The average tax rate is the tax rate for CTS KGaA, which is composed of German corporate tax at a rate of 15.0% (previous year: 15.0%) plus 5.5% solidarity surcharge and local municipal trade tax at around 16.1% (previous year: around 16.4%).

	2020	2019
	[EUR'000]	**[EUR'000]**
Earnings before tax (EBT)	-102,028	224,018
Reconciliation to effective income tax		
Expected income taxes	**-32,579**	**72,274**
Deviations from average tax rate	5,459	-5,057
Changes in value adjustment of deferred tax assets	3,161	3,002
Usage of not capitalised tax loss carryforward	-435	-304
Changes of deferred taxes due to changes in tax rates	14	0
Losses without the formation of deferred tax assets	5,605	4,559
Effects due to municipal trade tax additions and reduction	431	698
Actual and deferred taxes referring to previous years	-1,031	2,697
Non-deductable expenses / Non-taxable income	5,783	293
Other	-363	-230
Effective tax income/expense	**-13,955**	**77,933**

The current and deferred taxes for previous years include loss carrybacks in the amount of EUR 2,861 thousand.

6 OTHER NOTES
6.1 CAPITAL MANAGEMENT

The purpose of financial management is to ensure the Group's solvency and the maintenance of financial stability. The financial policy in the CTS Group aims to maintain the financial strength of the Group at a high level and thus preserve the financial independence of the company by ensuring sufficient liquidity. Risks are to be largely avoided or effectively hedged.

The capital structure of the CTS Group comprises debt, cash and cash equivalents and the equity attributable to the shareholders of CTS KGaA. The latter consists in particular of issued shares and retained earnings.

A key variable used in capital risk management is the gearing ratio; the ratio between net consolidated debt and Group equity according to IFRS. Risk considerations mean that the aim must be to have a healthy net debt/equity ratio.

The net debt/equity ratio is as follows:

	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]
Debt [1]	641,491	573,867
Cash and cash equivalents	-741,182	-790,511
Net debt	**-99,691**	**-216,644**
Equity	494,317	549,992
Net debt to equity	-20.2%	-39.4%

[1] Debt is defined here as non-current and current financial liabilities (EUR 247,591 thousand; previous year: EUR 100,116 thousand), other non-current and current financial liabilities and non-current and current lease liabilites (EUR 413,378 thousand; previous year: EUR 587,945 thousand). The other financial liabilities from ticket monies that have not yet been invoiced are set off against receivables relating to ticket monies and factoring receivables from ticket monies (EUR 19,478 thousand; previous year: EUR 114,194 thousand).

Net debt indicates the amount of debt a company has after all financial liabilities have been redeemed with cash and cash equivalents. The increase in net debt results from the drawdown of the syndicated credit line in the amount of EUR 200 million as well as the loans from government-support programmes in connection with the COVID-19 pandemic.

In October 2015, CTS KGaA agreed on a syndicated credit facility (Revolving Credit Facility) of EUR 200 million. The syndicated credit line utilised has an agreed term until October 2022. In April 2020, the syndicated credit line (Revolving Credit Facility) was fully drawn to increase the CTS Group's financial flexibility during the COVID-19 pandemic. The drawdown has an agreed term of 12 months.

Of the liabilities, EUR 200,000 thousand (previous year: EUR 9,089 thousand) are tied up at the balance sheet date to comply with standard financial covenants for companies with good creditworthiness ratings.

As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant could not be complied with as of the reporting date 31 December 2020. For this reason, the corporate management applied to the lending banks for the suspension of the debt covenant as a precautionary measure in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant for the period including 30 June 2021. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, corporate management requested an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure in February 2021. The lending banks have agreed to this.

As soon as the restrictions due to the COVID-19 pandemic are eased or lifted and the performance of major events is possible again, the current level of debt will be reduced by the expected high positive cash flow from operating activities. With a positive cash flow from operating activities, the CTS Group expects to be able to comply with the debt covenant again.

In key European markets, CTS Group is safeguarding futher liquidity by implementing promoter voucher schemes. Holders of an admission ticket for an event which they were unable to attend due to the COVID-19 pandemic or which they are unable or unwilling to attend at a later date, receive a voucher instead of a refund of the ticket price.

In many European countries, governments offer different support programmes to companies affected by the COVID-19 pandemic. Within the framework of these support programmes, some subsidiaries of the CTS Group applied for credit agreements with a volume equivalent to approximately EUR 8,887 thousand, of which EUR 4,111 thousand had been accessed by the subsidiaries as at 31 December 2020.

At the time of the preparation of the financial statement, corporate management assumes that the risks do not jeopardise CTS KGaA and the Group as a going concern. It cannot be ruled out that additional factors, such as the COVID-19 pandemic, will emerge in the future which are not yet known or are currently rated as immaterial and which could jeopardise the continued existence of the CTS Group as a going concern.

6.2 EARNINGS PER SHARE

Earnings per share were calculated according to IAS 33 by dividing the consolidated net result for the year, after deduction of non-controlling interests, by the number of shares outstanding (basic earnings per share). As at the balance sheet date, there is no dilution as a result of convertible bonds, stock options or similar instruments (potential common stock).

The earnings per share are determined as follows:

		2020	2019
Net result attributable to shareholders	[EUR]	-82,258,692	132,900,030
Issued shares	[Qty.]	96,000,000	96,000,000
Treasury shares	[Qty.]	-8,700	-8,700
Outstanding shares	[Qty.]	95,991,300	95,991,300
Earnings per share	[EUR]	**-0.86**	**1.38**

In fiscal year 2020, CTS KGaA generated a net loss of EUR -21,303 thousand. The Management Board of the general partner and the Supervisory Board of the company propose to the Annual Shareholders' Meeting to carry forward the net loss for the year to the balance sheet profit.

6.3 SEGMENT REPORTING

The Group operates in the leisure events market with its Ticketing and Live Entertainment segments. Selling tickets for leisure events is the basic object of the Ticketing segment, which markets events (tickets) using the internet (eventim.de), its market-leading network platform (EVENTIM.Net), the inhouse ticketing product (EVENTIM.Inhouse), the sport ticketing product (EVENTIM.Tixx) and a solution for ticket sales and admission control (EVENTIM.Access). The basic object of the Live Entertainment segment is to organise and execute events as well as the operation of venues.

The Group is segmented on the basis of the internal reports to the chief operating decision maker (corporate management) and includes the components required by IFRS 8. The chief operating decision maker is responsible for decisions on the allocation of resources to the operating segments and for assessing their performance.

Intersegment revenue is recognised at arm's length transfer prices.

The segment revenue is shown after consolidation within the segments but before consolidation between the segments.

The segment-related data were determined by the main accounting principles and methods described in section 1.6.

Internal revenues between the Group companies in a given segment have already been consolidated at segment level. Revenue between the segments is eliminated in the consolidation column. Depending on their business content, individual transactions are allocated to their proper segment, in deviation from their allocation according to corporate structure.

Reconciliation of the earnings before interest and taxes (EBIT) of the segments with net result:

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]
Revenue	126,643	481,595	136,776	985,771	-6,580	-24,241	256,840	1,443,125
EBITDA	-24,135	219,304	17,019	64,974	0	0	-7,116	284,278
Depreciation and amortisation	-33,617	-34,317	-22,201	-19,766	0	0	-55,818	-54,083
EBIT	-57,752	184,987	-5,181	45,208	0	0	-62,933	230,194
Financial result							-39,095	-6,177
Earnings before tax (EBT)							-102,028	224,018
Taxes							13,955	-77,933
Net result before non-controlling interests							-88,073	146,085
Thereof attributable to non-controlling interests							5,815	-13,185
Thereof attributable to shareholders of CTS KGaA							-82,259	132,900
Average number of employees	1,579	1,691	1,224	1,323			2,803	3,014
Normalised EBITDA	-23,635	220,403	20,694	66,087	0	0	-2,940	286,489
Normalised EBIT before amortisation from purchase price allocation	-50,796	192,936	4,611	49,992	0	0	-46,185	242,928

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]
EBITDA	**-24,135**	**219,304**	**17,019**	**64,974**			**-7,116**	**284,278**
Non-recurring items:	500	1,099	3,675	1,113			4,175	2,211
Legal and consulting fees for planned and carried out acquisitions	127	601	755	1,113	0	0	881	1,713
Legal and consulting fees related to infrastructure charge	373	498	0	0	0	0	373	498
Expenses from allocations of purchase prices for acquisitions that are not classified as business combinations according to IFRS 3	0	0	2,921	0	0	0	2,921	0
Normalised EBITDA	**-23,635**	**220,403**	**20,694**	**66,087**	**0**	**0**	**-2,940**	**286,489**
Amortisation	-33,617	-34,317	-22,201	-19,766			-55,818	-54,083
thereof amortisation resulting from purchase price allocation	6,456	6,850	6,117	3,672			12,573	10,522
Normalised EBIT before amortisation from purchase price allocation	**-50,796**	**192,936**	**4,611**	**49,992**	**0**	**0**	**-46,185**	**242,928**

Key performance indicators for assessing the performance (key financial figures) of the operating business per segment are the sustained increase in revenue, in EBITDA, in normalised EBITDA, in EBIT and in normalised EBIT before amortisation from purchase price allocation.

In the period under review, CTS Group earnings were negatively impacted due to non-recurring items in the Ticketing segment amounting to EUR 500 thousand (previous year: EUR 1,099 thousand) mainly due to legal costs in the CTS Group in connection with the terminated contracts for the collection of the German infrastructure charge and in the Live Entertainment segment amounting to EUR 3,675 thousand (previous year: EUR 1,113 thousand). Of the non-recurring items to be normalised in the Live Entertainment segment in the 2020 financial year, expenses arising from allocations of purchase prices for acquisitions which could not be classified as business combinations within the definition of IFRS 3 were incurred for the first time due to the structuring of a transaction relating to the acquisition of Alternate Nation Entertainment Group LLC, Wilmington, USA (EUR 2,921 thousand). These expenses are comparable to the amortisation and similar costs resulting from purchase price allocations, but are recognised in EBITDA. As such, these expenses are removed from EBITDA as non-recurring items from the 2020 financial year onwards. Other non-recurring items in the Live Entertainment segment relate to costs in connection with completed and planned acquisitions (mainly legal and consulting costs from due diligence reviews).

The external and internal revenue for the segments break down as follows:

	Ticketing		Live Entertainment		Total for segment	
	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]	2020 [EUR'000]	2019 [EUR'000]
External revenue	121,415	464,757	135,425	978,368	256,840	1,443,125
Internal revenue	5,228	16,838	1,351	7,403	6,580	24,241
Revenue after consolidation within the segment	**126,643**	**481,595**	**136,776**	**985,771**	**263,420**	**1,467,366**

GEOGRAPHICAL DISCLOSURES

The following table shows the **external revenue** for the financial year 2020, broken down by geographical distribution:

	2020	2019
	[EUR'000]	[EUR'000]
Germany	153,038	878,043
Italy	36,861	270,890
Switzerland	20,579	97,491
Austria	17,481	59,565
Finland	8,110	41,669
Netherlands	6,879	20,552
Spain	2,045	22,129
Other countries	11,847	52,786
	256,840	**1,443,125**

The **non-current non-financial assets** are shown in the following table according to geographical distribution:

	2020	2019
	[EUR'000]	[EUR'000]
Germany	571,998	550,926
Switzerland	85,886	73,485
Italy	59,979	63,485
Israel	37,114	1,114
USA	10,327	0
Denmark	9,868	16,177
Austria	7,350	4,343
United Kingdom	873	1,464
Other countries	11,168	9,266
	794,563	**720,261**

The non-current non-financial assets include goodwill, property, plant and equipment, intangible assets, right-of-use assets from leases, investments in associates accounted for at equity and non-current other non-financial assets.

6.4 EMPLOYEES

Personnel expenses	2020	2019
	[EUR'000]	[EUR'000]
Wages and salaries	116,065	145,859
Social insurance contributions and expenses for pension and employee support	26,369	24,839
Income from refunded social security contributions	-10,549	0
	131,886	**170,698**

Personnel expenses were mainly included with EUR 59,620 thousand (previous year: EUR 76,604 thousand) in cost of sales, with EUR 35,499 thousand (previous year: EUR 46,551 thousand) in selling expenses and with EUR 36,464 thousand (previous year: EUR 47,463 thousand) in general administrative expenses.

The employer's contribution to the statutory pension insurance classified as a contribution-based pension scheme amounted to EUR 9,823 thousand (previous year: EUR 9,800 thousand). It is included in social contributions and expenses for pension and employee support.

On average over the year, 2,803 salaried staff (previous year: 3,014) were employed by the Group. Of that total, 1,659 (previous year: 1,833) were employed in Germany, and 1,144 (previous year: 1,181) in foreign countries.

