Annual Report **2021**

eventim

KEY GROUP FIGURES

	2021	2020	2019 [1]	2018
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	407,821	256,840	1,443,125	1,241,689
EBITDA [2]	203,082	-7,116	284,278	225,166
EBITDA margin	49.8%	-2.8%	19.7%	18.1%
EBIT	147,581	-62,933	230,194	187,691
EBIT margin	36.2%	-24.5%	16.0%	15.1%
Normalised EBITDA	207,982	-2,940	286,489	228,061
Normalised EBIT before amortisation and impairment from purchase price allocation	164,566	-46,185	242,928	202,552
Normalised EBITDA margin	*51.0%*	*-1.1%*	*19.9%*	*18.4%*
Normalised EBIT margin before amortisation and impairment from purchase price allocation	*40.4%*	*-18.0%*	*16.8%*	*16.3%*
Non-recurring items [3]	4,899	4,175	2,211	2,896
Amortisation and impairment resulting from purchase price allocation	12,085	12,573	10,522	11,965
Earnings before taxes (EBT)	141,104	-102,028	224,018	192,904
Net result attributable to shareholders of CTS KGaA	87,909	-82,259	132,900	118,504
	[EUR]	[EUR]	[EUR]	[EUR]
Earnings per share [4], undiluted (= diluted)	0.92	-0.86	1.38	1.23
	[Qty.]	[Qty.]	[Qty.]	[Qty.]
Number of employees [5]	2,813	2,409	3,202	3,063
Of which temporary	(250)	(153)	(502)	(473)

[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/EBIT EUR +870 thousand*

[2] *EBITDA: Earnings before financial result, taxes, depreciation and amortisation, impairment and reversals*

[3] *Cf. page 36 for non-recurring items for the years 2021 and 2020*

[4] *Number of shares: 96 million*

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

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1. LETTER TO THE SHAREHOLDERS

Klaus-Peter Schulenberg
Chief Executive Officer

Ladies and gentlemen,

We are looking back at yet another year filled with challenges. However, it was also a year in which we identified numerous opportunities. Whereas optimism was initially high that widespread vaccine availability would be a gamechanger in the fight against the coronavirus in 2021, those hopes were dashed in November with the emergence of the Omicron variant. And along with those hopes went the prospects for a bold new start for our industry and for all of live entertainment at the end of 2021, as the pandemic continued to place considerable demands on our corporate group, our business partners and employees, and on society as a whole for another year.

The newly available figures for the past financial year again testify to the strength and financial stability of the CTS Group, even as the pandemic continued for a second year. Extensive coronavirus aid packages received for 2020 and 2021 from governments in Germany and elsewhere and recognised in the financial statements for the past financial year contributed to our solid position.

Despite all the hurdles, 2021 was also a year of key strategic initiatives – a year in which we continued advancing our position in the international markets and growing our digital offering.

For instance, in 2020 we founded EMC Presents as a joint venture with U.S. promoter Michael Cohl, who had organised the Genesis tour at the end of 2021 – our Group's very first U.S. tour. This was followed last autumn by the launch of EVENTIM LIVE ASIA in the Far East when our EVENTIM LIVE promoter network went live. Headquartered in Singapore, the new business unit will focus on the rapidly expanding live entertainment markets in China, Japan, South Korea, Singapore, Hong Kong, Taiwan, Indonesia, Thailand, Vietnam, Malaysia, and the Philippines.

In addition, the CTS Group moved into the highly attractive North American ticketing market at the end of September 2021 with the launch of the eventim.com platform. Our goal with the new platform is to present an alternative to the current providers dominating the U.S. and Canadian markets. eventim.com puts us in an optimal position to participate in the return of live entertainment in those markets.

A special highlight is our plan to build Italy's biggest, most modern multifunctional arena in Milan. We succeeded in winning British star architect David Chipperfield for the design. The arena thus promises to become a globally acclaimed architectural showpiece. Scheduled for completion in autumn 2025, it will accommodate up to 16,000 people and will also offer a piazza consisting of more than 10,000 square meters of open space for holding open-air events. Construction is set to begin in autumn 2022. The arena's inaugural event will be the 2026 Olympic Winter Games, which will also be when the CTS Group takes over operation of the arena.

In an effort to take stronger measures against unauthorised ticket sales, we opted for the first time to offer tickets for Ed Sheeran's European tour exclusively via our proprietary digital ticket, the EVENTIM.Pass. Tickets can only be displayed in the EVENTIM.App on the purchaser's smartphone.

Moreover, in October 2021 we acquired a majority stake in software and hardware developer simply-X. The acquisition strengthens our position in the market for innovative access control solutions and expands our offering of integrated, high-performance digital end-to-end systems.

We also continued expanding our offerings in the urban areas of Germany's economically dynamic Rhineland region with the acquisition of regional ticketing suppliers Kölnticket and Bonnticket. The CTS Group had already successfully collaborated with Kölnticket and Bonnticket in the areas of ticketing software and platform technologies in past years.

Despite all the uncertainty, we have seen just how eager people are to get back to live entertainment based on demand for tickets to see top German and international artists, for example. More than one million tickets for Ed Sheeran's 2022 European tour were sold in next to no time as soon as presale tickets went on sale at the end of September. Other top-selling events included concerts of iconic UK bands Genesis and Coldplay as well as German rock star Udo Lindenberg. The fact that Genesis was already able to schedule its Germany concerts for the spring of 2022 is another hopeful sign, despite the mandated health and safety protocols and capacity limits.

Today, we look to the future with optimism. The number of events in our ticketing systems is growing day by day – clear evidence of rising optimism in the event industry.

Further grounds for optimism may be found in the continuation of the distinct upward trend of our Company shares that began in the summer of 2020.

We are optimistic that it will be possible to return to holding festivals and major open-air events starting from the second quarter – after a forced intermission of two years. To be sure, two years of pandemic experience tells us that any predictions or hopes should be formulated very carefully. However, the fact that hospitalisation rates remained stable after the emergence of the Omicron variant while coronavirus restrictions were eased or even eliminated sends a clear signal that public life will be returning to normal, at least from the perspective of the first quarter of 2022.

I would like to thank our employees, our business partners, and our customers in Germany and all over the world – and especially you, our valued shareholders – for the trust you have placed in us in what has been another unusual year full of challenges. I look forward to continuing with you on our shared journey.

Yours sincerely,

Klaus-Peter Schulenberg
Chief Executive Officer

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

2. REPORT OF THE SUPERVISORY BOARD

Dr. Bernd Kundrun
Chairman

REPORT OF 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 FOR THE FINANCIAL YEAR FROM 1 JANUARY 2021 TO 31 DECEMBER 2021.

I. During the entire period under review, the Supervisory Board comprised Dr. Bernd Kundrun (Hamburg/Germany), Prof. Jobst W. Plog (Hamburg/Germany), and Dr. Juliane Thümmel (Hamburg/Germany). Mr. Philipp Westermeyer (Hamburg/Germany) joined the Supervisory Board on 21 May 2021.

Dr. Bernd Kundrun chaired the Supervisory Board during the entire period under review. Prof. Jobst W. Plog was Vice Chairman for all of the period under review. On 9 June 2021, the Supervisory Board established an Audit Committee. Dr. Kundrun and Mr. Westermeyer were both appointed members, and Dr. Kundrun was appointed to chair the Audit Committee.

II. During the reporting year, the Supervisory Board fulfilled its responsibilities under the law and the Company's articles of association. It was regularly, promptly, and extensively informed by the Executive Board of CTS KGaA's general partner, EVENTIM Management AG, Hamburg, Germany – (hereinafter: the "Management Board") – both in writing and verbally, about all issues related to corporate planning and strategic development, about the course of business, and about the situation of the Group. The reports to the Supervisory Board also included information on the risk and opportunity situation and risk management at the Company. The effects of the COVID-19 pandemic on the Company and the measures to be taken in that context were also discussed extensively with the Management Board.

The Supervisory Board regularly provided the Management Board with advice concerning the management of the Company and monitored the management of the Company and the Group. It ensured itself that corporate governance at the Company was in compliance with the law and was involved in all decisions of fundamental importance for the Company. After thorough review and discussion, the Supervisory Board voted on the Management Board's reports and proposals for resolutions whenever required by law or by the provisions of the articles of association. Resolutions were also adopted by written procedure whenever necessary.

During the reporting year, the Supervisory Board met on 17 March 2021 (financial statements meeting), 6 May 2021, 9 June 2021, 18 August 2021, and 11 November 2021. The Management Board also took part in those meetings and had the opportunity to discuss matters of importance to the Company. Where necessary, the Supervisory Board met without the presence of the Management Board and also coordinated internally whenever necessary. The Supervisory Board was kept informed by the Management Board not only at Supervisory Board meetings, but also outside of the meetings, for instance in the case of matters of special importance or urgency.

All members of the Supervisory Board took part in all meetings held during the year under review. Due to the COVID-19 pandemic, some of the meetings were held by video or phone conference to protect the health of the participants.

The Supervisory Board reviewed the general business trend of the Company and its Group companies on the basis of the reports submitted to it, among other things, thereby placing special focus on meeting the targeted key performance indicators for revenue and earnings as well as on the performance of cash flows and significant projects of the Company and its Group companies.

After being established on 9 June 2021, the Supervisory Board's Audit Committee met twice during the reporting period. All Audit Committee members took part in both meetings.

III. KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, was appointed to audit the annual financial statements as at 31 December 2021 and the consolidated financial statements as at 31 December 2021 at the Company's Annual Shareholders' Meeting, which was held on 7 May 2021 in virtual form in accordance with the Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic, without the physical presence of shareholders or their authorised representatives. The audit mandate was duly awarded by the Chairman of the Supervisory Board on behalf of all members of the Supervisory Board.

The Company's Annual Shareholders' Meeting held on 7 May 2021 also approved the remuneration system developed by the Supervisory Board for the members of the general partner's Executive Board together with the remuneration for the Supervisory Board.

At its meeting on 11 November 2021, the Supervisory Board's Audit Committee held detailed discussions with the auditor on the subject of the audit, the audit schedule, the audit scope, and key audit areas with respect to the audit of the annual financial statements and the consolidated financial statements as at 31 December 2021.

The 2021 annual financial statements, the 2021 consolidated financial statements, and the combined management report were prepared by the general partner in compliance with the statutory regulations and were provided with unqualified audit opinions by the auditor. The general partner submitted the financial statements and the combined management report to the Supervisory Board along with the corresponding audit reports in a timely manner.

The Supervisory Board's Audit Committee examined the 2021 annual financial statements, the 2021 consolidated financial statements and the corresponding audit reports from the auditor, upon which it recommended that they be approved by the Supervisory Board at its meeting of 17 March 2022. At the Supervisory Board meeting held on 17 March 2022, the Supervisory Board and the Management Board held detailed discussions on the annual financial statements and the consolidated financial statements for 2021, the combined management report, and the general partner's proposal for appropriation of the net result The Audit Committee and the Supervisory Board were able to confer with the auditors, who were also present at the meeting.

Based on its final review, the Supervisory Board raised no objections to the annual financial statements prepared by the Management Board for financial year 2021 and hereby recommends that they be approved by the Annual Shareholders' Meeting. The Supervisory Board has moreover approved the consolidated financial statements prepared by the general partner for the 2021 financial year, to which it raised no objections either. The Supervisory Board reviewed and concurred with the general partner's proposal for the appropriation of net profit as it finds that the proposal appropriately reflects the interests of the Company and its shareholders.

IV. The remuneration report pursuant to § 162 of the German Stock Corporation Act (AktG) was duly prepared by the general partner and the Supervisory Board and was examined by the auditor.

V. The general partner prepared a report on related parties pursuant to § 312 of the Stock Corporation Act for the financial year from 1 January to 31 December 2021. The report states that on the basis of the circumstances known to the general partner at the time of undertaking legal transactions requiring disclosure, the Company had received adequate consideration in each case and that no measures requiring disclosure were either undertaken or omitted at the behest of, or in the interest of, related parties within the meaning of § 312 of the Stock Corporation Act during the 2021 financial year.

The auditor issued an unqualified audit opinion regarding the findings from its audit of the report on related parties. The Supervisory Board also examined the report on related parties and has concurred with the audit findings. Based on the Supervisory Board's final review, it has no objections to the closing statements made by the general partner in the report.

VI. The CTS Group prepares a separate report on its non-financial activities based on implementation in Germany of the CSR Directive in the form of an Act intended to improve non-financial reporting at companies (Gesetz zur Stärkung der nichtfinanziellen Berichterstattung der Unternehmen). In accordance with its legal options, the Company decided to prepare a separate non-financial report for the Group outside of the combined Management Report pursuant to § 315b and § 315c of the German Commercial Code (HGB) in conjunction with § 289c–289e of the Commercial Code. The non-financial report is published on the Company's website.

In November 2021, the Supervisory Board engaged KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, to perform a limited assurance audit of the Group's non-financial report. Based on its audit, KPMG AG Wirtschaftsprüfungsgesellschaft issued an unqualified audit opinion. This means that on the basis of the audit procedures performed and the evidence obtained, the auditor did not become aware of any circumstances that would lead it to believe that the Group's non-financial statement for the period from 1 January to 31 December 2021 had not been prepared in compliance with § 315b and 315c of the Commercial Code in conjunction with § 289c–289e of the Commercial Code.

The non-financial report for the Group and the audit opinion issued by KPMG AG Wirtschaftsprüfungsgesellschaft were timely submitted to the members of the Supervisory Board. In its meeting of 17 March 2022, the Supervisory Board examined the Group's non-financial report, discussed it in detail, and approved it. It found no indications of any grounds for objecting to the non-financial report issued by the Group or to the assessment of the audit findings of KPMG AG Wirtschaftsprüfungsgesellschaft.

VII. The Supervisory Board's activities during the reporting year included keeping abreast of the relevant publications to identify any changes or additions to the responsibilities of or requirements placed on Supervisory Board members. At its meeting of 11 November 2021, the Supervisory Board dealt with the efficiency review of its activities. No conflicts of interest as defined in the German Corporate Governance Code arose between members of the Supervisory Board during the reporting year. On 11 November 2021, 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 of the Stock Corporation Act. The declaration was published on the Company's website at www.eventim.de on the same day.

The Supervisory Board would like to thank the Management Board and all of the Company's employees for their accomplishments during the 2021 financial year.

17 March 2022

Dr. Bernd Kundrun
Chairman

Prof. Jobst W. Plog
Vice Chairman

Dr. Juliane Thümmel

Philipp Westermeyer

3. CTS EVENTIM SHARES

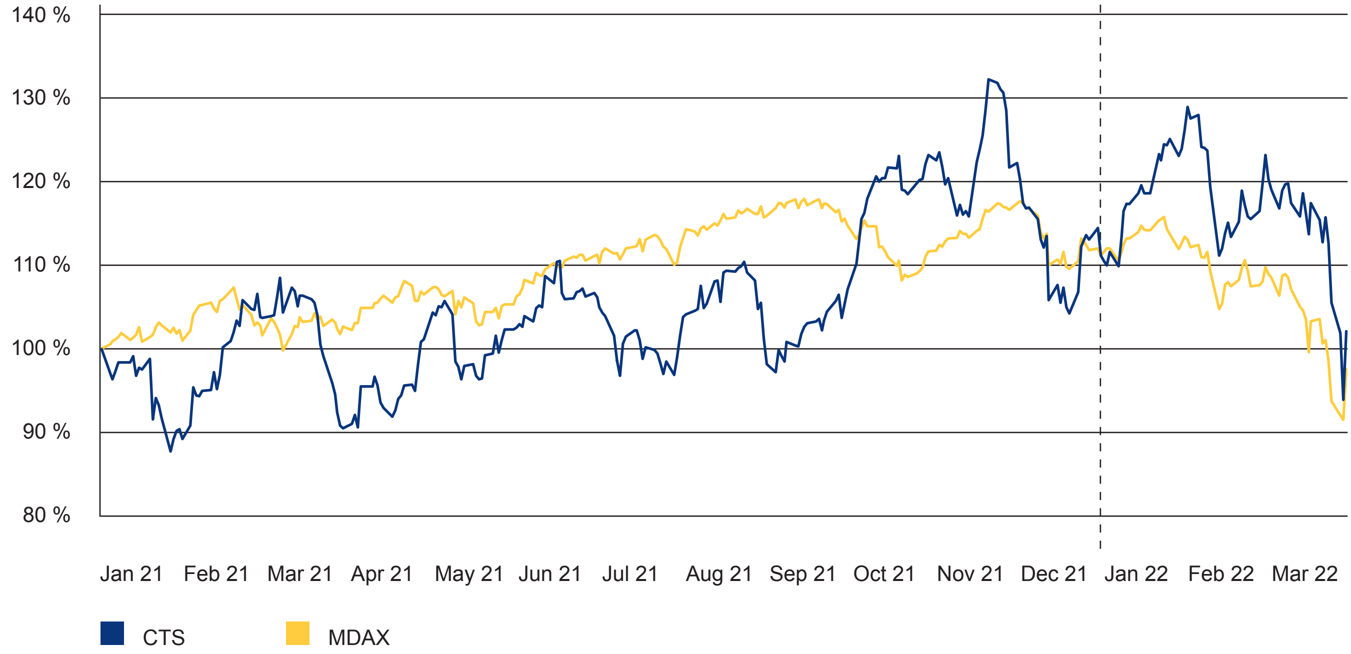
The COVID-19 pandemic continued to impact the performance of CTS KGaA during financial year 2021. Widespread restrictions and social distancing requirements meant that the live entertainment industry saw no significant recovery. Despite the COVID-19 pandemic, demand for live events continued unabated as evidenced by the trend in Ticketing. With the advent of vaccination campaigns, the Ticketing segment began showing a clear recovery trend in the third quarter compared with the prior year. The earnings trend for financial year 2021 was moreover impacted by government economic aid programmes in certain European markets.

Once the German vaccination campaign got underway at the end of the first quarter of 2021, CTS EVENTIM shares began trending upward to reach a new all-time high of EUR 71.60 on 5 November 2021. The high share price was evidence of shareholder optimism concerning the further recovery of the market in which CTS KGaA operates as well as confidence in the crisis management capabilities of CTS KGaA's Management Board. Not even the renewed volatility ensuing from the massive uptick in cases after the emergence of the Omicron variant was able to seriously impact the sustained recovery of CTS EVENTIM shares. CTS EVENTIM shares closed at a price of EUR 64.36, up 18.3% compared with the MDAX increase of 14.1%.

CTS KGaA enjoys a high level of interest among investment banks in the capital markets. Various analysts follow CTS EVENTIM shares on an ongoing basis and give their investment recommendations. Current “buy” recommendations have been issued by Baader Helvea, Bank of America, Berenberg, DZ Bank, Jeffries, Kepler Cheuvreux, Oddo BHF and Nord LB.

Despite the pandemic-related travel restrictions, CTS KGaA continued to present itself to a variety of international and domestic investors in financial year 2021. The presentations were held virtually for the most part. Regardless of how the pandemic evolves, CTS KGaA will carry on maintaining and building on its excellent relationships with the various players in the capital markets going forward in 2022. CTS KGaA's investor relations strategy continues to focus on transparent and direct communication with the capital markets and on steadily increasing CTS KGaA's visibility in the global capital markets.