6.5 LITIGATIONS

In the context of administrative proceedings, the German Federal Cartel Office (Bundeskartellamt) is investigating the market position and market behaviour of CTS KGaA, particularly whether CTS KGaA exploits its market position in the Ticketing segment to an unreasonable extent or puts market partners at a disadvantage, as well as the content of specific regional cooperation agreements. On 4 December 2017, the Federal Cartel Office completed an administrative proceeding initiated in October 2014. In their findings, the authorities objected to a small number of existing exclusive agreements and limited the scope and terms of future exclusive agreements. The requirements of the Federal Cartel Office were implemented accordingly in early 2018 and reported to the German Federal Cartel Office in a timely manner. The appeal filed by CTS KGaA against this decision was rejected by the higher regional court (Oberlandesgericht) in Düsseldorf in April 2019 and the appeal was not allowed. The appeal against non-admission filed by the Company was rejected by the German Federal Court of Justice (Bundesgerichtshof) in June 2020. In addition, administrative proceedings in Switzerland are still pending and the outcome of the proceedings is still uncertain. It cannot be ruled out that antitrust authorities, consumer protection organisations or other institutions will take issue with individual practices or agreements during ongoing or future proceedings and issue an order for modification.

With regard to the decision announced in January 2021 by the Italian competition and antitrust authority 'Autorità Garante della Concorrenza e del Mercato' of 22 December 2020, please refer to the comments under notes to the consolidated balance sheet, other provisions in item 18.

CTS KGaA holds 50% of the shares in autoTicket, which is accounted for at equity. At the end of December 2018, the operating company received the task for the construction of an infrastructure survey system and an infrastructure charge, for a minimum duration of 12 years, by the Federal Motor Transport Office. In June 2019, the agreement between the Federal Republic of Germany and the operating company was terminated by the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur), effective as at 30 September 2019. Following the termination of the operating agreement, the shareholders made a resolution in December 2019 to assert the contractually agreed financial claims of EUR 560,000 thousand against the federal government in several stages. In the present case of the termination of the agreement by the federal government, the contracting parties have agreed on the loss of profit over the term of the agreement (i.e. the gross company value less expenses saved due to termination). Furthermore, the operating agreement provides for the compensation of termination costs, including claims for damages by subcontractors. The operating agreement provides for an efficient dispute resolution procedure. The independent arbitral tribunal started its work in spring 2020 and is expected to decide on the legality of the claims in autumn 2021. The financial claims of the operating company against the federal government, which are to be clarified in arbitration proceedings, and the resulting claims of the CTS Group from the contractual services with the operating company and from its position as shareholder of the operating company with the exception of the loans granted to the operating company in the amount of EUR 5,400 thousand, the associated deferred interest of EUR 37 thousand and the investment in the operating company accounted for at equity were not capitalised as of the balance sheet date.

In July 2020, the Austrian Financial Market Authority (FMA) ordered Commerzialbank Mattersburg im Burgenland AG to cease all business operations on suspicion of balance sheet fraud and misappropriation of customer deposits. As a result, the companies of the Barracuda Group no longer have access to existing deposits. The affected companies of the Barracuda Group have asserted their claims against the Republic of Austria on the basis of official liability and will also exhaust all legal channels and means to enforce their claims.

The Group is involved in pending procedures and processes as they arise in the ordinary course of business. In the opinion of the legal representatives, the conclusion of these matters will not have a significant impact on the earnings performance, financial position and cash flow of the Group. Provisions of EUR 1,279 thousand were formed for litigation costs at the balance sheet date.

6.6 CONTINGENT LIABILITIES

Within the operating agreement of autoTicket, the shareholders provided a time-limited joint and several declaration of liability to the Federal Republic of Germany, represented by the Federal Motor Transport Office, in the amount of EUR 300,000 thousand. Due to the current state of proceedings (arbitration proceedings) and the legal assessment, a claim is not expected.

To finance the operating company, the shareholders each submitted capital commitments of EUR 42,500 thousand in December 2018. In the 2019 financial year, the shareholders paid EUR 24,500 thousand to the operating company. In February 2020, the financing of the operating company was newly arranged. In addition to the capital increase in the amount of EUR 6,500 thousand this new arrangement included a conversion of the shareholder loans existing as of 31 December 2019 (EUR 14,500 thousand each and accrued interest of EUR 107 thousand each) into the capital reserve. In addition, the previous loan agreement for a total of EUR 65,000 thousand was terminated with the shareholders and a new loan agreement for an amount of EUR 15,000 thousand was agreed upon, borne equally by both shareholders.

EVENTIM LIVE GmbH, Bremen, has issued a letter of comfort to cover rental payments and claims for damages that may arise from a culpable breach of duty by the tenant. The maximum claim is EUR 1,100,000, whereby this amount is reduced by the monthly rent paid.

The other financial obligations of EUR 12,119 thousand (previous year: EUR 6,097 thousand) mainly relate to agreements for maintenance and service contracts, contracts for the use of festival sites and obligations to purchase intangible assets. These have a term of up to one year in the amount of EUR 7,042 thousand (previous year: EUR 2,216 thousand) and a term of more than one year in the amount of EUR 5,077 thousand (previous year: EUR 3,880 thousand).

6.7 EVENTS AFTER THE BALANCE SHEET DATE

No further reportable events occurred after the balance sheet date.

6.8 DECLARATION OF COMPLIANCE

On 10 December 2020, the Management Board of the general partner and the Supervisory Board of CTS KGaA released a declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' pursuant to § 161 AktG, and made the declaration permanently available to shareholders on the CTS KGaA website on 10 December 2020 (https://corporate.eventim.de/en/investor-relations/corporate-governance/).

6.9 UTILISATION OF § 264 (3) HGB AND § 264B HGB

Some consolidated corporate companies and business partnerships of CTS KGaA qualify for § 264 (3) HGB and § 264b HGB with regard to the preparation and disclosure of their annual financial statements. Therefore, the consolidated financial statements of CTS KGaA are the exempting consolidated financial statements for these subsidiaries:

- CTS Eventim Solutions GmbH, Bremen
- Ticket Online Sales & Service Center GmbH, Parchim
- CTS Eventim Sports GmbH, Hamburg
- eventimpresents GmbH & Co. KG, Frankfurt am Main
- Peter Rieger Konzertagentur GmbH & Co. KG, Cologne
- JUG Jet Air GmbH & Co. KG, Bremen
- getgo consulting GmbH, Hamburg
- Arena Event GmbH, Cologne
- Arena Management GmbH, Cologne
- Arena Holding GmbH, Cologne
- CTS Eventim Nederland B.V., Amsterdam [1]
- HOI Touring Productions B.V., Amsterdam [1]

[1] *The use of the exemption is in accordance with Article 2:403 of the Dutch Civil Code.*

6.10 NOTIFIABLE SECURITIES TRANSACTIONS PURSUANT TO § 19 MAR (MARKET ABUSE REGULATION)

In the 2020 financial year, there were the following transactions by members of the executive bodies of CTS KGaA with no-par value bearer shares of the company (ISIN DE0005470306).

Name	Position	Transaction	Date	Number of shares
Dr. Bernd Kundrun	Chairman of Supervisory Board	Sale	24.02.2020	7,300
Dr. Bernd Kundrun	Chairman of Supervisory Board	Acquisition	23.03.2020	20,000
Dr. Bernd Kundrun	Chairman of Supervisory Board	Sale	23.09.2020	13,000
Prof. Jobst W. Plog	Member of Supervisory Board	Sale	10.11.2020	2,100

6.11 RELATED PARTY DISCLOSURES

According to IAS 24, companies or persons that exercise control over, or are controlled by the Group must be disclosed if they have not already been included as consolidated companies in the consolidated financial statements of the Group.

The transactions of the CTS Group with related companies and persons pertain to reciprocal services and were concluded only at the arm's-length conditions which normally apply between third parties.

As the majority shareholder of the general partner of EVENTIM Management AG and majority shareholder of CTS KGaA, Mr. Klaus-Peter Schulenberg was the controlling shareholder until 28 December 2015. On 28 December 2015, Mr. Klaus-Peter Schulenberg transferred his shares of CTS KGaA as well as his shares of EVENTIM Management AG to KPS Stiftung seated in Hamburg. Mr. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding. Therefore Mr. Klaus-Peter Schulenberg has to be classified as a controlling person. He is also the controlling shareholder of other companies associated with the KPS Group.

The contractual relationships with related companies and persons resulted in the following goods and services being sold to related parties in the 2020 reporting period:

Goods and services supplied by the Group	2020 [EUR'000]	2019 [EUR'000]
Project services	0	16,427
Services related to events	691	1,982
Passing on of operating costs	814	4,080
Supply of ticketing software	79	122
Other	280	1,060
	1,864	**23,672**

EUR 364 thousand (previous year: EUR 530 thousand) in goods and services were supplied by the Group to subsidiaries not included in consolidation due to insignificance, EUR 749 thousand (previous year: EUR 2,424 thousand) to associates accounted for at equity, EUR 598 thousand (previous year: EUR 1,345 thousand) to other related parties (KPS Group) and EUR 152 thousand (previous year: EUR 19,373) to Joint Ventures.

The contractual relationships with related companies and persons resulted in the following goods and services being received from related parties in the 2020 reporting period:

Goods and services received by the Group	2020 [EUR'000]	2019 [EUR'000]
Fulfillment and customer services, transfer of postage	7,517	20,700
Production costs for events	688	1,487
Call center operations	706	2,040
Tenancy agreements	1,428	1,440
Agency agreements	256	243
Payment services	1,876	1,752
Other	11	528
	12,483	**28,191**

EUR 0 thousand (previous year: EUR 38 thousand) in goods and services were received by the Group from subsidiaries not included in consolidation due to insignificance, while EUR 7 thousand (previous year: EUR 225 thousand) in goods and services were supplied by associates accounted for at equity and EUR 12,476 thousand (previous year: EUR 27,928 thousand) were supplied by other related parties (KPS Group).

Receivables from related companies and persons break down as follows as at 31 December 2020:

Receivables from	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	1,861	1,031
Associates accounted for at equity	4,124	2,150
Joint Venture (autoTicket)	5,437	18,063
Other related parties	94	1,578
	11,516	**22,822**

Liabilities to related companies and persons break down as follows as at 31 December 2020:

Liabilities to	31.12.2020 [EUR'000]	31.12.2019 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	6	24
Associates accounted for at equity	712	1,016
Other related parties	777	4,170
	1,495	**5,210**

Liabilities to related parties are unsecured.

Compensation paid to managers in key positions are disclosed under item 6.13 in the notes to the consolidated financial statements.

6.12 AUDITOR EXPENSES

At the Annual Shareholders' Meeting of CTS KGaA in May 2020, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg (hereinafter: KPMG), was elected as the auditor for the 2020 financial year.

In the 2020 financial year, auditing expenses of EUR 424 thousand (previous year: EUR 433 thousand), fees of EUR 58 thousand (previous year: EUR 20 thousand) were charged for other services as well as EUR 12 thousand for other attestation services (previous year: EUR 27 thousand). The other services mainly related to the migration audit of the financial accounting software Business Central.

6.13 MANDATES AND EMOLUMENTS OF THE CORPORATE MANAGEMENT

The Management Board and the Supervisory Board are members of the management in key positions in the CTS Group.

The remuneration of the Management Board, all short-term benefits within the meaning of IAS 19, totaled EUR 6,187 thousand (previous year: EUR 6,331 thousand). This includes performance-related components in the amount of EUR 2,573 thousand (previous year: EUR 1,975 thousand), of which EUR 1,498 thousand (previous year: EUR 1,575 thousand) had not yet been paid as of the balance sheet date.

During the reporting year, the members of the Management Board of EVENTIM Management AG, Hamburg, did not hold any supervisory board positions requiring disclosure.

The members of the Supervisory Board of CTS KGaA received emoluments totaling EUR 198 thousand (previous year: EUR 225 thousand) as well as reimbursement expenses of EUR 0 thousand (previous year: EUR 5 thousand) for the financial year 2020. Of this amount, EUR 158 thousand (previous year: EUR 184 thousand) have not yet been paid as of the reporting date. As a regular member of the Supervisory Board of CTS KGaA, Dr. Thümmel waived 50% of her Supervisory Board remuneration for 2017 and all subsequent years, in the financial year 2019. This remuneration relates exclusively to short-term benefits within the meaning of IAS 19.

The members of the Supervisory Board exercised the following mandates in the business year:

Dr. Bernd Kundrun, Managing Director of Start 2 Ventures GmbH, Hamburg/Germany – chairman –
other supervisory board positions and comparable regulatory bodies:

- EVENTIM Management AG, Hamburg, Germany (chairman of the board)
- RTL Group, Luxembourg, Luxembourg
- NZZ AG, Zurich, Switzerland
- Comecave GmbH, Dortmund, Germany
- gut.org non-profit limited company, Berlin, Germany (honorary chairman)
- Gilde Buy Out Partners AG, Zurich, Switzerland
- Caseking GmbH, Berlin, Germany

Justinus J.B.M. Spee, Businessman, Amsterdam, Badhoevedorp/Netherlands
– vice chairman (until 3 July 2020) –
Other supervisory board positions and comparable regulatory bodies:

- EVENTIM Management AG, Hamburg, Germany (vice chairman)
- Brunel N.V., Amsterdam, Netherlands
- Asito Diensten Groep S.E., Almelo, Netherlands
- Duinrell B.V., Wassenaar, Netherlands
- Panther Media Group, Dubai, United Arab Emirates
- Stichting OLVG, Amsterdam, Netherlands

Prof. Jobst W. Plog, Lawyer, Hamburg/Germany
– vice chairman (from 4 July 2020) –
other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany

Dr. Juliane Thümmel, Government Director at the Permanent Representation of the Federal Republic of Germany to the European Union, Brussels-St. Gilles/Belgium
Other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany

Individualised information on the remuneration of the Management Board and the Supervisory Board is presented in the compensation report, which is part of the combined management report.