CTS EVENTIM SHARE PRICE (1 JANUARY 2021 TO 9 MARCH 2022 – 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

	2021	2020
	EUR	EUR
Earnings per share	0.92	-0.86
High (Xetra)	71.60	61.30
Low (Xetra)	47.92	27.54
Year-end-price (Xetra)	64.36	54.40
Market capitalisation (based on year-end-price)	6,178,560,000	5,222,400,000
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 THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

The following transactions involving no-par-value bearer shares in the Company were carried out in financial year 2021 by members of CTS KGaA's corporate bodies:

Name	Position	Transaction	Date	Number of shares
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	23.04.2021	370

4. COMBINED MANAGEMENT REPORT

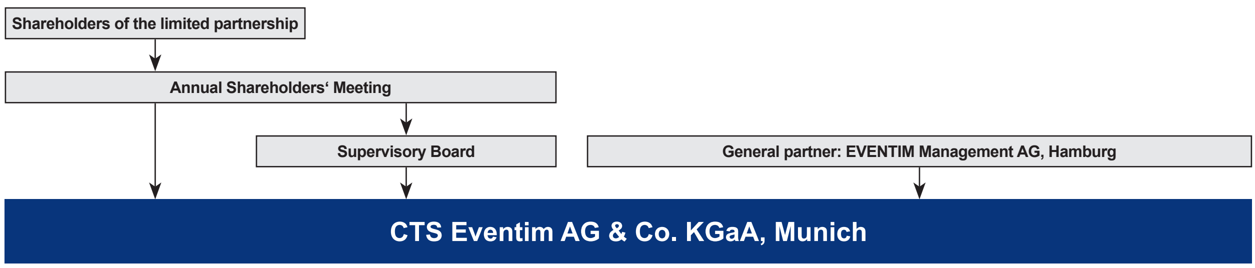
1. PRELIMINARY STATEMENTS

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 Management Board has also prepared consolidated financial statements in accordance with 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 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:



EVENTIM Management AG, Hamburg, is responsible for the management of CTS KGaA. EVENTIM Management AG is represented by the Executive 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 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 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 strongest player in that segment in terms of revenues on account of its sheer economic importance. Statements made in respect of the Ticketing segment therefore apply specifically to CTS KGaA as well.

The **Ticketing** segment's purpose is to produce, sell, broker, distribute and market tickets for concert, theatre, art, sports and other events in Germany and abroad. The event tickets are professionally marketed through the network platform (EVENTIM.Net), the inhouse ticketing product for classical music and theatre (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 of individual ticketing software systems and their internationalisation, 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 internationally.

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, musicals, festivals, fairs and exhibitions to sports events of all kinds.

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 touch points. 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 around the world 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** the CTS Group offers a ticket management system to major sports clubs based on its EVENTIM. Tixx software solution. With this system sports clubs in Germany, Italy, Austria and Switzerland can use the entire sales power of the CTS Group. In addition, the CTS Group supports sports clubs and promoters in their digitalisation efforts and also offers customer relationship management systems and online merchandising shops in addition to ticketing.

In the **cultural field**, leading promoters of cultural events in Europe use the specialised EVENTIM.Inhouse and Jet-Ticket 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 Berlin Philharmonic, the Montreux Jazz Festival and the Elbe Philharmonic Hall in Hamburg.

The CTS Group offers an intuitive tool to access information on ticket sales in practically real time with disguised, demographic and geographic data on the associated customer groups with its highly-specialised reporting solution **EVENTIM.Analytics**. This enables the data-driven evaluation and optimisation of events.

EVENTIM.Access, a central access control service, rounds off the EVENTIM ticketing platform portfolio. In addition, the complex entry requirements as a result of the COVID-19 pandemic, requiring health certificates to be scanned, validated and issued, are included with flexible configurations. These functions mean that events subject to German 3G, (vaccinated, recovered or negative test result), 2G (vaccinated or recovered) or 2G+ (vaccinated or recovered plus negative test result) rules, including those with specific requirements (i.e., only certain vaccines are permitted) can be guaranteed in full and these are being successfully used.

The acquisition of a majority interest in the software and hardware developer simply-X GmbH, Bad Gandersheim, in October 2021 extended the existing offering. This company has more than 20 years of experience and ranks among the leading German providers of products for everything to do with event management. The product range includes control, payment, ordering and customer loyalty solutions as well as hardware such as scanners with stands and turnstiles. Its solutions are used with a large number of well-known customers, such as the Olympic Stadium in Berlin, the Deutsche Bank Park in Frankfurt or the Hockenheimring (motor racing circuit).

The objects of the **Live Entertainment** segment are to plan, prepare and perform 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 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 expansion of this business area to grow a global promoter network and to acquire additional market share. The close partnership 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 sales and distribution from one source.

3.1.2 KEY REGIONS

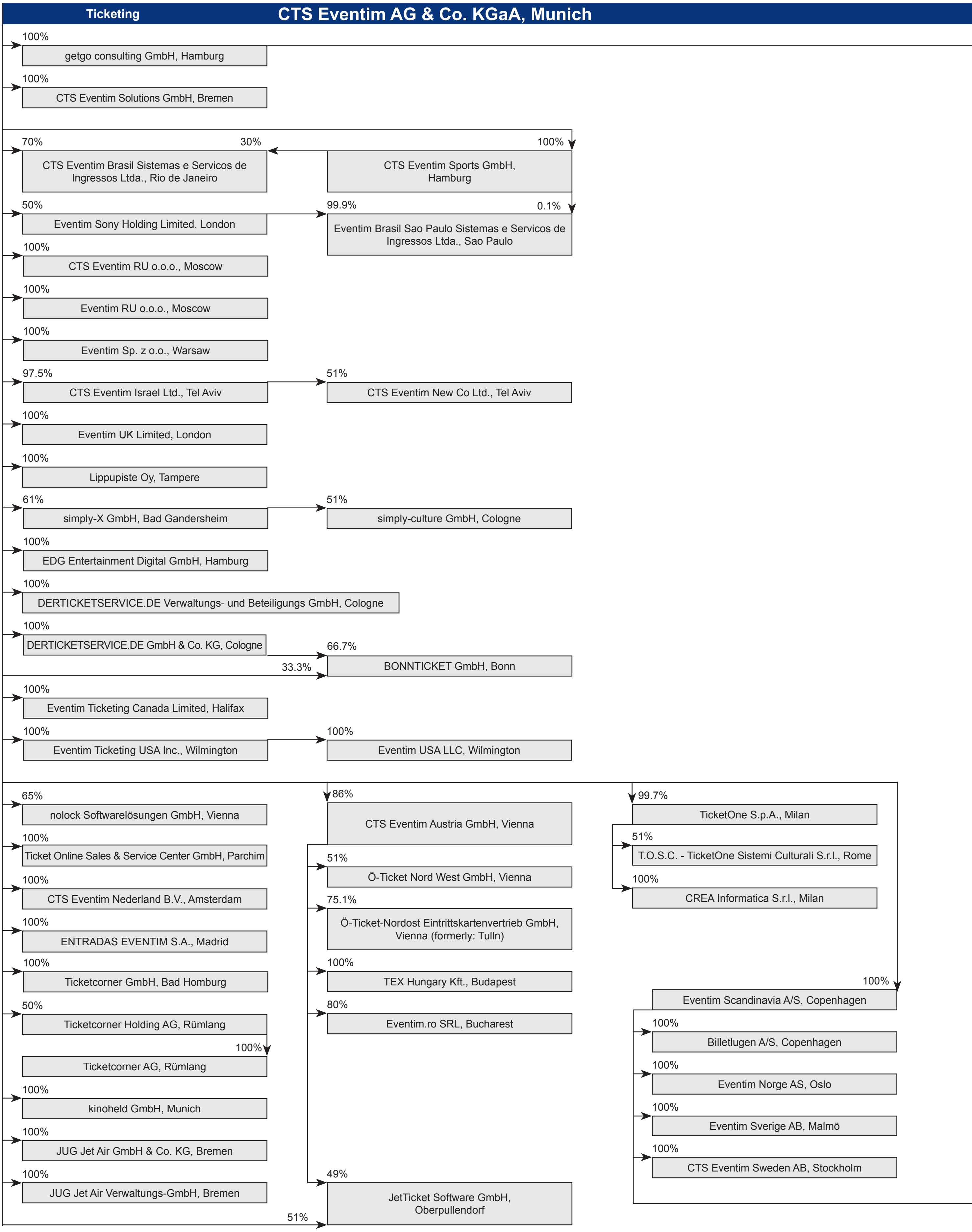
In addition to the German market, the Group's Ticketing segment also operates in Brasil, Bulgaria, Denmark, Finland, France, the United Kingdom, Israel, Italy, Canada, Croatia, the Netherlands, Norway, Austria, Poland, Romania, Russia, Sweden, Switzerland, Slovenia, Spain, Hungary and the USA.

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

3.1.3 CORPORATE STRUCTURE

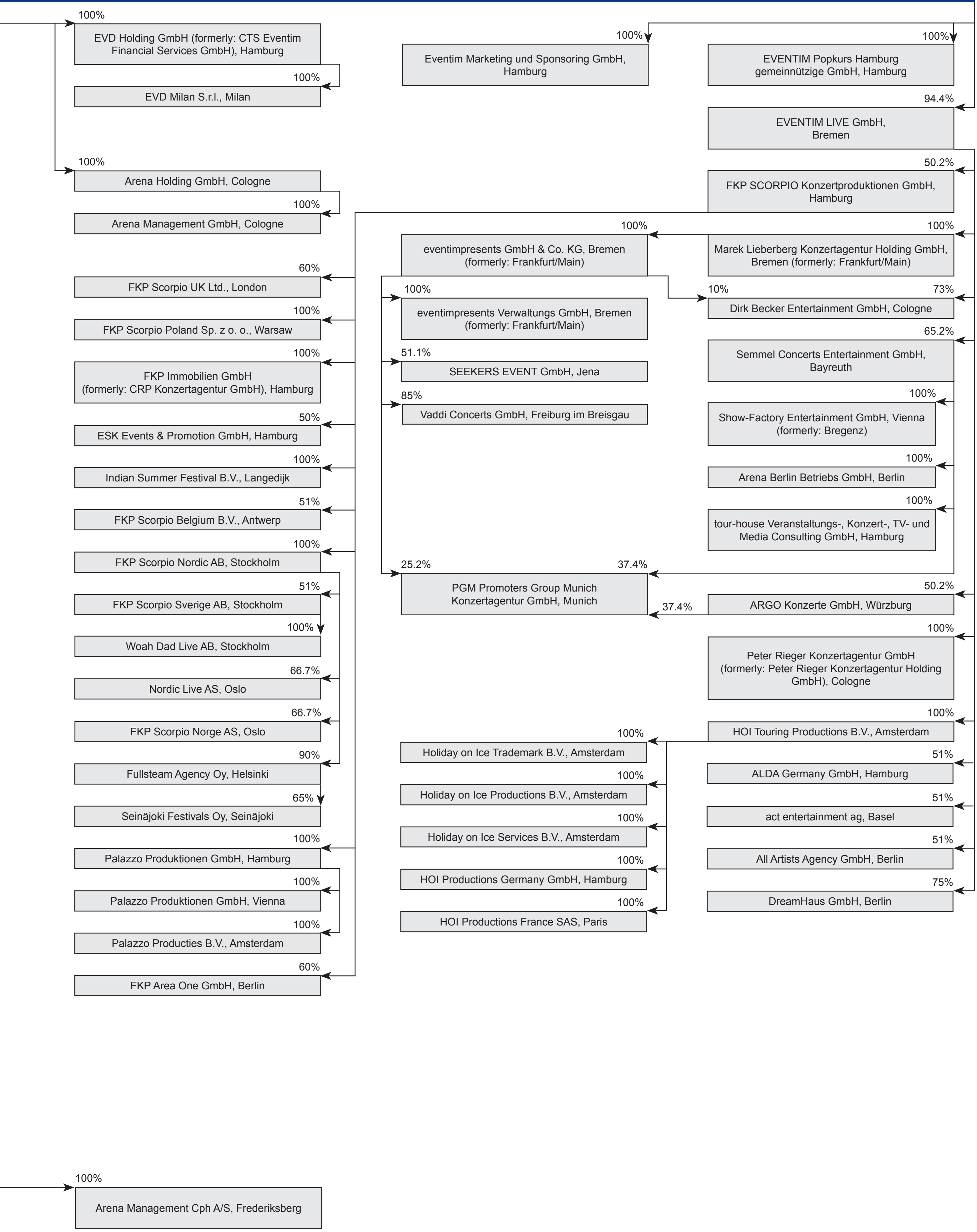
In addition to CTS KGaA as parent Company, the consolidated financial statements also include all relevant subsidiaries. The CTS Group is managed on a decentralised basis to ensure a high degree of market transparency and a fast response to potential changes in the respective markets. This means that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

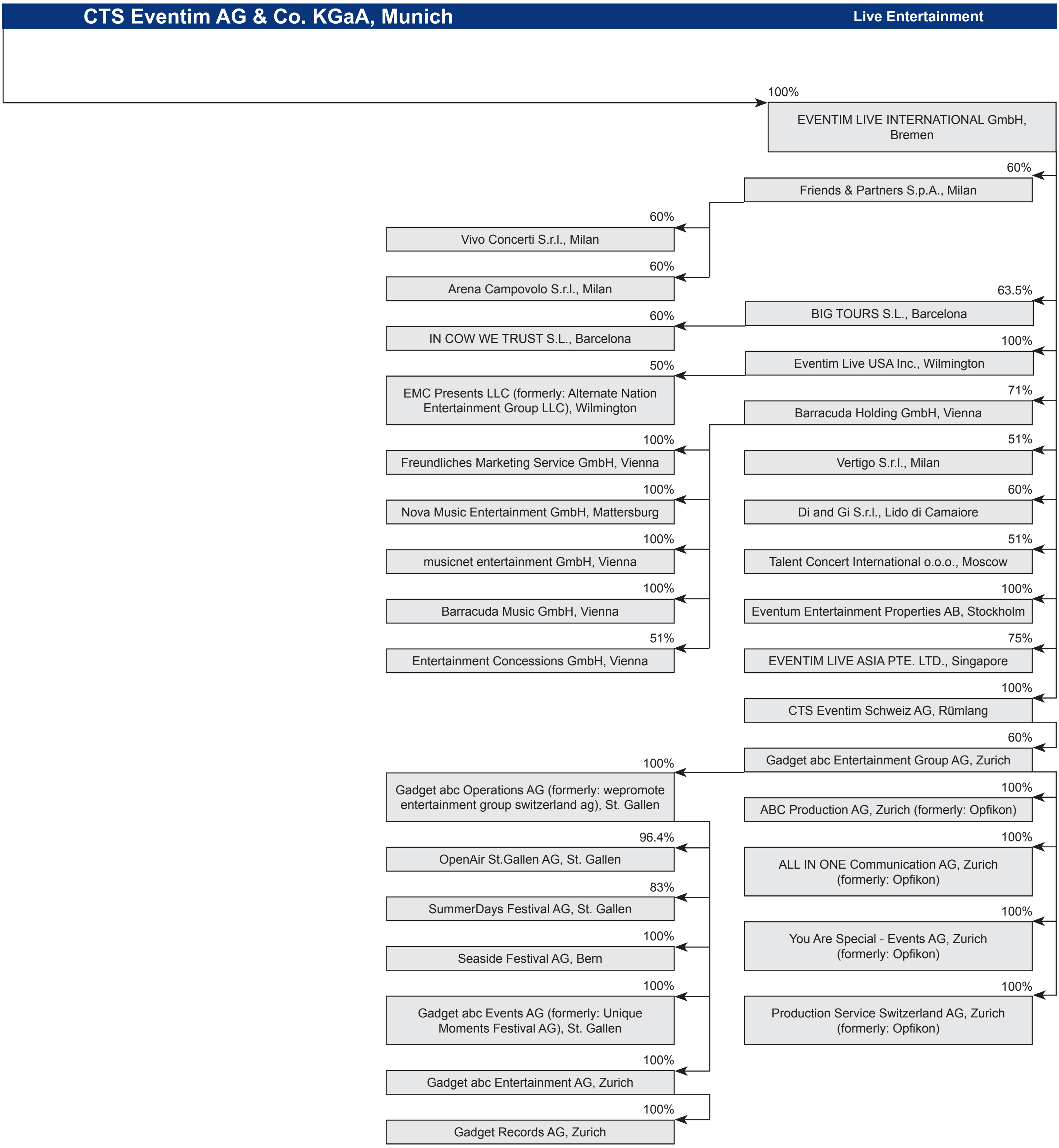
The following overview comprises all companies included in the consolidated financial statements by means of full consolidation as at 31 December 2021:



CTS Eventim AG & Co. KGaA, Munich

Live Entertainment




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
60%
Arena Campovolo 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%
EMC Presents LLC (formerly: 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
75%
EVENTIM LIVE ASIA PTE. LTD., Singapore
100%
CTS Eventim Schweiz AG, Rümlang
60%
Gadget abc Entertainment Group AG, Zurich
100%
Gadget abc Operations AG (formerly: wepromote entertainment group switzerland ag), St. Gallen
96.4%
OpenAir St.Gallen AG, St. Gallen
83%
SummerDays Festival AG, St. Gallen
100%
Seaside Festival AG, Bern
100%
Gadget abc Events AG (formerly: Unique Moments Festival AG), St. Gallen
100%
Gadget abc Entertainment AG, Zurich
100%
Gadget Records AG, Zurich
100%
ABC Production AG, Zurich (formerly: Opfikon)
100%
ALL IN ONE Communication AG, Zurich (formerly: Opfikon)
100%
You Are Special - Events AG, Zurich (formerly: Opfikon)
100%
Production Service Switzerland AG, Zurich (formerly: Opfikon)

CHANGES TO THE GROUP STRUCTURE

In the 2021 reporting period, the following changes in the structure of the Group occurred:

TICKETING

On 7 October 2021, CTS KGaA acquired a 61% interest in the digitalisation expert simply-X GmbH, Bad Gandersheim (hereinafter: simply-X). simply-X is a German provider of products related to event management (see 3.1.1. Business operations and segments page 16).

With a contract dated 2 December 2021, CTS KGaA acquired a 100% interest in the regional ticketing providers DERTICKETSERVICE.DE GmbH & Co. KG, Cologne (hereinafter: DTS) and BONNTICKET GmbH, Bonn (hereinafter (Bonnticket). The CTS Group is using these companies to expand its offerings in the Rhineland metropolitan region with its powerful economy.

Eventim Ticketing USA Inc., Wilmington, Delaware, USA, and its subsidiary Eventim USA LLC, Wilmington, Delaware, USA were formed on 22 March 2021. Eventim Ticketing Canada Limited, Halifax, Nova Scotia (Canada) was formed on 15 July 2021. The CTS Group is using these companies to penetrate the North American ticketing market and is thus driving its international expansion. Tickets were sold via the eventim.com platform for the first time in September 2021.

LIVE ENTERTAINMENT

On 24 March 2021, the CTS Group acquired 74.996% of the shares in concert promoter DreamHaus GmbH, Berlin (hereinafter: DreamHaus) via EVENTIM LIVE GMBH, Bremen (hereinafter: EVENTIM LIVE). Together with eventim-presents GmbH & Co. KG, Bremen, the company will organise in 2022 the “Rock am Ring” and “Rock im Park” festivals. DreamHaus is also a future part of EVENTIM LIVE, the CTS Group’s promoter network, and will ensure national and international tours for artistes.

HPX LLC, Delaware, USA, was founded on 15 April 2021. HPX LLC is an associated company accounted for at equity of EMC Presents LLC, Wilmington, Delaware, USA (formerly: Alternate Nation Entertainment Group, LLC). The purpose of this company is to develop and produce a major entertainment exhibition and to operate it internationally.

EVENTIM LIVE ASIA PTE. LTD., Singapore, was formed on 21 October 2021. The company will focus on the rapidly growing live entertainment markets in China, Japan, South Korea, Singapore, Hong Kong, Taiwan, Indonesia, Thailand, Vietnam, Malaysia and the Philippines.

3.1.4 SUSTAINABILITY INFORMATION

The Supervisory Board, Executive 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 global player in the international 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. Unfortunately, live entertainment on the CTS Group's core markets was also subject to major restrictions during the year under review, which again had a massive impact on the Company's activities with regard to sustainability. Those restrictions were attributable to official bans and prohibitions. Because major festivals, such as Rock am Ring, once again 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 once again resume and further develop its efforts in the area of sustainability.