6.14 PARTICIPATING PERSONS

The company received notifications under §33 WpHG (Securities Trading Act) concerning investments exceeding 3% or 5% of the voting rights, and investments increasing beyond of falling below 3% or 5% of the voting rights.

George Loening has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 11 March 2020 and amounted to 3.27% (3,138,263 voting rights) at that date and that 3.27% (3,138,263 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

George Loening has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 5% on 1 April 2020 and amounted to 5.11% (4,909,659 voting rights) at that date and that 5.11% (4,909,659 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Franklin Templeton Institutional LLC, Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 2 June 2020 and amounted to 3.05% (2,926,420 voting rights) at that date and that 3.05% (2,926,420 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Franklin Templeton Institutional LLC, Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA fell below the threshold of 3% on 19 June 2020 and amounted to 2.99% (2,878,998 voting rights) at that date and that 2.99% (2,878,998 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Franklin Templeton Institutional LLC, Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 23 June 2020 and amounted to 3.00% (2,883,598 voting rights) at that date and that 3.00% (2,883,598 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Morgan Stanley & Co. LLC, Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 25 September 2020 and amounted to 3.47% (3,328,009 voting rights) at that date and that 3.47% (3,328,009 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Ameriprise Financial, Inc., Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 2 November 2020 and amounted to 3.00% (2,881,096 voting rights) at that date and that 3.00% (2,881,096 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Ameriprise Financial, Inc., Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA fell below the threshold of 3% on 4 November 2020 and amounted to 2.99% (2,873,030 voting rights) at that date and that 2.99% (2,873,030 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Ameriprise Financial, Inc., Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 10 November 2020 and amounted to 3.00% (2,883,979 voting rights) at that date and that 3.00% (2,883,979 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Massachusetts Financial Services Company, Boston, Massachusetts, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA fell below the threshold of 3% on 10 November 2020 and amounted to 2.99% (2,871,060 voting rights) at that date and that 2.99% (2,871,060 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

George Loening has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA fell below the threshold of 5% on 10 November 2020 and amounted to 4.99% (4,796,081 voting rights) at that date and that 4.99% (4,796,081 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Morgan Stanley & Co. LLC, Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA fell below the threshold of 3% on 17 November 2020 and amounted to 2.68% (2,573,505 voting rights) at that date and that 2.68% (2,573,505 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

Invesco Ltd., Hamilton, Bermuda, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 23 November 2020 and amounted to 3.06% (2,934,973 voting rights) at that date and that 3.06% (2,934,973 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

BlackRock, Inc., Wilmington, Delaware, USA, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 15 December 2020 and amounted to 3.13% (3,008,891 voting rights) at that date and that 3.13% (3,008,891 voting rights) thereof are attributed to it pursuant to §§ 33 and 34 WpHG.

On 28 December 2015, the shares held by Mr. Klaus-Peter Schulenberg in CTS KGaA and EVENTIM Management AG were transferred to KPS Stiftung, Hamburg. Mr. Klaus-Peter Schulenberg's shareholding in CTS KGaA and EVENTIM Management AG has merely changed from a direct to an indirect shareholding and amounts to 38.8% of the voting rights in the company as at 31 December 2020.

7. ASSURANCE BY LEGAL REPRESENTATIVES

To the best of our knowledge, the consolidated financial statements give a true and fair view of the Group's earnings performance, financial position and cash flow, in accordance with the applicable reporting principles, and that the combined management report presents the course of business, including the Group's profits and situation, in a way that accurately reflects actual circumstances and truthfully describes the main opportunities and risks associated with the Group's expected development.

Bremen, 10 March 2021

CTS Eventim AG & Co. KGaA

represented by:

EVENTIM Management AG, general partner

Klaus-Peter Schulenberg	Andreas Grandinger	Alexander Ruoff

7. INDEPENDENT AUDITOR'S REPORT

To CTS Eventim AG & Co. KGaA, Munich

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

OPINIONS

We have audited the consolidated financial statements of CTS Eventim AG & Co. KGaA, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of CTS Eventim AG & Co. KGaA and of the Group for the financial year from January 1 to December 31, 2020. In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

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

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No 537/2014 (referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report.

We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Based on our audit, we identified the following material audit matters:

Uncertainty relating to going concern

Please refer to Section 1.5 in the notes to the consolidated financial statements and the disclosures in Section 3.4.3 of the combined management report, in which management describes that the Company has been experiencing an ongoing significant reduction in business activity since the beginning of the measures to contain the COVID-19 pandemic in the spring of 2020, particularly due to the cancellation of concerts and other events.

THE FINANCIAL STATEMENT RISK

In preparing the consolidated financial statements, management is responsible for assessing the potential effects of the COVID-19 pandemic on the Company's liquidity and the related ability to continue as a going concern, and to fairly present the results of their assessment in the consolidated financial statements. The coronavirus has been spreading around the world since January 2020 and had an extremely negative impact on the global economy. As of the date of preparing the consolidated financial statements, the further development of the COVID-19 pandemic and its impact were highly uncertain. The Group operates in the events industry, which has been particularly affected by the impact of the COVID-19 pandemic as a result of the event bans and restrictions that have been imposed. Management has prepared a liquidity risk analysis that focuses particularly on the liquidity necessary for the Company to continue as a going concern.

Management's assessment of the ability to continue as a going concern and the presentation in the consolidated financial statements, including the related disclosures in the notes, are based on a number of key assumptions, in particular the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted, as well as the related expectations regarding the future development of revenue and earnings figures as well as the related cash flows in the period on which the liquidity risk analysis is based.

There is the risk that the assumptions made by management and presentation in the consolidated financial statements are inaccurate.

OUR AUDIT APPROACH

We considered the uncertainties arising from the COVID-19 pandemic with respect to assessing the going concern assumption in planning and performing our audit. Our audit procedures included, among other activities, evaluating management's assessment of the risks arising from the COVID-19 pandemic for the Company's development of revenue and earnings figures as well as the related cash flows.

Firstly, we gained an understanding of the liquidity planning process and discussed the key planning assumptions with respect to the projected available future cash flows from operating, financing, disposal and investing activities with those responsible. In doing so, we also examined the accuracy of the Group's forecasts.

With regard to the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted, the Group assumes three scenarios. We assessed the consistency of these assumptions with publicly available estimates and information. In our assessment of the Company's liquidity situation, we also included the Company's assumptions regarding the utilization of legal mechanisms, such as the effects of the voucher solution for event promoters in Germany, or government support measures. Furthermore, we compared whether the assumptions are consistent with the results of our internal surveys as well as with external market assessments.

There is significant forecast uncertainty related particularly to the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted. Further, there is uncertainty as to whether the voucher solution introduced by the German legislature as a result of the COVID-19 pandemic and limited until December 31, 2021, which is comparable to similar models in much of Europe, could be extended in the event that the pandemic continues.

In order to take account of forecast uncertainty, we examined the impact of potential changes in material planning parameters on the liquidity situation and solvency of the Group (sensitivity analysis) by calculating alternative scenarios and analyzing them with regard to the Group's liquidity position.

Lastly, we assessed whether the disclosures in the notes in conjunction with the ability to continue as a going concern are appropriate.

OUR OBSERVATIONS

The assumptions made by management and the presentation in the consolidated financial statements are reasonable. However, an audit cannot predict future events or conditions that may cause the Company to cease to be able to continue as a going concern, or all potential future effects on the Company. This applies especially in the event of a significant disruption of global economic activity, such as that triggered by the COVID-19 pandemic.

Impairment testing of goodwill

Please refer to note 1.6 and 3.8 to the consolidated financial statements for more information on the accounting policies applied and the assumptions used. Disclosures on the amount of goodwill can be found under note 3.8 to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

Goodwill amounted to EUR 360 million as of December 31, 2020 (approx. 73% of Group equity) and has considerable significance for the financial position. Of the goodwill of EUR 360 million, EUR 257 million is attributable to the Ticketing operating segment and EUR 103 million to the Live Entertainment operating segment.

Impairment of goodwill is tested at least annually at the level of the Ticketing and Live Entertainment operating segments. For this purpose, the carrying amount of these cash-generating units, which include carrying amounts of goodwill allocated to the segments, is compared with the fair value less costs to sell of the respective operating segment. If the carrying amount exceeds this recoverable amount, there is a need for impairment. The reporting date for the impairment test is December 31, 2020, as well as during the year if any indications arise. Due to the impact of the COVID-19 pandemic on the Group's business development, such indications existed as of March 31, 2020, June 30, 2020, and September 30, 2020, so that goodwill was tested for impairment as of March 2020, June 2020 and September 2020.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgment. This includes the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted and the Group will be able to resume business activities in the Ticketing and Live Entertainment segments to the extent planned. In this regard, the Group assumes three scenarios which are assigned equally weighted probabilities of occurrence and for which the resulting recoverable amounts are condensed into an expected value according to their probability.

Further key assumptions relate to the EBITDA margins of 45% in the Ticketing operating segment and 7.9% in the Live Entertainment operating segment, which are expected after the coronavirus pandemic has been overcome in the course of the detailed planning period. In addition to this, the assumed long-term growth rates of 1% and the applied discount rate of 8.65% for the Ticketing segment and 8.67% for the Live Entertainment segment represent significant measurement assumptions. The discount rates used are after-tax interest rates and reflect the specific risks of the respective operating segments.

Based on the impairment tests conducted, the Company did not identify any need to recognize impairment losses. The sensitivity analyses of the Company found that a reasonably possible increase of one percentage point in the discount rate or a fall in the EBITDA margin by 10% in both operating segments or the lifting of the event bans only in Q1 2022 would not result in impairment.

There is the risk for the financial statements that an existing impairment as of the reporting date has not been recognized. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

With the involvement of our valuation specialists, we assessed the appropriateness of the significant assumptions as well as the Company's valuation method for impairment test, among other things.

With regard to the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted, the Group assumes three scenarios which have been assigned equally weighted probabilities of occurrence. We assessed the consistency of these assumptions with publicly available estimates and information. In our assessment of the Group's planning, we also included the Group's assumptions regarding the utilization of legal mechanisms, such as the effects of the voucher solution for event promoters in Germany, or government support measures.

For this purpose we discussed the expected business and earnings development (including the EBITDA margins) and the assumed long-term growth rates with those responsible for planning. We also reconciled this information with the five-year planning prepared by management and the budget approved by the management. Furthermore, we evaluated the consistency of assumptions with external market assessments.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analyzing deviations. Since changes to the discount rate can have a significant impact on the results of impairment testing, we compared the assumptions and data underlying the discount rate with our own assumptions and publicly available data. The Group's market capitalization was also reconciled with the measurement of the two operating segments.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's valuation using our own calculations and analyzed deviations. To take forecast uncertainty into account, we examined the impact of potential changes in significant planning and valuation parameters on the recoverable amount (sensitivity analysis) by calculating alternative scenarios and comparing them with the Company's values.

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate.

OUR OBSERVATIONS

The valuation method used for impairment testing of goodwill is appropriate and in line with the accounting policies to be applied.

The Company's assumptions and data used for measurement are appropriate.

The related disclosures in the notes are appropriate.

Acquisition of subsidiaries

Please refer to note 1.6 in the notes to the consolidated financial statements for more information on the accounting policies applied. Explanations on the scope of consolidation can be found under note 2 et seqq.

THE FINANCIAL STATEMENT RISK

The number of fully consolidated companies increased by 21 companies, primarily due to the acquisition of Gadget Entertainment AG, Zurich, Switzerland, including its affiliated companies (“Gadget”) as well as Barracuda GmbH, Vienna, Austria, including its affiliated companies (“Barracuda”).

In particular, the assessment of the existence of control over these acquired entities can be subject to judgment in individual cases.

The acquired identifiable assets and assumed liabilities are usually recognized at fair value pursuant to IFRS 3 on the date of acquisition. CTS Eventim engaged external experts in some cases to determine and measure the identifiable assets acquired and the liabilities assumed.

The identification and measurement of acquired assets and assumed liabilities is complex and based on assumptions of management that require judgment. The significant assumptions concern sales planning and development of margins of the acquired entities and the cost of capital.

There is the risk for the consolidated financial statements that the full consolidation of the acquired companies is not appropriate. There is also the risk that the assets acquired and liabilities assumed are identified improperly or measured inaccurately. There is also the risk that the disclosures in the notes to the consolidated financial statements are not complete and accurate.

OUR AUDIT APPROACH

We evaluated the underlying agreements concerning the acquisition of the shares in Gadget and Barracuda, particularly with regard to the control criterion, to assess the consolidation decisions of the Group.