Based on internal analyses 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 also largely confirmed with the non-financial report for the Group in financial year 2021, and reporting regarding the Company's activities continued accordingly.

In line with the new requirements on EU taxonomy and the associated reporting requirements, in the year under review the CTS Group analysed the compatibility with taxonomy for its business activities for the first time in the year under review. As part of this analysis, the Group found that the Live Entertainment division and the associated operation of event locations, and also the Company's IT services are compatible with taxonomy within the meaning of the corresponding EU Regulation. The individual results are presented in the Climate and Environmental Protection chapter of the non-financial consolidated report. As part of this report, on 24 March 2022, CTS KGaA will publish sustainability information for the 2021 financial year on the Company website at https://corporate.eventim.de/en/investor-relations/corporate-governance.

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; for the CTS Group: Earnings before financial result, taxes, depreciation and amortisation, impairment and reversals) normalised EBITDA, EBIT (Earnings before interest and taxes; operating result), normalised EBIT before amortisation and impairment from purchase price allocation, and Earnings per share (EPS).

Non-recurring items are removed from normalised EBITDA using a pre-defined catalogue. These items mainly relate to legal and consulting fees for the performance of due diligence for planned and carried out acquisitions. 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 EMC Presents LLC, Wilmington, Delaware, 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 are adjusted as non-recurring items to be normalised in EBITDA from the 2020 financial year. For the 2020 financial year, the Management Board has adjusted the guideline regarding the scope of non-recurring items accordingly, so that the key figures normalised EBITDA and normalised EBIT before amortisation and impairment from purchase price allocation will continue to be the basis for assessing operating earnings power.

The above-mentioned non-recurring items and amortisation and impairment resulting from purchase price allocations are removed from normalised EBIT before amortisation and impairment resulting from purchase price allocations. The economic aid programmes in connection with the COVID-19 pandemic have not been adjusted, as these relate to damages payments and refunds for fixed costs which arose from operating activities.

When purchase price allocation is conducted in accordance with IFRS, certain the intangible assets of the acquisition 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 and impairment from purchase price allocation are referred to collectively as 'earnings figures' summarised for the Group, CTS KGaA and the segments. Reporting for EPS takes place at Group level.

Internet ticket volume was defined as non-financial key figure in the Ticketing segment and for CTS KGaA. Internet ticket volume includes the number of tickets sold 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 research 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 systems are being constantly improved and expanded.

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

Due to the substantial burden as a result of the COVID-19 pandemic, the strong capital expenditure in this area could not be continued in the year under review to the same extent as in the years prior to the pandemic. In spite of this, however, an increased level of capital expenditure was recorded in the year under review. During the year under review, investments of EUR 14,769 thousand were made in further developing the ticket distribution systems (previous year: EUR 10,579 thousand) and these were capitalised. During the year under review, the amortisation of capitalised development costs amounted to EUR 13,129 thousand (previous year: EUR 11,765 thousand). The number of employees in software development, operations, and professional services (e.g. IT Consulting and Technical Services) is 343 (previous year: 341).

In 2021, 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. In this regard, the EVENTIM.CheckIn visitor data collection system has been further developed in line with current requirements. This solution allows visitors to events to 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 digitally in a simple and efficient manner. This ensures that the contact details of all potentially affected visitors can be quickly transmitted electronically to the health department.

In addition, functions such as scanning, validating and issuing health passes were added to EVENTIM.Access, thus allowing events to be securely held according to the German 3G, 2G, 2G+ requirements or specific test requirements while upholding all of the very high requirements to protect health-related data.

The digitalisation of ticketing means that data is becoming increasingly important to create 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), business intelligence (EVENTIM.BusinessIntelligence with reporting and extensive web analytics) and analytical services for B2B partners (EVENTIM.Analytics).

In so doing, the focus is on flexible analysis of the data for sustainable optimisation of the business in line with data protection requirements, and also the use of data science methods such as automatic learning in order to recommend events to customers (recommendation engine EVENTIM.Envita) at all relevant touchpoints.

A further focus as part of the digitalisation process is also offering digital tickets with the completely newly developed product EVENTIM.Pass, which allows not only tickets to be issued electronically, but also allows these to be verifiably transferred and re-sold, thus making a key contribution to avoiding black market activities.

As soon as the economic environment permits, the Group plans to step up its development of new technologies for the online reservation system, the distribution 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 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, a high-performance sales process.

3.4 OVERVIEW OF THE COURSE OF BUSINESS

3.4.1 MACROECONOMIC CONDITIONS

The global economy was in weaker shape than initially expected in early 2022, according to the International Monetary Fund (hereinafter: IMF). The spread of the Omicron variant in late 2021 caused a number of countries to tighten their restrictions related to the COVID-19 pandemic, while there was increased volatility in the financial markets. At the same time, rising energy prices and disruptions to global value creation chains, which dampened industrial production especially in Europe and the USA, created higher than expected inflationary pressure. It can be assumed that the Russia-Ukraine war will have further effects on the global economy, which are difficult to assess at this point in time and have not yet been incorporated in the IMF's forecasts.

For 2021, the IMF expects global growth of 5.9%, according to the updated World Economic Outlook it published at the end of January 2022. For 2022, meanwhile, it expects growth of 4.4%, which is 0.5 percentage points less than the prediction in its October 2021 outlook. In the eurozone, the IMF expects growth of 5.2% for 2021, but for 2022 it predicts growth of 3.9%, which is 0.4 percentage points less than it expected last autumn. For Germany, the IMF expects economic growth of only 2.7% in the year under review, which, although expected to rise to 3.8% in 2022, is still 0.8 percentage points below the estimate made by the IMF in October 2021.

According to the IMF, its outlook for economic development in 2021 and 2022 is based on the expected effects of mobility restrictions, border closures and public health implications resulting from the Omicron variant, although such effects may vary depending on local conditions. Subsequently, while growth is expected to be subdued during the first quarter of 2022, the negative effects are expected to moderate from the second quarter onwards, as long as no new virus variants emerge that lead to new mobility restrictions.

3.4.2 INDUSTRY CONDITIONS

After the massive, worldwide slump in the live entertainment and ticketing industry in 2020 as a result of the COVID-19 pandemic, the industry began to recover globally in the second half of the following year, according to an analysis carried out by auditing firm PricewaterhouseCoopers (hereinafter: PwC). According to its ‘Global Entertainment & Media Outlook 2021-2025’ published in September 2021, global revenue in the live music sector was USD 14.2 billion in the year under review, which is roughly half the revenue that was generated in 2019.

In the next few years, however, PwC expects the sector to catch up significantly. According to its report, live entertainment revenues are expected to grow at a compound annual growth rate (CAGR) of 33.2% to USD 30.7 billion by 2025, which would mean revenues will have already surpassed pre-pandemic levels by that point.

For Germany - CTS Group’s largest market - PwC predicts revenue growth of more than 100% to around EUR 1 billion in 2021. However, the live music industry is not likely to exceed pre-crisis levels until 2024, with revenue of EUR 2.0 billion. After a strong increase of around 78% in 2022, growth will level off again. In 2025, revenue of EUR 2.1 billion is expected.

The average annual growth rate of live entertainment revenue in Germany will be around 33% from 2020 to 2025. However, if the year before the pandemic began, 2019, is taken as a reference, growth would only be 0.5%, the study says.

Since May 2021, the ifo Institute for Economic Research (hereinafter: ifo Institute) has also been calculating economic indicators for the German event industry on the basis of its economic surveys. The companies included in its surveys extend far beyond the live entertainment industry, however, comprising catering, PR, equipment rental, trade fair organisers, cinemas, discotheques, theatres and other event organisers. According to the first business climate index published in November 2021 for the businesses it takes into consideration, the ifo Institute reckons that the events industry suffered a revenue loss of over 76% in 2020, the year when the pandemic began.

The survey results in the first nine months since the introduction of the new evaluation showed a high level of dissatisfaction among businesses with their current business situation, with nearly 40% of survey participants describing their business situation as poor. Overall, the event industry’s outlook for the near future was characterised by great uncertainty. In June 2021, 70% of participating businesses saw their existence threatened – which is significantly higher than that of the German service sector as a whole (20%).

With a view to live entertainment, meanwhile, the use of AI (artificial intelligence), VR (virtual reality) technologies, as well as blockchain or distributed ledger technology (DLT) offers new potential – especially against the background of the increasing availability of mobile high-speed internet. For example, 5G, the new standard for mobile internet and telephony, will make access to media content easier and cheaper. Furthermore, 5G will also accelerate the trend towards personalised offers and content. In general, personalisation in the live entertainment segment is one of the big topics of the future.

Such developments offer the ticketing industry and, in particular, international and integrated companies and technology leaders, a wide range of opportunities to take advantage of the consumer habits of their end customers, which have changed as a result of digitalisation - such as when it comes to announcing relevant events, providing additional offers surrounding the event visit itself, using data for new business areas in a manner that is compliant with data protection legislation, and increasing the user-friendliness of services and direct communication with existing and potential users. There is also significant potential in the evaluation of large amounts of data (‘Big Data’).