We reconciled the respective total purchase price with the relevant agreements and the evidence of payment. Through a reconciliation of results with values actually entered, an assessment was made as to whether capital consolidation was presented correctly.

We assessed the competency, skills and objectivity of the independent experts engaged by CTS Eventim. Furthermore, we assessed the process for identifying the assets acquired and liabilities assumed in terms of conformity with the requirements of IFRS 3 using our knowledge of the business model of CTS Eventim. We investigated the valuation methods used for their compliance with the accounting policies.

With the involvement of our own valuation experts, we assessed the appropriateness of the key assumptions for measurement as well as the identification and calculation methods used, among other things. We initially obtained an understanding of the acquisition by interviewing employees in the Finance and M&A departments as well as by assessing the relevant contracts. By interviewing employees from the Finance and M&A departments, we assessed the underlying assumptions and purchase price allocation data on the basis of internally available documents, including long-term corporate planning or valuation models and reports.

We discussed the anticipated revenue and margin development with those responsible for planning and assessed the consistency of the assumptions with external industry-specific market estimates on revenue and margin development. We compared the assumptions and data underlying the capital costs, in particular the risk-free rate, the market risk premium and the beta factor with our own assumptions and publicly available data.

To assess the computational accuracy of the measurement of the identified assets and liabilities, we verified selected calculations based on risk criteria.

In addition, we assessed whether the disclosures in the notes regarding the acquisitions are complete and appropriate.

OUR OBSERVATIONS

The Company's consolidation decisions and the approach used for identifying and measuring the assets acquired and liabilities assumed are appropriate. The assumptions and data underlying the purchase price allocations and the presentation in the notes to the consolidated financial statements are appropriate.

OTHER INFORMATION

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises:

- the Group's separate non-financial report, which is referred to in the combined management report, and

- the Group's corporate governance statement referred to in the combined management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

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

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

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

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

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

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

- Identify and assess the risks of material misstatements of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, "02_CTS-Konzernabschluss_20201231.zip" (SHA256-Hashwert: 8bc012c373be2204d5edfcd1f784332138babdc8601a062cf60bc39612066b41) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1, 2020 to December 31, 2020, contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above.

We conducted our assurance work on the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

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

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on June 19, 2020. We were engaged by the Supervisory Board on November 3, 2020. We have been the group auditor of CTS Eventim AG & Co. KGaA without interruption since financial year 2017.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Haiko Schmidt.

Hamburg, March 15, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Schmidt	Rienecker
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

9. FINANCIAL STATEMENTS OF CTS KGaA 2020

BALANCE SHEET OF CTS KGaA AS AT 31 DECEMBER 2020 (HGB)

ASSETS	31.12.2020	31.12.2019
	[EUR]	[EUR]
A. FIXED ASSETS		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and assets	168,898	337,426
2. Aquired concessions, industrial property rights and similar rights and assets, and licences in such right and assets	49,615,937	50,579,654
3. Goodwill	11,473,972	19,123,286
4. Payments on account	6,242,944	7,615,480
	67,501,751	**77,655,846**
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	1,425,708	1,715,736
2. Technical equipment and machinery	1	1
3. Other facilities, operating and office equipment	3,068,102	4,088,498
	4,493,812	**5,804,235**
III. Investments		
1. Shares in affiliated companies	224,232,695	226,152,069
2. Participations	88,479,086	70,622,164
3. Loans due to participations	0	12,500,000
	312,711,782	**309,274,233**
B. CURRENT ASSETS		
I. Inventories		
Finished products and goods	120,242	155,248
II. Receivables and other assets		
1. Trade receivables	1,380,995	8,309,037
2. Receivables from affiliated companies	143,129,311	106,050,516
3. Receivables from participations	5,437,293	5,563,358
4. Other assets	24,379,785	57,005,038
	174,327,383	**176,927,949**
III. Cheques, cash in hand and bank balances	**302,751,953**	**311,131,805**
C. PREPAID EXPENSES	**2,081,656**	**2,628,633**
D. DEFERRED TAX ASSETS	**7,238,499**	**294,184**
Total assets	**871,227,078**	**883,872,134**

SHAREHOLDERS‘ EQUITY AND LIABILITIES	31.12.2020	31.12.2019
	[EUR]	[EUR]
A. SHAREHOLDERS‘ EQUITY		
I. Share capital	96,000,000	96,000,000
less par value of treasury shares	-8,700	-8,700
II. Capital reserve	2,400,000	2,400,000
III. Statutory reserve	7,200,000	7,200,000
IV. Balance sheet profit	280,717,397	302,020,761
	386,308,697	**407,612,061**
B. PROVISIONS		
1. Tax provisions	23,031,007	51,453,463
2. Other provisions	21,263,312	23,036,102
	44,294,318	**74,489,564**
C. LIABILITIES		
1. Liabilities to banks	200,257,340	60,268,902
2. Advance payments received on orders	3,957	0
3. Trade payables	2,621,956	6,231,624
4. Liabilities to affiliated companies	37,527,615	28,258,275
5. Other liabilities	199,549,429	305,731,209
	439,960,297	**400,490,011**
D. DEFERRED INCOME	**249,998**	**624,929**
E. DEFERRED TAX LIABILITIES	**413,768**	**655,569**
Total shareholders‘ equity and liabilities	**871,227,078**	**883,872,134**

INCOME STATEMENT OF CTS KGaA FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020 (HGB)

	01.01.2020 - 31.12.2020 [EUR]	01.01.2019 - 31.12.2019 [EUR]
1. Revenue	67,000,172	258,053,220
2. Cost of sales	-45,093,682	-100,884,838
3. Gross profit	**21,906,490**	**157,168,382**
4. Selling expenses	-34,119,046	-40,630,733
5. General administrative expenses	-18,256,594	-22,980,243
6. Other operating income thereof from currency translation EUR 211,254 (2019: EUR 957,931)	17,151,805	15,509,500
7. Other operating expenses thereof from currency translation EUR 3,229,280 (2019: EUR 292,440)	-7,784,581	-7,890,829
8. Income from participations	2,421,304	43,416,027
9. Income from loans held as financial assets	0	79,346
10. Income from profit transfer agreements	2,259,502	33,637,888
11. Other interest and similar income	1,356,542	720,468
12. Depreciation on financial assets	-1,950,000	-1,132,938
13. Expenses from loss transfer	-9,273,401	0
14. Interest and similar expenses	-2,412,512	-1,260,177
15. Income taxes thereof from deferred taxes EUR 7,186,116 (2019: EUR 441,448)	7,401,658	-44,286,655
16. Result after taxes	**-21,298,834**	**132,350,034**
17. Other taxes	-4,530	-4,979
18. Net loss / income for the year	**-21,303,364**	**132,345,054**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2020 FINANCIAL YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of CTS KGaA, Munich (registered in the commercial register at the Munich local court under no. HRB 212700) for the 2020 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) for large companies and the supplementary regulations of the Stock Corporation Act (Aktiengesetz). The financial year is the calendar year. Optional disclosures are made in the notes in order to maintain clarity and transparency. The annual financial statements are denominated in euros. All amounts in the balance sheet and income statement are respectively rounded to the nearest euro. All amounts in the notes are respectively rounded to the nearest thousand euros. This rounding may lead to minor deviations on addition.

CTS KGaA as the ultimate parent company prepares consolidated financial statements according to the International Financial Reporting Standards (IFRS). The consolidated financial statements are published in the electronic version of the German Federal Gazette. In addition, the consolidated financial statements are available on the Internet at https://corporate.eventim.de/en/investor-relations/financial-reports/.

In the 2020 financial year, the worldwide spread of COVID-19 had a significant effect on the CTS Group's business activities starting in March 2020. In the course of the COVID-19 pandemic, practically all countries in which CTS KGaA or its subsidiaries and participations are economically active enacted rules prohibiting larger events. This led to a considerable decline of CTS KGaA's revenue, income from profit transfer agreements and from participations in 2020 as well as corresponding decline in the operational earnings figures. Government grants related to the COVID-19 pandemic for personnel costs in the amount of EUR 1,492 thousand were recorded as expense reductions in the corresponding functional area costs. In addition, a receivable for extraordinary economic aids in connection with Corona November and December aid in the amount of EUR 1,000 thousand was also recognised as other operating income through profit or loss on 31 December 2020.

In April 2020, the syndicated credit line (revolving credit facility) was utilised in the amount of EUR 200 million in order to increase CTS KGaA's financial flexibility during the COVID-19 pandemic. The drawdown has an agreed term of 12 months. As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant could not be complied with as of the reporting date 31 December 2020. For this reason, the corporate management applied to the lending banks for the suspension of the debt covenant as a precautionary measure in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant for the period including 30 June 2021. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, corporate management requested an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure in February 2021. The lending banks have agreed to this.

At the time of preparing the annual financial statements, corporate management assumes that liquidity is assured and that there are no risks that could jeopardise the continued existence of CTS KGaA as a going concern. However, it cannot be ruled out that in the future the COVID-19 pandemic or other influencing factors that are not yet known or are currently not considered to be significant, could jeopardise the continued existence of the CTS KGaA as a going concern.

2. ACCOUNTING POLICIES
2.1 GENERAL DISCLOSURES

The layout of the balance sheet complies with that specified in § 266 HGB in combination with § 152 AktG; the income statement conforms to the German form of income statement showing 'cost of sales', pursuant to § 275 (3) HGB. The supplementary disclosures pursuant to § 158 AktG are provided in the notes.

The expenses are presented in the income statement according to functions. The income statement is set up according to the total cost method and via a conversion key method the cost elements to be assigned have been reclassified to the functional costs of the cost of sales method. The assignment of the cost types is either done on a 100% basis or allocated according to the number of employees and the personnel costs. Based on this conversion key, the cost of materials, personnel expenses, depreciation and other operating expenses according to the total cost method are allocated to cost of sales, selling expenses, general administrative expenses and other operating expenses.

For greater clarity and simplicity of presentation, the remarks to be made in accordance with statutory requirements in respect of items in the balance sheet and the income statement, and which may be made in the balance sheet or in the income statement, respectively, are mostly presented in the notes.

2.2 RECOGNITION AND MEASUREMENT

Intangible assets acquired for consideration are recognised at cost. Internally generated intangible assets are recognised at cost according to the reporting option under § 248 (2) HGB. No development costs were capitalised as production costs in the reporting year. Intangible assets are amortised on a straight-line basis, pro rata temporis in the year of acquisition. A useful life of ten years is assumed for the capitalised releases of the 'Global Ticketing System'. Other intangible assets, such as software and licenses, are amortised over a useful life of 2 - 10 years. Trademarks are amortised over 5 - 10 years.

The **goodwill** capitalised in connection with the chain merger of Ticket Online Software and See Tickets Germany as at 1 January 2013 is subject to systematic straight-line amortisation over a useful life of 9.5 years. The useful life of the goodwill capitalised in connection with the chain merger is defined on the basis of an important distribution agreement concluded at the time of acquisition of See Tickets Germany / Ticket Online Group.

Property, plant and equipment is measured at cost minus depreciation, if depreciable. Depreciation is charged on a straight-line basis according to normal useful lives. Depreciation is charged on a pro rata temporis basis. Depreciation of other property, plant and office equipment is mainly based on useful lives of between 3 and 13 years. Impairments to the lower fair value are also carried out if necessary. Independently usable, movable items of fixed assets that are subject to depreciation and acquired at a cost of no more than EUR 800 are capitalised in the year of acquisition and written off in full.

Investments are recognised at cost and written down to the lower fair value for any reduction in value that is expected to be permanent.

Inventories are measured at cost, taking ancillary expenses into account, or at the lower market prices. The principles of loss-free measurement have been respected.

Receivables and other assets are measured at their nominal value under consideration of all discernible risks. Impairments are recorded to account for any discernible risk exposure in respect of insolvencies or creditworthiness. Overall impairments amounting to 1% of the net amount of receivables are made. Other assets include factoring receivables against an external service provider that arose in connection with the introduction of new types of payment to secure customer receivables from ticket sales. All material risks and opportunities are transferred in factoring. CTS KGaA does not provide any further services related to factored receivables. Other assets include receivables from the German Federal Employment Agency (Bundesagentur für Arbeit) related to short-time working allowances (Kurzarbeitergeld) and subsidies on social insurance contributions of the employer. The conditions of entitlement, including effective reporting of the lack of work as of 31 December 2020, have been met and the application for reimbursement has been filed. In general, short-time allowances are granted only subject to reservation and pending a final review. Reimbursements of short-time allowances paid out until 31 December 2020, to the extent not already received, are recognised at their full amount since there is no doubt regarding the conditions of entitlement for granting them. The receivables for subsidies on the employer's social insurance contributions constitute a non-repayable allowance, which was included in the income statement through profit or loss and also includes all amounts incurred up to 31 December 2020.

Cash in hand and bank balances are carried at their nominal value on the balance sheet date.

Prepaid expenses include payments made before the closing date that represent expenses for a specific period after the closing date.

Share capital is measured at nominal value. Treasury shares are deducted from ‘share capital’ and are reported in a separate line.