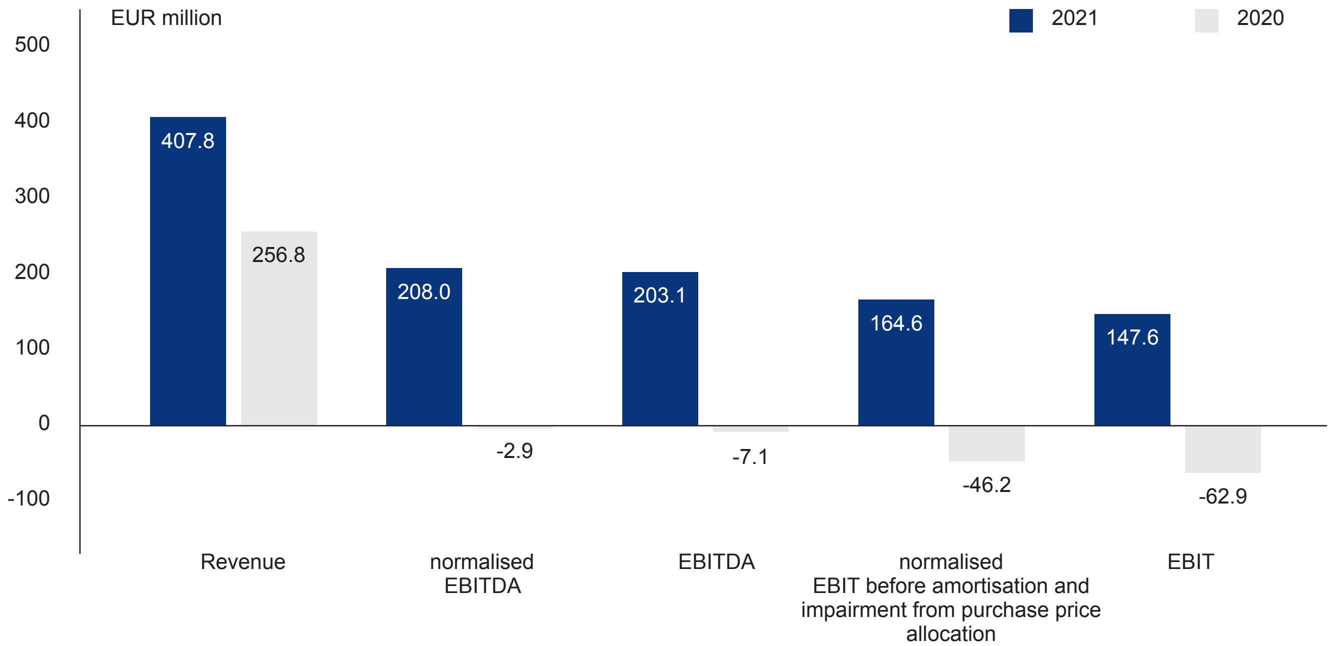
Furthermore, there are legal factors stemming from administrative proceedings, such as in Germany, Italy and Switzerland, where the outcome of such proceedings is still pending in each case. In those proceedings, the market position and behaviour of CTS KGaA and its subsidiaries are being examined, in particular with regard to the question of whether their market position in ticketing is being inappropriately exploited and market partners are being disadvantaged. It cannot be ruled out that cartel-prevention authorities, consumer protection organisations and other institutions will question individual practices or agreements in the context of on-going or future proceedings and demand or order modifications.

3.4.3 BUSINESS PERFORMANCE OF THE CTS GROUP

The 2021 financial year continued to be marked by the COVID-19 pandemic and the associated official bans and restrictions on the performance of events. Only in the beginning of the third quarter of 2021 did the performance of events slowly begin again in Europe, while in the USA, the first large arena tour event was already held again during the fourth quarter. Ticket presales in the Ticketing segment also increased from the third quarter onwards, in which successful presales for concerts given by top international artists also played a role. As a result of the COVID-19 pandemic, a variety of support measures were adopted by legislators both in Germany and abroad to provide economic support to businesses. During the 2021 financial year, the CTS Group recognised government economic aid programmes received in Germany and abroad in connection with the COVID-19 pandemic amounting to EUR 193,021 thousand (previous year: EUR 22,050 thousand) in other operating income, which relates to support programmes for both 2020 and 2021.

KEY GROUP FIGURES

Key financial Group figures are shown in the table below:



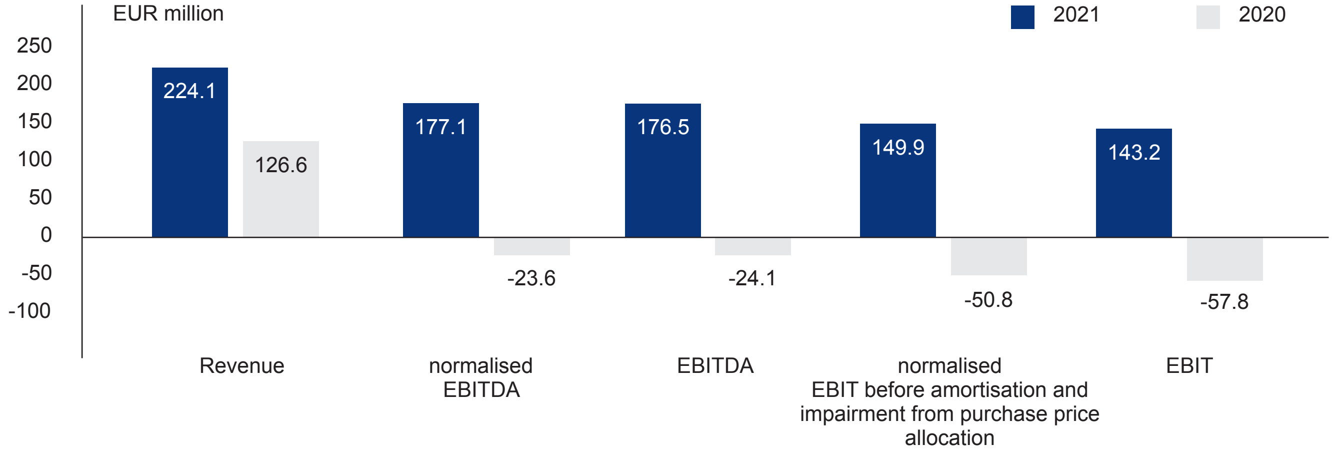
Group earnings per share (EPS) increased from EUR -0.86 to EUR 0.92 during the year under review.

SEGMENT KEY FIGURES

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

The **Ticketing segment** continued to be impacted by the COVID-19 pandemic. However, earnings figures improved due to income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic, as well as due to ticket presales, beginning in the third quarter of 2021, for major events featuring top international artists.

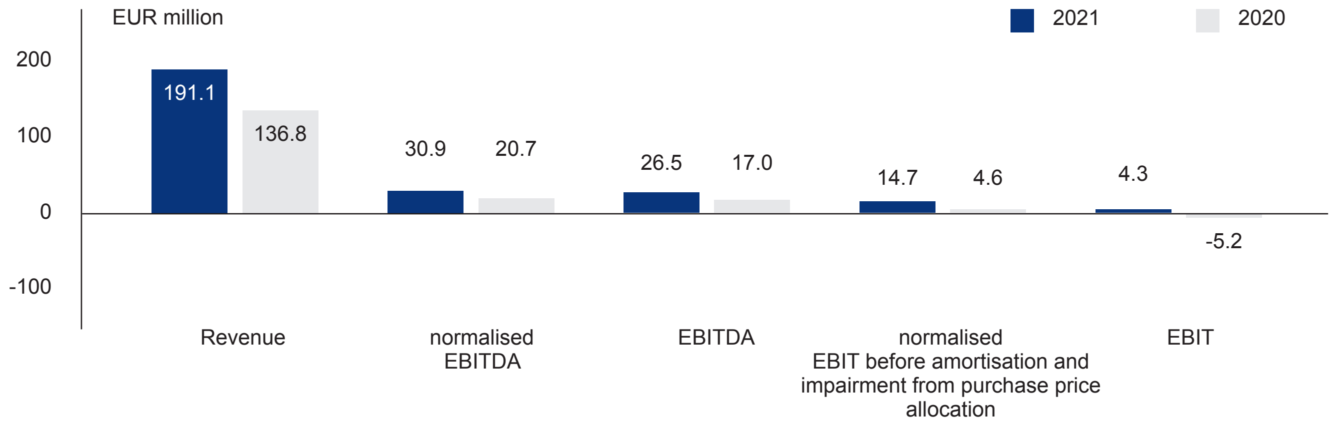
Key financial figures in the Ticketing segment are shown in the table below:



The internet ticket volume (non-financial key figure) increased by 84.0% to 32 million tickets, up from 17.4 million tickets in the previous year. The increase in internet ticket volume was the result of presales for concerts given by top international artists.

Business performance in the **Live Entertainment** segment was also impacted by the official bans and restrictions regarding the performance of events due to the COVID-19 pandemic. The lack of earnings contributions stemming from major events during the first nine months of 2021 was offset by income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic.

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



3.4.4 CTS EVENTIM SHARES PERFORMANCE

Following the start of the German vaccination campaigns at the end of the first quarter of 2021, CTS EVENTIM shares developed positively, leading to a new all-time high of EUR 71.60 on 5 November 2021. This development illustrates the confidence that shareholders have in the further recovery of the business environment relating to CTS KGaA, as well as their trust in the crisis management skills of the Management Board of CTS KGaA. Even the volatility that resurfaced at the end of the year in the wake of the massive increase in infection rates due to the Omicron variant did not manage to significantly influence the sustained recovery of the CTS EVENTIM share price. CTS EVENTIM shares closed at a price of EUR 64.36, recording an increase in value of 18.3% compared to the MDAX increase of 14.1%.

CTS KGaA receives significant attention among investment banks in the capital market. Various analysts follow CTS EVENTIM shares on an on-going basis and issue their investment recommendations accordingly. Investment recommendations currently exist from Baader Helvea, Bank of America, Berenberg, DZ Bank, Jeffries, Kepler Cheuvreux, Oddo BHF, and Nord LB.

3.4.5 GENERAL ASSESSMENT OF THE GROUP'S ECONOMIC SITUATION

Due to the official restrictions that continued to apply because of the on-going COVID-19 pandemic, virtually no major events took place in financial year 2021 as in the previous year. As a globally-active company, the CTS Group's ability to organise events internationally is dependent on the legal requirements in each individual country.

At the beginning of the second half of 2021, the situation in Germany and Europe with regard to cultural events was still characterised by considerable uncertainty and restrictions. Mainly smaller concerts and events took place, applying the German 2G rules (vaccinated or recovered) or 3G rules (vaccinated, recovered or negative test result). At the same time, ticket presales for performances to be held by top international artists in 2022 were very successful. In the third quarter of 2021, a sharp rise in the number of infections and the associated rise in the number of confirmed cases of COVID-19, as well as a decline in the effectiveness of vaccinations over time, led to renewed uncertainty about the further progression of the pandemic. Legislators in the respective countries and regions continued to react to such developments very differently and with changing regulations and measures. As a result, the ability to plan major events continued to be severely limited.

As described in the outlook in the 2020 annual report, the business performance of the Ticketing and Live Entertainment segments in 2021 will be subject to varying impacts depending on when major events restart. While scenario 1, which envisaged the performance of major events as early as the second quarter of 2021, was no longer relevant due to the COVID-19 pandemic, the **CTS Group** achieved a significantly lower revenue than that predicted for scenario 2 (start of events in the third quarter of 2021) or a considerably higher revenue than that predicted for scenario 3 (start of events in the first quarter 2022). The earnings figures taking into account the economic aid programme in Germany and abroad of EUR 193,021 thousand are significantly higher. Excluding these economic aid programmes the key earnings figures are at the level of scenario 2 or considerably better than scenario 3.

In the **Ticketing segment**, the revenue of scenario 2 was moderately to significantly exceeded and the revenue of scenario 3 considerably exceeded. The earnings figures taking into account the economic aid programme in Germany and abroad (especially corona aid programmes in Germany in the amount of EUR 98,102 thousand) were considerably higher.

CTS KGaA also achieved a revenue moderately lower as scenario 2 and significantly higher than scenario 3. The earnings figures taking into account the economic aid programmes (EUR 84,863 thousand) were considerably higher.

In the **Live Entertainment segment**, the revenue of scenario 2 was significantly lower and the revenue of scenario 3 considerably exceeded. The key earnings figures taking into account the Corona economic aid programmes in Germany and abroad (especially corona aid programmes in Germany in the amount of EUR 48,621 thousand) were significantly higher than scenario 2 and considerably higher than scenario 3.

Target/actual comparison for CTS Group for the 2021 financial year, scenario 2:

	Group		Ticketing		Live Entertainment	
Scenario 2	**Forecast for 2021**	**Actual 2021 vs. Actual 2020**	**Forecast for 2021**	**Actual 2021 vs. Actual 2020**	**Forecast for 2021**	**Actual 2021 vs. Actual 2020**
Revenue	Considerably higher	+58.8%	Significantly higher	+77.0%	Considerably higher	+39.7%
Earnings figures	Significantly higher	>+100.0%	Significantly higher	>+100.0%	Significantly below the 2020 level	+49.4% - >+100.0%
Internet ticket volume			Significantly higher	+84.0%		

Target/actual comparison for CTS Group for the 2021 financial year, scenario 3:

	Group		Ticketing		Live Entertainment	
Scenario 3	**Forecast for 2021**	**Actual 2021 vs. Actual 2020**	**Forecast for 2021**	**Actual 2021 vs. Actual 2020**	**Forecast for 2021**	**Actual 2021 vs. Actual 2020**
Revenue	Significantly lower	+58.8%	Moderately lower	+77.0%	Significantly lower	+39.7%
Earnings figures	Considerably lower	>+100.0%	Same earnings figures as in 2020	>+100.0%	Considerably lower	+49.4% - >+100.0%
Internet ticket volume			Moderately lower	+84.0%		

Target/actual comparison for CTS KGaA for the 2021 financial year:

	CTS KGaA			
	Forecast for 2021 scenario 2	**Actual 2021 vs. Actual 2020**	**Forecast for 2021 scenario 3**	**Actual 2021 vs. Actual 2020**
Revenue	Significantly higher	+69.8%	Almost same level	+69.8%
Earnings figures	Significantly higher	>+100.0%	Almost same level	>+100.0%
Internet ticket volume	Significantly higher	+69.0%	Almost same level	+69.0%

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

4.1 EARNINGS PERFORMANCE

The 2021 financial year continued to be marked substantially, even if not quite as much as the previous year, by the COVID-19 pandemic and the associated official bans and restrictions on the performance of events, although not quite as heavily as in the previous year. Accordingly, consolidated revenue rose to EUR 407,821 thousand. Group EBITDA increased to EUR 203,082 thousand, primarily due to income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic, which relates to support programmes for both 2020 and 2021.

The earnings position of the CTS Group is as follows:

	2021	2020	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**407,821**	**256,840**	**150,981**	**58.8**
Gross profit	**80,711**	**9,816**	**70,895**	**> 100.0**
EBITDA	**203,082**	**-7,116**	**210,198**	**> 100.0**
Depreciation, amortisation and impairment	**-55,501**	**-55,818**	**317**	**0.6**
EBIT	**147,581**	**-62,933**	**210,515**	**> 100.0**
Financial result	-6,477	-39,095	32,618	83.4
Earnings before taxes (EBT)	**141,104**	**-102,028**	**243,133**	**> 100.0**
Taxes	-47,835	13,955	-61,790	> -100.0
Net result attributable to shareholders of CTS KGaA	**87,909**	**-82,259**	**170,168**	**> 100.0**
Net result attributable to non-controlling interests	5,360	-5,815	11,175	> 100.0

4.1.1 REVENUE PERFORMANCE

Group revenue growth is shown in the following table:

2011 [EUR'000]	502,814
2012 [EUR'000]	520,334
2013 [EUR'000]	628,349
2014 [EUR'000]	690,300
2015 [EUR'000]	834,227
2016 [EUR'000]	829,906
2017 [EUR'000]	1,033,980
2018 [EUR'000]	1,241,689
2019 [EUR'000]	1,443,125
2020 [EUR'000]	256,840
2021 [EUR'000]	407,821

During the period under review, consolidated revenue increased by EUR 150,981 thousand, or 58.8%, to EUR 407,821 thousand (previous year: EUR 256,840 thousand). However, the business performance continues to be impacted by the COVID-19 pandemic, although to a lesser extent than in the 2020 financial year. Revenue (before consolidation between segments) breaks down into EUR 224,139 thousand (previous year: EUR 126,643 thousand) in the Ticketing segment and EUR 191,101 thousand (previous year: EUR 136,776 thousand) in the Live Entertainment segment.

The following table shows revenue by geographic distribution:

	2021	2020
	[EUR'000]	[EUR'000]
Germany	189,398	153,038
Italy	68,449	36,861
USA	47,811	0
Switzerland	34,822	20,579
Austria	16,008	17,481
Finland	12,226	8,110
Spain	4,616	2,045
Netherlands	4,466	6,879
Other countries	30,025	11,847
	407,821	**256,840**

Revenue growth in Germany resulted from the Ticketing segment, while the increase in revenue in Italy and the USA was mainly realised in the Live Entertainment segment. The increases in the other countries primarily resulted from the Ticketing segment.

In the **Ticketing segment**, revenue increased EUR 97,496 thousand, or 77.0% to EUR 224,139 thousand (previous year: EUR 126,643 thousand). Business performance in 2021 continued to be impacted by the COVID-19 pandemic, however. Compared to business performance in the 2020 financial year, it should be taken into account that the majority of the first quarter of 2020 was not yet affected by the COVID-19 pandemic. However, this was more than offset by the fact that from the third quarter of 2021 onwards, internet ticket presales for major events in 2022 rose sharply again. This is also evident from the internet ticket volume, which increased by 84.0% to 32.0 million tickets, up from 17.4 million tickets in the previous year.

In the **Live Entertainment segment**, revenue increased by EUR 54,324 thousand, or 39.7% to EUR 191,101 thousand (previous year: EUR 136,776 thousand). While revenue in the first nine months of the 2021 financial year was still heavily influenced by the COVID-19 pandemic and the associated official bans and restrictions on the performance of events, a number of events were already held again during the fourth quarter of 2021 compared to the same quarter of the previous year. In addition, a large arena tour already took place again in the USA during the fourth quarter of 2021.

4.1.2 EARNINGS PERFORMANCE

GROSS PROFIT

The gross profit of the **CTS Group** increased to EUR 80,711 thousand during the 2021 reporting period (previous year: EUR 9,816 thousand), while the Group's gross margin rose to 19.8%, up from 3.8% in the previous year.

In the **Ticketing segment**, the gross margin increased to 49.2% during the 2021 financial year (previous year: 25.0%). The gross margin increased due to the disproportionately high operational earnings created by the continuous rise in the internet ticket volume, but is burdened, among other things, by personnel costs incurred in connection with continued technological development.

In the **Live Entertainment segment**, the gross margin was -14.3% (previous year: -15.5%). Gross profit is essentially burdened by preproduction costs. Although events were postponed and cancelled, preproduction costs such as marketing expenses had already been incurred.

NON-RECURRING ITEMS

In the period under review, the CTS Group's earnings were impacted by non-recurring items of EUR 4,372 thousand (previous year: EUR 3,675 thousand) in the Live Entertainment segment, mainly in connection with expenses from purchase price allocations for acquisitions not classified as a business combination under IFRS 3 (EUR 3,380 thousand; previous year: EUR 2,921 thousand), as well as by other non-recurring items in connection with completed and planned acquisitions (mainly legal and consulting fees, due to due diligence). In the Ticketing segment, non-recurring items of EUR 527 thousand were recorded (previous year: EUR 500 thousand), primarily due to legal and consulting fees, including for due diligence.