Provisions are recognised at the settlement amount and are formed in appropriate measure to cover discernible risks and contingencies, in accordance with the principles of prudent business judgement. Future increases in prices and costs were taken into account when determining provisions.

Liabilities are shown at their settlement amount.

Prepaid expenses include payments made before the closing date that represent expenses for a specific period after the closing date.

Deferred taxes are recognised due to temporary or quasi-permanent differences between the commercial value of assets, liabilities and deferred income and their tax bases or tax loss carry-forwards. These differences are valued at the company-specific tax rates at the time the differences are reduced. A discounting of the resulting tax and relief amounts does not occur. Deferred tax assets and liabilities are not offset against each other. Deferred tax assets on loss carry-forwards are recognised under consideration of the budgeted future taxable income for 2021 through 2025.

Assets and liabilities denominated in foreign currencies were recognised in principle with the average spot exchange rate converted at balance sheet date. With a remaining term of more than a year, the principle of realisation (§ 252 (1) no. 4 clause 2 HGB) and the cost of acquisition principle (§ 253 (1) sentence 1 HGB) was observed. The notes on currency translation presented in the income statement include both realised and unrealised exchange rate differences.

If valuation units for **derivative financial instruments** are formed in accordance with § 254 HGB, the following accounting and valuation principles are applied:

Economic hedging relationships are reflected in the balance sheet through the formation of valuation units. In cases where both the ‘net hedge presentation method’, in which the compensating changes in value from the hedged risk are not accounted for, as well as the ‘book-through method’, according to which the offsetting changes in value from the hedged risk of both the hedged item and the hedging instrument is accounted for, can be applied, the net hedge presentation method is applied.

3. NOTES AND COMMENTS ON SPECIFIC ITEMS OF THE ANNUAL FINANCIAL STATEMENTS
3.1 BALANCE SHEET

ASSETS

Statement of changes in assets for the period from 1 January to 31 December 2020

	Historical cost				
	Status 01.01.2020	**Addition**	**Disposal**	**Reclassifi-cation**	**Status 31.12.2020**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
I. I. Intangible assets					
1. Internally generated industrial property rights and similar rights and assets	1,062	0	0	0	1,062
2. Aquired concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	131,117	3,667	281	4,582	139,085
3. Goodwill	77,575	0	0	0	77,575
4. Payments on account	7,615	3,209	0	-4,582	6,243
	217,370	**6,876**	**281**	**0**	**223,965**
II. Property, plant and equipment					
1. Other real estate, land rights and buildings, including buildings on third-party properties	2,608	0	0	0	2,608
2. Technical equipment and machinery	572	0	0	0	572
3. Other property, plant and office equipment	18,554	319	87	0	18,786
	21,734	**319**	**87**	**0**	**21,966**
III. Investments					
1. Shares in affiliated companies	227,285	31	0	0	227,316
2. Participations	71,192	5,357	0	12,500	89,049
3. Loans due to participations	12,500	0	0	-12,500	0
	310,977	**5,388**	**0**	**0**	**316,364**
Total	**550,081**	**12,583**	**368**	**0**	**562,295**

Accumulative depreciation and amortisation				Carrying value	
Status 01.01.2020 [EUR'000]	Addition [EUR'000]	Disposal [EUR'000]	Status 31.12.2020 [EUR'000]	Status 31.12.2020 [EUR'000]	Status 31.12.2019 [EUR'000]
725	169	0	893	169	337
80,538	9,212	281	89,469	49,616	50,580
58,451	7,649	0	66,101	11,474	19,123
0	0	0	0	6,243	7,615
139,714	**17,030**	**281**	**156,463**	**67,502**	**77,656**
892	290	0	1,182	1,426	1,716
572	0	0	572	0	0
14,465	1,337	84	15,718	3,068	4,089
15,930	**1,627**	**84**	**17,473**	**4,494**	**5,804**
1,133	1,950	0	3,083	224,233	226,152
569	0	0	569	88,479	70,622
0	0	0	0	0	12,500
1,702	**1,950**	**0**	**3,652**	**312,712**	**309,274**
157,346	**20,607**	**365**	**177,588**	**384,707**	**392,734**

The additions to **fixed assets** in the amount of EUR 12,583 thousand (previous year: EUR 110,905 thousand) comprise additions to intangible assets (EUR 6,876 thousand; previous year: EUR 10,808 thousand), property, plant and equipment (EUR 319 thousand; previous year: EUR 2,622 thousand) and financial assets (EUR 5,388 thousand; previous year: EUR 97,474 thousand). Additions to intangible assets including prepayments mainly relate to the further development of the Global Ticketing System (EUR 6,623 thousand; previous year: EUR 10,123 thousand). Additions to property, plant and equipment mainly comprise IT hardware for the operation of the Global Ticketing System (EUR 136 thousand; previous year: EUR 561 thousand) and the connection of ticket agencies to the Global Ticketing System (EUR 19 thousand; previous year: EUR 134 thousand). Additions to financial assets mainly comprise the increase in the autoTicket capital reserve (EUR 5,357 thousand).

Disposals of fixed assets in the amount of EUR 368 thousand (previous year: EUR 2,051 thousand) comprise amortised software in the intangible assets (EUR 281 thousand) and depreciated hardware in property, plant and equipment (EUR 87 thousand).

Reclassifications within the intangible assets comprise, in particular, software development services put into operation in relation to the Global Ticketing System. Reclassifications within the financial assets comprise the transfer of the long-term autoTicket financing (EUR 12,500 thousand) to the company's capital reserve.

All **trade receivables** are payable within one year.

Receivables from affiliated companies include trade receivables totalling EUR 6,629 thousand (prior year: EUR 10,891 thousand) and loan receivables of EUR 122,845 thousand (previous year: EUR 76,013 thousand) as well as cash pooling receivables from certain subsidiaries of CTS KGaA at EUR 8,840 thousand (previous year: EUR 0 thousand). Receivables of EUR 10,725 thousand (previous year: EUR 56,159 thousand) have a remaining term of more than one year.

The **receivables from participations** do not include any trade receivables (previous year: EUR 3,484 thousand). The receivables have a remaining term of more than one year (previous year: less than one year).

Other assets include EUR 124 thousand in receivables with a remaining term of between one and five years (previous year: EUR 1,203 thousand). Other assets include receivables from the Employment Agency related to short-time allowances and subsidies on social insurance contributions of the employer totalling EUR 204 thousand. Receivables for COVID-19 assistance for November and December in the amount of EUR 1,000 thousand are also included in other assets.

Prepaid expenses mainly comprise prepaid maintenance expenses for future periods in the amount of EUR 726 thousand (previous year: EUR 1,401 thousand) and financing costs of EUR 244 thousand (previous year: EUR 136 thousand).

Deferred tax assets (EUR 7,238 thousand); previous year: EUR 294 thousand) resulted from differences between the amounts on the balance sheet under commercial and tax law (EUR 2,015 thousand; previous year: EUR 294 thousand) and deferred taxes on loss carry-forwards (EUR 5,223 thousand; previous year: EUR 0 thousand). Deferred taxes resulting from differences between the amounts on the balance sheet under commercial and tax law are mainly due to tax adjustment entries in the course of tax audits.

SHAREHOLDERS' EQUITY AND LIABILITIES

As at the closing date, the company had issued 96,000,000 no-par value bearer shares. Each share represents an arithmetic share in the **share capital** of EUR 1.00.

The company's **contingent capital** as at 31 December 2020 amounted to EUR 19,200 thousand in accordance with the resolution of the Annual Shareholders' Meeting on 8 May 2018.

Treasury shares of EUR 8,700 result from initial shares of 2,175 shares that were purchased on 31 July 2007 at a price of EUR 28.99 per share due to a shareholder resolution according to § 71 (1) No. 8 AktG. As a result of the share capital increase, the number of treasury shares currently amounts to 8,700 shares at a corresponding purchase price of EUR 7.25. They represent 0.0090625% or EUR 8,700 of the registered share capital. In the context of the current application of the recognition and measurement rules, the nominal value of treasury shares was deducted from subscribed capital.

The premium (§ 272 (2) No. 1 HGB) for the shares issued on the stock exchange is disclosed in the **capital reserve**. As part of the share capital increase using company funds implemented in October 2005, EUR 12,000 thousand of the capital reserve was converted to subscribed share capital, and 12,000,000 new no-par value bearer shares were issued. As part of the further share capital increase using company funds implemented in May 2011, a further EUR 24,000 thousand of the reserve was converted to subscribed share capital, and 24,000,000 new no-par value bearer shares were issued. At the shareholders' meeting on 8 May 2014, the company decided to increase the subscribed capital of CTS KGaA by EUR 48,000 thousand from company funds through the conversion of reserves by an additional EUR 48,000 thousand. The capital reserve as at 31 December 2020 is EUR 2,400 thousand.

According to § 150 AktG, corporations must form a **statutory reserve** if the capital reserve does not constitute 10% of the share capital. Annual allocations to the statutory reserve amount to 5% of net income for the year until 10% of subscribed share capital is covered by the capital reserve and statutory reserve. In financial year 2015, the statutory reserve was increased by EUR 1,982 thousand for the last time so that the statutory reserve and the capital reserve as of 31 December 2015 totalled 10% of the share capital. The statutory reserve is EUR 7,200 thousand as at 31 December 2020.

Since the choice to recognise internally generated intangible assets according to § 248 (2) HGB and the accounting policy choice to capitalise deferred tax assets according to § 274 (1) sentence 2 HGB were exercised, the basic amount subject to a distribution restriction is EUR 6,994 thousand (previous year: EUR 228 thousand). Internally generated intangible assets in the amount of EUR 169 thousand (previous year: EUR 337 thousand) were capitalised and deferred tax liabilities of EUR 54 thousand (previous year: EUR 109 thousand) were recognised on this amount. The deferred tax assets of EUR 7,238 thousand (previous year: EUR 294 thousand) less the deferred tax liabilities of EUR 360 thousand (previous year: EUR 547 thousand) result in an excess of deferred tax assets over deferred tax liabilities, subject to a distribution restriction, in the amount of EUR 6,879 thousand (previous year: EUR 0 thousand).

In accordance with § 158 AktG, the reconciliation of net income for the year to the balance sheet profit is as follows:

	2020	2019
	[EUR'000]	[EUR'000]
Balance sheet profit as at 1 January	302,021	229,190
Dividends	0	-59,515
Profit carried forward	**302,021**	**169,676**
Net loss/net income for the year	-21,303	132,345
Balance sheet profit as at 31 December	**280,717**	**302,021**

Of the balance sheet profit from the previous year in the amount of EUR 302,021 thousand, EUR 0 thousand was distributed and EUR 302,021 thousand was carried forward to new account.

Resolutions of the Annual Shareholders' Meeting:

As at the closing date of 31 December 2020, the company has a total of 96,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share capital of EUR 1.00. Furthermore, by resolution of the Annual Shareholders' Meeting on 8 May 2019, the general partner was authorised to increase the share capital in full or partial amounts, on one or more occasions, by up to EUR 19,200,000 by 7 May 2024, contingent on Supervisory Board approval, by issuing up to 19,200,000 new bearer shares against cash contributions or contributions in kind (approved capital 2019).

By resolution of the Shareholders' Meeting held on 19 June 2020, the general partner was authorised under § 71 (1) No. 8 AktG to purchase **treasury shares** amounting to up to 10% of the registered share capital as at the date of resolution, by 18 June 2025, and to use these for specific purposes except for the purpose of trading as detailed in the resolution, partially with exclusion of subscription rights for shareholders. The counter value paid for these shares may not fall below the traded price by more than 5%. The applicable share price is defined as the mean closing price for shares on the XETRA trading platform during the last five trading days before publication of the offer to purchase the shares. The volume of the offering may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase treasury shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims. This resolution replaces the one made in the Shareholders' Meeting of 7 May 2015, authorising the purchase of treasury shares, which will be cancelled upon the effective date of the new authorisation.

By resolution of the Annual Shareholders' Meeting held on 8 May 2018, the general partner was authorised, with a resolution of contingent capital, to issue **warrant bonds and convertible bonds** by 7 May 2023, to a total par value of up to EUR 800,000,000 and with a maximum term of 20 years, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 19,200,000 new no-par bearer shares of the company, equal to share capital of up to EUR 19,200,000, and excluding the rights of the shareholders to the convertible bonds under certain conditions within the permissible statutory subscription. In view of the possibility to issue shares to the shareholder arising from warrant and convertible bonds resulting from this resolution, a contingent capital of EUR 19,200,000 was formed (contingent capital 2018).

At the Annual Shareholders' Meeting on 21 January 2000, a contingent capital increase of EUR 180,000 was agreed. This increase shall be effected only to the extent that holders of options issued under the **Stock Option Plan** on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The general partner is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decisions on 23 August 2005, 13 May 2011 and 8 May 2014 to increase the share capital to a total of EUR 96,000,000, this contingent share capital has increased accordingly to a total of EUR 1,440,000 in accordance with § 218 sentence 1 AktG. No use has been made so far of this authorisation.

Further resolutions of the Annual Shareholders' Meeting on 19 June 2020:

The **Supervisory Board** is reduced from currently four members to be elected by the Annual Shareholders' Meeting to the three members required by law. § 11 (1) of the articles of association is amended: The company's Supervisory Board consists of three members.

The requirements for **participating in Annual Shareholders' Meeting** and for exercising voting rights were changed by the Law for the Implementation of the Second Shareholder Rights Guidelines (ARUG II). For bearer shares of listed companies, proof of the last intermediary according to the newly added § 67c (3) AktG will be sufficient in the future for participation in the Annual Shareholders' Meeting or the exercising of voting rights according to the amended § 123 (4) sentence 1 AktG. The ARUG II came into force on 1 January 2020. The amendments of § 123 (4) sentence 1 AktG and the new § 67c AktG only apply effective on 3 September 2020 and for the first time to Annual Shareholders' Meeting convened after 3 September 2020. Thus, they will already be applicable prior to the company's regular Annual Shareholders' Meeting in 2021. To avoid deviations in the provisions for said proof for participation in the company's Annual Shareholders' Meeting or the exercising of voting rights between the articles of association and the law, the amendment of the articles of association was resolved at the Annual Shareholders' Meeting on 19 June 2020. With the corresponding registration in the commercial register, the general partner ensured that the amendment of the articles of association only takes effect on 3 September 2020. The amendment of the articles of association took effect with the entry in the commercial register on 17 September 2020 with a reworded § 17. According to § 17 (1) of the articles of association, shareholders who register for the Annual Shareholders' Meeting and provide proof of their authorisation are eligible to participate in the Annual Shareholders' Meeting and to exercise their voting rights. According to § 17 (2), proof of authorisation according to (1) requires proof of shareholdings in text form from the last intermediary according to the applicable legal requirements.

Resolutions of the extraordinary Shareholders' Meeting on 13 January 2021:

The Shareholders' Meeting held on 13 January 2021 resolved to withdraw the authorisation of the Annual Shareholders' Meeting of 8 May 2018 to issue **warrant bonds and/or convertible bonds** and to replace it with a new authorisation to issue warrant bonds and/or convertible bonds. The previous authorisation was not utilised. By resolution of the Shareholders' Meeting held on 13 January 2021, the general partner is authorised to issue warrant bonds and convertible bonds by 12 January 2026, to a total par value of up to EUR 800,000,000 and with or without a maximum term, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 19,200,000 new no-par bearer shares of the company, equal to share capital of up to EUR 19,200,000 in accordance with the details of the terms of issue of the bonds. The authorisation may be applied in full or in part.

Furthermore, the Shareholders' Meeting of 13 January 2021 resolved to eliminate the contingent capital 2018 and to conditionally increase the company's share capital by up to EUR 19,200,000 by issuing up to 19,200,000 new bearer shares (no-par shares) (contingent capital 2021). The shares will be issued at the conversion or exercise price to be determined in accordance with the resolution above. The contingent capital increase will only be carried out to the extent that the holders of conversion or warrant rights exercise these rights or fulfil conversion or warrant obligations or the company exercises its right to grant shares in the company in full or in part instead of payment of the sum due.

The Shareholders' Meeting of 13 January 2021 also resolved to withdraw the authorisation granted to the general partner by the Annual Shareholders' Meeting of 8 May 2019 to increase the **share capital** of the company with the approval of the Supervisory Board by up to EUR 19,200,000 by one or more issues of new shares against contributions in cash or in kind up to 7 May 2024 (approved capital 2019). By resolution of the Shareholders' Meeting of 13 January 2021, the general partner is authorised to increase the share capital in the period up to 12 January 2026, with the approval of the Supervisory Board, on one or more occasions by up to EUR 19,200,000 in total by issuing up to 19,200,000 bearer shares against contributions in cash or in kind (approved capital 2021).

Among other things, the **other provisions** include outstanding supplier invoices in the amount of EUR 6,314 thousand (previous year: EUR 11,222 thousand), personnel-related provisions of EUR 5,780 thousand (previous year: EUR 5,749 thousand), outstanding commissions of EUR 3,683 thousand (previous year: EUR 4,062 thousand), financial statement preparation and auditing costs of EUR 194 thousand (previous year: EUR 184 thousand) and Supervisory Board remuneration of EUR 158 thousand (previous year: EUR 184 thousand).

The **liabilities to banks** mainly comprise the revolving credit facility that was utilised in April 2020 in the amount of EUR 200 million in order to give CTS KGaA greater financial flexibility during the COVID-19 pandemic. The drawdown has an agreed term of 12 months. As a result of the COVID-19 pandemic and the associated almost Europe-wide ban on major events, the covenant could not be complied with as of the reporting date 31 December 2020. For this reason, the corporate management applied to the lending banks for the suspension of the debt covenant as a precautionary measure in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant for the period including 30 June 2021. Due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, corporate management requested an extension of the suspension of the debt covenant up to and including 31 March 2022 as a precautionary measure in February 2021. The lending banks have agreed to this.

The **liabilities to affiliated companies** include trade payables of EUR 2,123 thousand (previous year: EUR 4,317 thousand) and cash pooling liabilities to certain subsidiaries of CTS KGaA in the amount of EUR 25,829 thousand (previous year: EUR 15,514 thousand).

The residual terms of the liabilities as at 31 December 2020 are shown in the following statement of liabilities:

2020	Carrying value	Remaining term	
	31.12.2020	Due within 1 year	Due between 1 year and 5 years
	[EUR'000]	[EUR'000]	[EUR'000]
Liabilities to banks	200,257	200,257	0
Advance payments received on orders	4	4	0
Trade payables	2,622	2,622	0
Payables to affiliated companies	37,528	37,528	0
Other liabilities	199,549	185,958	13,591
Liabilities, total	**439,960**	**426,369**	**13,591**

The residual terms of the liabilities as at 31 December 2019 are shown in the following statement of liabilities:

2019	Carrying value	Remaining term	
	31.12.2019	Due within 1 year	Due between 1 year and 5 years
	[EUR'000]	[EUR'000]	[EUR'000]
Liabilities to banks	60,269	60,269	0
Trade payables	6,232	6,232	0
Payables to affiliated companies	28,258	28,258	0
Other liabilities	305,731	305,731	0
Liabilities, total	**400,490**	**400,490**	**0**

As in the previous year, there are no liabilities with a maturity of more than five years.

Other liabilities are mainly comprised of liabilities for ticket monies that have not yet been invoiced, totalling EUR 177,322 thousand (previous year: EUR 274,277 thousand). The liabilities for ticket monies that have not yet been invoiced result primarily from presales for future events and tours. The liabilities for ticket monies that have not yet been invoiced are offset by corresponding bank balances and receivables for outstanding ticket monies included in other assets, in the amount of EUR 4,200 thousand (previous year: EUR 22,681 thousand) and factoring receivables from ticket monies in the amount of EUR 2,264 thousand (previous year: EUR 30,203 thousand). Other liabilities include EUR 5,628 thousand in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (previous year: EUR 22,650 thousand). The non-current other liabilities (EUR 13,591 thousand; previous year: EUR 0 thousand) are comprised of ticket monies that have not yet been invoiced for events that, for the most part, will only take place after 31 December 2021 due to the COVID-19 pandemic.

Other liabilities include liabilities from taxes in the amount of EUR 432 thousand (previous year: EUR 6,781 thousand). Social security liabilities on the balance sheet date are EUR 3 thousand (previous year: EUR 0 thousand).

Deferred tax liabilities primarily relate to different accounting policies governing the recognition of intangible assets in the commercial balance sheet and tax balance sheet in connection with the chain merger of See Tickets Germany GmbH, Hamburg, and Ticket Online Software GmbH, Hamburg in 2013 (EUR 276 thousand; previous year: EUR 466 thousand) and the capitalisation of internally generated intangible assets (EUR 54 thousand; previous year: EUR 109 thousand). Deferred tax liabilities were also recognised on differing balance sheet amounts for investments in affiliated companies (EUR 78 thousand; previous year: EUR 78 thousand) and for deferred taxes of controlled companies (EUR 6 thousand; previous year: EUR 3 thousand).

The calculation of deferred taxes is based on an effective taxation rate of 31.9%, obtained from a corporate tax rate of 15.0% plus a solidarity surcharge of 5.5% on corporation tax, and a municipal trade tax rate of 16.1%.

3.2 INCOME STATEMENT

Revenue is broken down as follows:

	2020	2019	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Ticket fees	47,304	206,895	-159,591
Licence fees	4,389	13,862	-9,473
Other revenues			
Other service charges	6,266	12,665	-6,399
Commissions	2,458	8,377	-5,919
Recharged services	2,160	4,163	-2,003
Others	4,424	12,092	-7,668
	67,000	**258,053**	**-191,053**

EUR 7,068 thousand (previous year: EUR 22,660 thousand) of the revenue was generated abroad.

Material expenses comprised the following items pursuant to § 275 (2) No. 5 HGB:

Material expenses (according to total cost method)	2020	2019	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of purchased merchandise	575	1,173	-597
Cost of purchased services	33,344	86,145	-52,802
	33,919	**87,318**	**-53,399**

Personnel expenses comprised the following items, pursuant to § 275 (2) No. 6 HGB:

Personnel expenses (according to total cost method)	2020	2019	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	25,208	29,945	-4,738
Social security contributions and expenses for pension and employee support thereof expenses for pension EUR 0 (2017: EUR 0)	2,452	3,447	-995
	27,660	**33,392**	**-5,732**

Recognised as a reduction, the personnel expenses include government subsidies due to the COVID-19 pandemic in the amount of EUR 1,492 thousand.

Other operating income includes income from other accounting periods due to the release of provisions in the amount of EUR 1,834 thousand (previous year: EUR 1,159 thousand), from the reversal of receivables impairments in the amount of EUR 329 thousand (previous year: EUR 373 thousand) and subsequent cost reimbursements in the amount of EUR 28 thousand (previous year: EUR 12 thousand) as well as proceeds of asset disposals in the amount of EUR 26 thousand (previous year: EUR 5,622 thousand). Extraordinary economic aid in the context of COVID-19 assistance for November and December in the amount of EUR 1,000 thousand was also recognised in the current year.

The proceeds from the disposal of assets in the previous year mainly resulted from the contribution of shares in the affiliated company CTS Eventim France to the investment in the joint venture France Billet (EUR 5,604 thousand).

Other operating expenses include expenses from other accounting periods due to subsequent invoices and credit notes issued in the amount of EUR 45 thousand (previous year: EUR 45 thousand) as well as losses on the disposal of assets in the amount of EUR 0 thousand (previous year: EUR 94 thousand).

The EUR 2,421 thousand in **income from participations** was entirely generated by affiliated companies (previous year: EUR 43,416 thousand).

The **income from loans held as financial assets** in the previous year (EUR 79 thousand) were generated entirely from loans to companies in which an equity investment is held.

Other interest and similar income includes EUR 1,014 thousand in income from affiliated companies (previous year: EUR 624 thousand).

The **depreciation of financial assets** (EUR 1.950 thousand) resulted from the remeasurement of investments in affiliated companies (previous year: EUR 1,133 thousand).

The **expenses from loss transfer** (EUR 9,273 thousand; previous year: EUR 0) result entirely from affiliated companies.

Interest and similar expenses include expenses of affiliated companies amounting to EUR 176 thousand (previous year: EUR 99 thousand).

Income taxes include EUR -4 thousand (previous year: EUR 23,232 thousand) of trade tax, EUR 3 thousand (previous year: EUR 20,935 thousand) of corporate tax and EUR 0 thousand (previous year: EUR 1,151 thousand) solidarity surcharge on corporate tax for financial year 2020. Income taxes also include expenditures for foreign withholding tax in the amount of EUR 40 thousand (previous year: EUR 136 thousand), expenses from other accounting periods for back taxes of previous years at EUR 1,656 thousand (previous year: EUR 53 thousand) and income from other accounting periods for tax refunds of previous years at EUR 1,911 thousand (previous year: EUR 780 thousand).

In addition, taxes on income include deferred tax income in the amount of EUR 7,186 thousand (previous year: EUR 441 thousand).

Other taxes of EUR 5 thousand (previous year: EUR 5 thousand) consist of motor vehicle taxes, as in the previous year.

4. OTHER DISCLOSURES

4.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The company is liable for bank and guarantee credit facilities of subsidiaries in the amount of EUR 6,012 thousand (previous year: EUR 8,652 thousand). As at the closing date, the availment of guarantee facilities amounted to EUR 5,057 thousand (previous year: EUR 6,277 thousand). It is not expected that any claims will be asserted against CTS KGaA on account of the assumption of liability, given the positive future earnings position and financial situation of the subsidiaries.

CTS KGaA is also liable for liabilities from outstanding fees of four subsidiaries with regard to payment service providers from the settlement of retail payments. A claim is not to be expected because the payment service provider withheld the fees continuously from the payments processed.

The company has issued a temporary letter of comfort for Eventim Scandinavia A/S, Copenhagen, Denmark to secure payment obligations. The temporary letter of comfort ends at the earliest on 31 December 2020 and at the latest upon submission of the local commercial annual accounts for financial year 2020. It is limited to EUR 5,376 thousand (DKK 40,000 thousand). A claim is not expected, even considering the effects of the COVID-19 pandemic, based on the company's positive operative planning at the time of preparing the annual financial statements.

CTS KGaA has issued a guarantee in the amount of EUR 4,032 thousand (DKK 30,000 thousand) for Billetlugen AS, Copenhagen, Denmark, Eventim Sverige AB, Malmö, Sweden and Eventim Norge AS, Oslo, Norway. A claim is not expected, even considering the effects of the COVID-19 pandemic, based on the company's positive operative planning at the time of preparing the annual financial statements.

CTS KGaA has also issued a letter of comfort for Eventim Norge AS, Oslo, Norway, related to participation in public invitations to tender. A claim is not expected, even considering the effects of the COVID-19 pandemic, based on the company's positive operative planning at the time of preparing the annual financial statements.

CTS KGaA has issued a temporary letter of comfort for HOI Touring Productions B.V., Hoofddorp, the Netherlands to secure payment obligations. The temporary letter of comfort ends on 30 November 2021 at the earliest. A claim is not expected, even considering the effects of the COVID-19 pandemic, based on the company's positive operative planning at the time of preparing the annual financial statements.

The company has issued a temporary letter of comfort for Eventim UK Ltd., London, UK to secure payment obligations. The temporary letter of comfort ends no sooner than twelve months after the company's local contracts are signed. A claim is not expected, even considering the effects of the COVID-19 pandemic, based on the company's positive operative planning at the time of preparing the annual financial statements.

As a result of a decision announced in January 2021 by the Italian competition and antitrust authority 'Autorità garante della concorrenza e del mercato' (hereinafter: AGCM) on 22 December 2020, a fine of EUR 10.9 million was imposed on CTS KGaA and five Italian Group companies as a result of alleged abuse of a dominant market position. At the same time, certain rules of conduct were imposed on the companies concerned that affect their ticket distribution and the conclusion of exclusive contracts. In the view of CTS KGaA, the ruling by the AGCM was made on the basis of incorrect market definitions and in breach of material procedural guidelines. The affected companies will accordingly lodge an appeal with the responsible court and, taking into consideration the previous judgement on rulings made by the AGCM, are confident that this ruling deemed in their view to be unlawful will be dismissed by the court .On the level of the Italian companies, a provision has already been taken into account in full. In this respect, it is not expected that CTS KGaA will be held jointly and severally liable for this fine.

CTS KGaA holds a 50% stake, recognised as an investment in the financial assets, in the operating company for collecting the German infrastructure charge 'car toll'. At the end of December 2018, the operating company was assigned the task for the construction of an infrastructure survey system and collecting the infrastructure charge, for a minimum of term 12 years, by the Federal Motor Vehicle Office. At the end of June, the Federal Ministry for Transport and Digital Infrastructure gave notice, to 30 September 2019, that it was terminating the contract between the Federal Motor Vehicle Office and the operating company for collecting the German infrastructure charge. Under the operating agreement, the shareholders issued a time-limited joint and several declaration of liability to the Federal Republic of Germany, represented by the Federal Motor Vehicle Office, in the amount of EUR 300,000 thousand. No claim is expected based on the current state of the proceedings (arbitration) and the legal assessment.

The shareholders each submitted capital commitments of EUR 42,500 thousand in December 2018 to finance the operating company. In financial year 2019, the shareholders respectively paid EUR 24,500 thousand to the operating company. The financing of the operating company was reorganised in February 2020. In addition to the capital increase of EUR 6,500 thousand, this reorganisation included a conversion of the shareholder loans existing as at 31 December 2019 (EUR 14,500 thousand each and accrued interest of EUR 107 thousand each) into capital reserves. In addition, the previous loan agreement with the shareholders for a total of EUR 65,000 thousand was terminated and a new loan agreement for an amount of EUR 15,000 thousand was agreed, divided equally between both shareholders.

In financial year 2023, CTS KGaA can exercise a call option (based on a multiple of average EBITDA values) for another 17% of the shares in France Billet, which is the prerequisite for the acceptance of a put option (based on a multiple of average EBITDA values) for the remaining 35% of the shares in France Billet in financial year 2026 at the earliest. Since CTS KGaA can withdraw from the put option by choosing whether to exercise the call option, an obligation does not have to be recognised as of 31 December 2020.

As at the closing date, other financial obligations relating to short and medium-term rental, leasing and other contractual agreements amounted to EUR 10,774 thousand (previous year: EUR 14,952 thousand). Thereof, EUR 3,394 thousand (previous year: EUR 3,825 thousand) is due within one year. Future rental obligations account for EUR 10,126 thousand (previous year: EUR 14,263 thousand), lease obligations for EUR 320 thousand (previous year: EUR 396 thousand) and other obligations for EUR 328 thousand (previous year: EUR 292 thousand). As in the previous year, there are no other financial obligations to affiliated companies. There are also other current financial obligations from financing commitments to affiliated companies in the amount of EUR 21,300 thousand.

4.2 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at market value for each single instrument. When the requirements for forming valuation units are met, the hedging and underlying transactions are combined in a single valuation unit. The basis for the formed valuation units are micro-hedge-relationships where the risk from the underlying transaction is hedged by each hedging instrument.

CTS KGaA concluded a forward exchange transaction to secure a purchase price payment in the amount of USD 10.0 million in the reporting year. A valuation unit in terms of § 254 HGB was not formed. The fair value of the forward exchange transaction on the balance sheet date is EUR -931 thousand. There was a forward exchange transaction in CHF to hedge planned licensing proceeds in the previous year. A valuation unit for a limited term was formed for this with a fair value of EUR -17 thousand.

As at 31 December 2020, there is a currency option with a face amount of EUR 167 thousand to hedge expected redeemable loans in British pounds. The book value of the currency option at EUR 2 thousand was recorded under other financial assets. A valuation unit in terms of § 254 HGB was not formed.

The effectiveness of the hedging instruments is assessed prospectively and retrospectively on the basis of the dollar offset method, in which the absolute changes in the value of the hedged item and the hypothetical derivative are compared.

The valuation units for foreign exchange risks were recognised by using the net hedge presentation method. Effective results from hedging instruments are not recorded until the underlying business transaction takes place. Negative impacts (ineffectiveness) were valued using the imparity principle and recorded as a provision for pending losses. Provisions for pending losses did not exist as of the balance sheet date.

4.3 TRANSFER OF FINANCIAL ASSETS

In 2015, CTS KGaA concluded an agreement with a factoring company on the sale of trade receivables from private customers to improve liquidity management. Trade receivables for the payment methods ‘purchase on account’ and ’purchase on instalments’ as well as trade receivables processed through the company’s online shops are sold under the agreement. The factoring company performs credit management including credit checks, the dunning process and collection proceedings of receivables on account for CTS KGaA.

For the service function assumed in financial year 2020, appropriate compensation of EUR 500 thousand (previous year: EUR 2,234 thousand) was included in the production costs of the services provided to generate the revenues.

The collection risk associated with the sold receivables was completely transferred to the factor. Hence, all significant risks and rewards of the assigned trade receivables are transferred to the factoring company. As at 31 December 2020, the carrying amount and the fair value of the trade receivables transferred to the factoring company is EUR 2,264 thousand (previous year: EUR 30,203 thousand).

The only relevant risk for risk assessment represents the possibility of a transfer of costs for default by the factoring company to CTS KGaA. With notification and exceeding so-called ‘peak times’ (transaction per second), the factoring company can bill the resulting default rate of end customers to CTS KGaA. There was no billing of defaults in the 2020 reporting period since no unreported ‘peak times’ occurred.

4.4 APPROPRIATION OF EARNINGS

In financial year 2020, CTS KGaA generated a net loss under commercial law of EUR -21,303 thousand. The Management Board of the general partner and the company’s Supervisory Board are proposing to the Annual Shareholders’ Meeting to carry the net loss forward to new account.

4.5 LIST OF PARTICIPATIONS

A list of shareholdings is published on the company’s website. These disclosures are published on the CTS KGaA website under https://corporate.eventim.de/en/investor-relations/corporate-governance/.

4.6 EXECUTIVE BODIES OF CTS KGaA

The members of the Management Board of EVENTIM Management AG in the financial year were as follows:

Klaus-Peter Schulenberg, Bremen, Germany – Chief Executive Officer –
– Director of Corporate Strategy, New Media and Marketing –

Dipl.-Ökonom Volker Bischoff, Bremen, Germany (until 14 April 2020)
– Chief Financial Officer –

Dipl.-Kaufmann Andreas Grandinger, Bremen, Germany (from 14 April 2020)
– Chief Financial Officer –

Dipl.-Betriebswirt Alexander Ruoff, Bremen, Germany
– Chief Operative Officer –

The total Management Board compensation was EUR 6,187 thousand (previous year: EUR 6,331 thousand).

The members of the Supervisory Board exercised the following mandates in the financial year:

Dr. Bernd Kundrun, Managing Director of Start 2 Ventures GmbH, Hamburg/Germany – chairman –
other supervisory board positions and comparable regulatory bodies:

- EVENTIM Management AG, Hamburg, Germany (chairman of the board)
- RTL Group, Luxembourg, Luxembourg
- NZZ AG, Zurich, Switzerland
- Comecave GmbH, Dortmund, Germany
- gut.org non-profit limited company, Berlin, Germany (honorary chairman)
- Gilde Buy Out Partners AG, Zurich, Switzerland
- Caseking GmbH, Berlin, Germany

Justinus J.B.M. Spee, Businessman, Amsterdam, Badhoevedorp/Netherlands
– vice chairman (until 3 July 2020) –
Other supervisory board positions and comparable regulatory bodies:

- EVENTIM Management AG, Hamburg, Germany (vice chairman)
- Brunel N.V., Amsterdam, Netherlands
- Asito Diensten Groep S.E., Almelo, Netherlands
- Duinrell B.V., Wassenaar, Netherlands
- Panther Media Group, Dubai, United Arab Emirates
- Stichting OLVG, Amsterdam, Netherlands

Prof. Jobst W. Plog, Lawyer, Hamburg/Germany
– vice chairman (from 4 July 2020) –
other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany

Dr. Juliane Thümmel, Government Director at the Permanent Representation of the Federal Republic of Germany to the European Union, Brussels-St. Gilles/Belgium
Other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany

The members of the Supervisory Board of CTS KGaA received emoluments of EUR 198 thousand for the financial year 2020 (previous year: EUR 225 thousand) as well as EUR 0 thousand for the reimbursement of expenses (previous year: EUR 5 thousand). Individualised information on the compensation of the Management Board and the Supervisory Board is presented in the compensation report, which is part of the combined management report.

4.7 EMPLOYEES

On average, 346 persons were employed by the company during the year (previous year: 373). These were all salaried employees.

4.8 DECLARATION CONCERNING THE CORPORATE GOVERNANCE CODE

The Management Board of the general partner and the Supervisory Board of CTS KGaA released a declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' pursuant to § 161 AktG on 10 December 2020, and made said declaration permanently available to shareholders on the CTS KGaA website on 14 December 2020 (https://corporate.eventim.de/en/investor-relations/corporate-governance/).

4.9 PARTICIPATING PERSONS

The company received notifications under § 33 WpHG (Securities Trading Act) concerning investments exceeding 3% or 5% of the voting rights, and investments increasing beyond or falling below 3% or 5% of the voting rights.

George Loehning notified us in accordance with § 33 WpHG that his share of voting rights in CTS KGaA exceeded the 3% threshold on 11 March 2020 and amounted on the latter date to 3.27% (3,138,263 votes) and that these voting rights of 3.27% (3,138,263 votes) are allocated in their entirety to him under § 33 WpHG and § 34 WpHG.

George Loehning notified us in accordance with § 33 WpHG that his share of voting rights in CTS KGaA exceeded the 5% threshold on 1 April 2020 and amounted on the latter date to 5.11% (4,909,659 votes) and that these voting rights of 5.11% (4,909,659 votes) are allocated in their entirety to him under § 33 WpHG and § 34 WpHG.

Franklin Templeton Institutional LLC, Wilmington, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 2 June 2020 and amounted on the latter date to 3.05% (2,926,420 votes) and that these voting rights of 3.05% (2,926,420 votes) are allocated in their entirety to Franklin Templeton Institutional LLC under § 33 WpHG and § 34 WpHG.

Franklin Templeton Institutional LLC, Wilmington, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 19 June 2020 and amounted on the latter date to 2.99% (2,878,998 votes) and that these voting rights of 2.99% (2,878,998 votes) are allocated in their entirety to Franklin Templeton Institutional LLC under § 33 WpHG and § 34 WpHG.

Franklin Templeton Institutional LLC, Wilmington, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 23 June 2020 and amounted on the latter date to 3.00% (2,883,598 votes) and that these voting rights of 3.00% (2,883,598 votes) are allocated in their entirety to Franklin Templeton Institutional LLC under § 33 WpHG and § 34 WpHG.

Morgan Stanley, Wilmington, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 25 September 2020 and amounted on the latter date to 3.47% (3,328,009 votes) and that these voting rights of 3.47% (3,328,009 votes) are allocated in their entirety to Morgan Stanley under § 33 WpHG and § 34 WpHG.

Ameriprise Financial Inc., Wilmington, Delaware, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 3 November 2020 and amounted on the latter date to 3.00% (2,881,096 votes) and that these voting rights of 3.00% (2,881,096 votes) are allocated in their entirety to Ameriprise Financial Inc. under § 33 WpHG and § 34 WpHG.

Ameriprise Financial Inc., Wilmington, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 4 November 2020 and amounted on the latter date to 2.99% (2,873,030 votes) and that these voting rights of 2.99% (2,873,030 votes) are allocated in their entirety to Ameriprise Financial Inc. under § 33 WpHG and § 34 WpHG.

Ameriprise Financial Inc., Wilmington, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 10 November 2020 and amounted on the latter date to 3.00% (2,883,979 votes) and that these voting rights of 3.00% (2,883,979 votes) are allocated in their entirety to Ameriprise Financial Inc. under § 33 WpHG and § 34 WpHG.

Massachusetts Financial Services Company, Boston, Massachusetts, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 10 November 2020 and amounted on the latter date to 2.99% (2,871,060 votes) and that these voting rights of 2.99% (2,871,060 votes) are allocated in their entirety to Massachusetts Financial Services Company under § 33 WpHG and § 34 WpHG.

George Loehning notified us in accordance with § 33 WpHG that his share of voting rights in CTS KGaA fell below the 5% threshold on 10 November 2020 and amounted on the latter date to 4.99% (4,796,081 votes) and that these voting rights of 4.99% (4,796,081 votes) are allocated in their entirety to him under § 33 WpHG and § 34 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 17 November 2020 and amounted on the latter date to 2.68% (2,573,505 votes) and that these voting rights of 2.68% (2,573,505 votes) are allocated in their entirety to Morgan Stanley under § 33 WpHG and § 34 WpHG.

Invesco Ltd., Hamilton, Bermuda, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 17 November 2020 and amounted on the latter date to 3.06% (2,934,973 votes) and that these voting rights of 3.06% (2,934,973 votes) are allocated in their entirety to Invesco Ltd. under § 33 WpHG and § 34 WpHG.

BlackRock, Inc., Wilmington, Delaware, USA, notified us in accordance with § 33 WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 15 December 2020 and amounted on the latter date to 3.13% (3,008,891 votes) and that these voting rights of 3.13% (3,008,891 votes) are allocated in their entirety to BlackRock, Inc. under § 33 WpHG and § 34 WpHG.

On 28 December 2015, Mr Klaus-Peter Schulenberg transferred his shares in CTS KGaA as well as his shares in EVENTIM Management AG to KPS Stiftung, Hamburg, Germany. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only converted from a direct into an indirect holding and amount to 38.8% of the voting rights in the company as at 31 December 2020.

4.10 AUDITOR EXPENSES

Disclosure of the fees paid to the company's auditor is waived because these details are provided in item 6.12 of the notes to the consolidated financial statements. Fees were paid for the audit and other services in financial year 2020.

4.11 EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, there were no significant changes in the economic environment or our industry situation. Aside from the resolutions of the Extraordinary Shareholders' Meeting on 13 January 2021 described in item 3.1, there are no events of special importance to CTS KGaA to report.

4.12 ASSURANCE BY LEGAL REPRESENTATIVES

To the best of our knowledge, the annual financial statements give a true and fair view of the company's earnings performance, financial position and cash flow, in accordance with the applicable reporting principles, and that the combined management report presents the course of business, including the company's profits and situation, in a way that accurately reflects actual circumstances and truthfully describes the main opportunities and risks associated with the company's expected development.

Bremen, 10 March 2021

CTS Eventim AG & Co. KGaA,

represented by:

EVENTIM Management AG, general partner

Klaus-Peter Schulenberg	Andreas Grandinger	Alexander Ruoff

9. INDEPENDENT AUDITOR’S REPORT

To CTS Eventim AG & Co. KGaA, Munich

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

OPINIONS

We have audited the annual financial statements of CTS Eventim AG & Co. KGaA, Munich, which comprise the balance sheet as of December 31, 2020, and the income statement for the financial year from January 1 to December 31, 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of CTS Eventim AG & Co. KGaA and of the Group for the financial year from January 1 to December 31, 2020. In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the “Other Information” section of our auditor’s report.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, in compliance with German legally required accounting principles, and

- the accompanying combined management report as a whole provides an appropriate view of the Company’s position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the “Other Information” section of the auditor’s report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

BASIS FOR THE OPINIONS

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report” section of our auditor’s report.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

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

Based on our audit, we identified the following material audit matters:

Uncertainty relating to going concern

Please refer to Section 1 in the notes to the annual financial statements and the disclosures in Sections 3.4.3 and 5.1 of the combined management report, in which management describes that the Company has been experiencing an ongoing significant reduction in business activity since the beginning of the measures to contain the COVID-19 pandemic in the spring of 2020, particularly due to the cancellation of concerts and other events.

THE FINANCIAL STATEMENT RISK

In preparing the annual financial statements, management is responsible for assessing the potential effects of the COVID-19 pandemic on the Company's liquidity and the related ability to continue as a going concern, and to fairly present the results of their assessment in the annual financial statements. The coronavirus has been spreading around the world since January 2020 and had an extremely negative impact on the global economy. As of the date of preparing the annual financial statements, the further development of the COVID-19 pandemic and its impact were highly uncertain. The Company operates in the events industry, which has been particularly affected by the impact of the COVID-19 pandemic as a result of the event bans and restrictions that have been imposed. Management has prepared a liquidity risk analysis that focuses particularly on the liquidity necessary for the Company to continue as a going concern.

Management's assessment of the ability to continue as a going concern and the presentation in the annual financial statements, including the related disclosures in the notes, are based on a number of key assumptions, in particular the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted, as well as the related expectations regarding the future development of revenue and earnings figures as well as the related cash flows in the period on which the liquidity risk analysis is based.

There is the risk that the assumptions made by management and presentation in the annual financial statements are inaccurate.

OUR AUDIT APPROACH

We considered the uncertainties arising from the COVID-19 pandemic with respect to assessing the going concern assumption in planning and performing our audit. Our audit procedures included, among other activities, evaluating management's assessment of the risks arising from the COVID-19 pandemic for the Company's development of revenue and earnings figures as well as the related cash flows.

Firstly, we gained an understanding of the liquidity planning process and discussed the key planning assumptions with respect to the projected available future cash flows from operating, financing, disposal and investing activities with those responsible. In doing so, we also examined the accuracy of the Company's forecasts.

With regard to the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted, the Company assumes three scenarios. We assessed the consistency of these assumptions with publicly available estimates and information. In our assessment of the Company's liquidity situation, we also included the Company's assumptions regarding the utilization of legal mechanisms, such as the effects of the voucher solution for event promoters in Germany, or government support measures. Furthermore, we compared whether the assumptions are consistent with the results of our internal surveys as well as with external market assessments.

There is significant forecast uncertainty related particularly to the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted. Further, there is uncertainty as to whether the voucher solution introduced by German legislature as a result of the COVID-19 pandemic and limited until December 31, 2021, which is comparable to similar models in much of Europe, could be extended in the event that the pandemic continues. In order to take account of forecast uncertainty, we examined the impact of potential changes in material planning parameters on the liquidity situation and solvency of the Company (sensitivity analysis) by calculating alternative scenarios and analyzing them with regard to the Company's liquidity position.

Lastly, we assessed whether the disclosures in the notes in conjunction with the ability to continue as a going concern are appropriate.

OUR OBSERVATIONS

The assumptions made by management and the presentation in the annual financial statements are reasonable. However, an audit cannot predict future events or conditions that may cause the Company to cease to be able to continue as a going concern, or all potential future effects on the Company. This applies especially in the event of a significant disruption of global economic activity, such as that triggered by the COVID-19 pandemic.

Impairment testing of shares in affiliated companies

Please refer to note 2 in the notes to the financial statements for more information on the accounting policies applied.

THE FINANCIAL STATEMENT RISK

In the annual financial statements of CTS Eventim AG & Co. KGaA as of December 31, 2020, shares in affiliated companies of KEUR 224,233 are recognized under financial assets. Shares in affiliated companies account in total for 26% of total assets and thus have a material effect on the Company's net assets.

Shares in affiliated companies are recognized at cost or, if they are expected to be permanently impaired, at their lower fair value. The Company determines the fair value of the shares in affiliated companies using the discounted cash flow method (DCF).

The cash flows used for the DCF method are based on individual projections for each investment for the next five years which are extrapolated based on assumptions for long-term growth rates. The respective discount rate is derived from the return on a risk-appropriate alternative investment.

Impairment testing including the measurement of fair value using the DCF method is complex and, as regards the assumptions made, heavily dependent on the Company's estimates and judgments. This includes the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted. The Company has conceived three possible scenarios which were factored into the overall planning using probability weightings. Further, the estimates of future cash flows and long-term growth rates and the determination of the discount rate require the use of judgment.

The Company recognized impairment losses on shares in affiliated companies in the amount of KEUR 1,950 in financial year 2020.

There is a risk for the financial statements that impairment of shares in affiliated companies has been recognized at an insufficient amount in the financial statements.

OUR AUDIT APPROACH

We initially referred to explanations from employees of the investment controlling department and assessed documentation to obtain an understanding of the Company's process for impairment testing shares held in affiliated companies. In doing so, we thoroughly examined the Company's approach to determining the need to recognize impairment losses and, based on the information obtained during our audit, assessed whether there were any indications of impairment that had not been identified by the Company.

With regard to the assumption of when the event bans issued in the wake of the COVID-19 pandemic are likely to be lifted, which is critical for the recoverability of investments in affiliated companies, we assessed the Company's underlying scenarios and the overall plans derived from these. We assessed the consistency of these assumptions with publicly available estimates and information. In our assessment of the relevant assumptions, we also included the Company's assumptions regarding legal mechanisms, such as government-approved support measures.

To take account of forecast uncertainty, we investigated the impact of how potential changes in significant planning and valuation parameters affect the recoverable amount (sensitivity analysis) by calculating alternative scenarios and comparing them with the Company's values.

Based on the information obtained and with the involvement of our valuation specialists, we then evaluated shares selected according to risk criteria and assessed the appropriateness of the significant assumptions and the valuation methods of the Company with respect to these shares. For this purpose we discussed the expected cash flows and the assumed long-term growth rates with those responsible for planning. We also reconciled this information with the five-year planning prepared by management and the budget approved by the management. Furthermore, we assessed the consistency of assumptions with external market assessments.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analyzing deviations.

We compared the assumptions and data underlying the discount rate with our own assumptions and publicly available data. To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's valuation using our own calculations and analyzed deviations.

OUR OBSERVATIONS

The approach used for impairment testing of investments in affiliated companies is appropriate and in line with the accounting policies. The Company's assumptions and data are appropriate.

OTHER INFORMATION

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises:

- the Group's separate non-financial report, which is referred to in the combined management report, and
- the corporate governance statement referred to in the combined management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the annual financial statements, the combined management report information audited for content and our auditor's report thereon.

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

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

- is materially inconsistent with the annual financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

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

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

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Annual Financial Statements and the Combined Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the “ESEF documents”) contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, “02_CTS-Jahresabschluss_20201231.zip“ (SHA256-Hashwert: 7fd891028359b2806e48f278d0dc4c99ed-0cf310ce5ec7fa3056336f8e643860), and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2020, contained in the “Report on the Audit of the Annual Financial Statements and of the Combined Management Report” above.

We conducted our assurance work of the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company’s management is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company’s management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Company’s management is also responsible for the submission of the ESEF documents together with the auditor’s report and the attached audited annual financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

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

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of intentional or unintentional material non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited combined management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on June 19, 2020. We were engaged by the Supervisory Board on November 3, 2020. We have been the auditor of CTS Eventim AG & Co. KGaA without interruption since financial year 2017.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Haiko Schmidt.

Hamburg, March 15, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Schmidt Wirtschaftsprüfer [German Public Auditor]	Rienecker Wirtschaftsprüferin [German Public Auditor]

FORWARD-LOOKING STATEMENTS

This Annual Report contains forecasts based on assumptions and estimates by the corporate management of CTS KGaA. These statements based on assumptions and estimates are in the form of forward-looking statements using terms such as believe, assume, expect etc. Even though corporate management believes that these assumptions and estimates are correct, it is possible that actual results in the future may deviate materially from such assumptions and estimates due to a variety of factors. The latter may include changes in the macroeconomic environment, in the statutory and regulatory framework in Germany and the EU, and changes within the industry. CTS KGaA does not provide any guarantee or accept any liability or responsibility for any divergence between future developments and actual results, on the one hand, and the assumptions and estimates expressed in this Annual Report. CTS KGaA has no intention and undertakes no obligation to update forward-looking statements in order to adjust them to actual events or developments occurring after the date of this report.

The German version of the Annual Report takes priority over the English translation in the event of any discrepancies. Both language versions can be downloaded at www.eventim.de.

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Annual Report **2020**