NORMALISED EBITDA / EBITDA

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

	2021	2020	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
EBITDA	**203,082**	**-7,116**	**210,198**	**> 100.0**
Non-recurring items:	4,899	4,175	724	17.3
Legal and consulting fees for planned and completed acquisitions	1,459	881	578	65.5
Legal and consulting fees related to infrastructure charge	61	373	-313	-83.8
Expenses from allocations of purchase prices for acquisitions that are not classified as business combinations according to IFRS 3	3,380	2,921	459	15.7
Normalised EBITDA	**207,982**	**-2,940**	**210,922**	**> 100.0**
Depreciation, amortisation and impairment	-55,501	-55,818	317	0.6
thereof amortisation and impairment from purchase price allocation	12,085	12,573	-488	-3.9
Normalised EBIT before amortisation and impairment from purchase price allocation	**164,566**	**-46,185**	**210,751**	**> 100.0**

The **CTS Group's** normalised EBITDA increased by EUR 210,922 thousand to EUR 207,982 thousand (previous year: EUR -2,940 thousand). The rise was largely attributable to income of EUR 193,021 thousand (previous year: EUR 22,050 thousand) as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic. This was offset by lower income from insurance compensation of EUR 3,620 thousand (previous year: EUR 60,816 thousand). Income from refunded social security contributions of EUR 7,165 thousand (previous year: EUR 10,549 thousand) was recorded as a reduction in personnel expenses and thus in the corresponding functional area costs. The change in normalised EBITDA breaks down into EUR 200,696 thousand in the Ticketing segment and EUR 10,226 thousand in the Live Entertainment segment. The normalised EBITDA margin increased to 51.0% (previous year: -1.1%).

Group EBITDA increased by EUR 210,198 thousand to EUR 203,082 thousand (previous year: EUR -7,116 thousand). The change in EBITDA of EUR 210,198 thousand breaks down into EUR 200,669 thousand in the Ticketing segment and EUR 9,529 thousand in the Live Entertainment segment. The Group EBITDA margin amounts up to 49.8% (previous year: -2.8%).

Normalised EBITDA in the **Ticketing segment** increased by EUR 200,696 thousand to EUR 177,061 thousand, up from EUR -23,635 thousand. The normalised EBITDA margin increased to 79.0% (previous year: -18.7%). Compared to the previous year, the rise primarily resulted from income of EUR 112,181 thousand as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic (previous year: EUR 2,846 thousand). This was offset by lower income from insurance compensation of EUR 261 thousand (previous year: EUR 10,040 thousand). Income from refunded social security contributions of EUR 2,732 thousand (previous year: EUR 5,448 thousand) was recognised as a reduction in personnel expenses and thus in the corresponding functional area costs. The internet ticket volume increased by 84.0% to 32.0 million tickets, up from 17.4 million tickets in the previous year.

EBITDA in the Ticketing segment increased by EUR 200,669 thousand to EUR 176,534 thousand, up from EUR -24,135 thousand in the previous year. The EBITDA margin increased to 78.8% (previous year: -19.1%).

In the **Live Entertainment segment**, normalised EBITDA increased by EUR 10,226 thousand, or 49.4%, to EUR 30,920 thousand, up from EUR 20,694 thousand in the previous year. The normalised EBITDA margin increased to 16.2% (previous year: 15.1%). The rise was largely attributable to income of EUR 80,840 thousand (previous year: EUR 19,204 thousand) as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic. This was offset by lower income from insurance compensations of EUR 3,359 thousand (previous year: EUR 50,777 thousand) for cancelled and postponed events. Income from refunded social security contributions of EUR 4,433 thousand (previous year: EUR 5,101 thousand) was recognised as a reduction in personnel expenses and thus in the corresponding functional area costs. Normalised EBITDA continues to be marked by the COVID-19 pandemic and the associated official bans and restrictions on the performance of events. Nevertheless, some events were already held again during the fourth quarter of 2021, such as a large arena tour in the USA.

EBITDA in the Live Entertainment segment increased by EUR 9,529 thousand, or 56.0%, to EUR 26,548 thousand, up from EUR 17,019 thousand in the previous year. The EBITDA margin was 13.9% (previous year: 12.4%).

NORMALISED EBIT BEFORE AMORTISATION AND IMPAIRMENT FROM PURCHASE PRICE ALLOCATION / EBIT

Normalised EBIT before amortisation and impairment from purchase price allocation in the **CTS Group** increased by EUR 210,751 thousand to EUR 164,566 thousand, up from EUR -46,185 thousand in the previous year. The normalised EBIT margin increased to 40.4% (previous year: -18.0%). At EUR 147,581 thousand, Group EBIT figure was EUR 210,515 thousand higher than in the previous year (EUR -62,933 thousand). The EBIT margin increased to 36.2% (previous year: -24,5%).

Total depreciation and amortisation within the **CTS Group** amounted up to EUR 55,501 thousand (previous year: EUR 55,818 thousand). The amortisation and impairment from purchase price allocations amounts to EUR 12,085 thousand (previous year: EUR 12,573 thousand). At EUR 43,416 thousand, the amortisation of intangible assets and the depreciation of property, plant and equipment remained at the previous year's level (previous year: EUR 43,245 thousand).

In the **Ticketing segment**, normalised EBIT before amortisation and impairment from purchase price allocation increased by EUR 200,643 thousand to EUR 149,847 thousand, up from EUR -50,796 thousand. The normalised EBIT margin was 66.9%, up from -40.1% in the previous year. EBIT increased by EUR 200,991 thousand to EUR 143,239 thousand, up from EUR -57,752 thousand. The EBIT margin increased to 63.9%, up from -45.6% in the previous year.

The **Live Entertainment segment**, normalised EBIT before amortisation and impairment from purchase price allocation was EUR 14,719 thousand, up from EUR 4,611 thousand in the previous year. The normalised EBIT margin increased to 7.7% (previous year: 3.4%). EBIT increased by EUR 9,524 thousand to EUR 4,342 thousand, up from EUR -5,181 thousand in the previous year. The EBIT margin was 2.3% (previous year: -3.8%).

FINANCIAL RESULT

The financial result increased by EUR 32,618 thousand to EUR -6,477 thousand, up from EUR -39,095 thousand in the previous year. The EUR 25,843 thousand decrease in financial expenses can primarily be attributed to the impairment of the deposits of the Barracuda Group at Commerzialbank Mattersburg im Burgenland AG in the amount of EUR 20,712 thousand recorded in the previous year. Furthermore, financial expenses decreased by EUR 6,603 thousand due to lower expenses from updated valuations of existing contractual agreements (put options and earn-out agreements). This was offset by higher interest expenses of EUR 513 thousand and impairment of financial assets of EUR 936 thousand.

The EUR 3,185 thousand increase in financial income can primarily be attributed to updated valuations of existing contractual agreements (put options and earn-out agreements).

Expenses from participations of third parties and from investments in associates accounted for at equity (EUR 4,789 thousand; previous year: EUR 8,379 thousand) continue to be burdened by the COVID-19 pandemic, although less so than in the previous year.

TAXES

Taxes in the reporting year include tax expenses of EUR 47,835 thousand, whereas in the previous year tax income of EUR 13,955 thousand was recorded. The EUR 61,790 thousand change in taxes can be attributed to the increase in earnings before taxes, which primarily increased due to the taxable income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic. Taxes include deferred tax expenses of EUR 833 thousand (previous year: deferred tax income EUR 16,602 thousand) and the current income tax expenses of consolidated entities of EUR 47,002 thousand (previous year: EUR 2,647 thousand).

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 87,909 thousand (previous year: EUR -82,259 thousand). Earnings per share (EPS) increased significantly to EUR 0.92 (previous year: EUR -0.86).

NET RESULT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net result attributable to non-controlling interests increased by EUR 11,175 thousand to EUR 5,360 thousand, up from EUR -5,815 thousand in the previous year.

4.1.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2021	2020	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	81,758	84,740	-2,982	-3.5
General administrative expenses	62,192	58,523	3,669	6.3
Other operating income	222,774	100,773	122,001	> 100.0
Other operating expenes	11,954	30,260	-18,306	-60.5
thereof non-recurring items	*4,899*	*4,175*	*724*	*17.3*

SELLING EXPENSES

Selling expenses fell by EUR 2,982 thousand to EUR 81,758 thousand. The decrease in selling expenses can primarily be attributed to lower other operating expenses (EUR -4,198 thousand) and depreciation and amortisation (EUR -1,240 thousand). The decrease in other operating expenses is due in part to lower bad debt allowances on receivables.

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses increased by EUR 3,669 thousand to EUR 62,192 thousand. The increase can primarily be attributed to higher personnel expenses (EUR +2,073 thousand; see section 4.1.4 Personnel) and higher other operating expenses (EUR +1,520 thousand).

OTHER OPERATING INCOME

Other operating income increased by EUR 122,001 thousand to EUR 222,774 thousand. The increase was largely attributable to the income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic, which increased by EUR 170,971 thousand to EUR 193,021 thousand. These economic aid programmes relate in part to 2020 with the German November and December Assistance, which totalled EUR 99,857 thousand, and to 2021 with the Bridging Assistance III and III Plus that were provided in Germany, totalling EUR 46,865 thousand, as well as other grants of EUR 46,299 thousand. On the other hand, compared to the same period of the previous year, income from insurance compensations for cancelled and postponed events was lower (EUR -57,196 thousand), particularly in the Live Entertainment segment.

OTHER OPERATING EXPENSES

Other operating expenses decreased by EUR 18,306 thousand to EUR 11,954 thousand. The decrease can particularly be attributed to lower currency translation expenses resulting from the translation of receivables and liabilities, especially in Brazilian real, US dollars, euros and British pound sterling (EUR -6,633 thousand). In the previous year, other operating expenses included expenses for a fine imposed in the context of administrative proceedings in Italy in the amount of EUR 10,868 thousand.

4.1.4 PERSONNEL

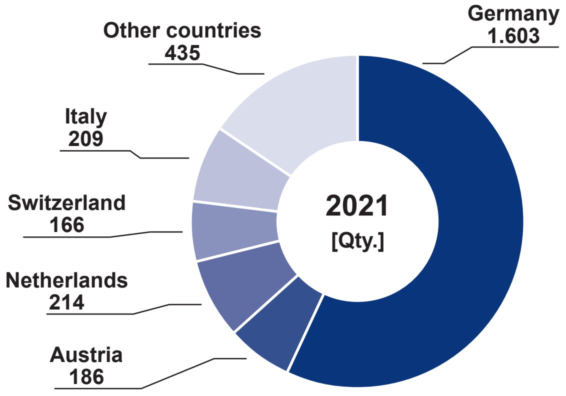
Personnel expenses increased by EUR 5,869 thousand, or 4.5%, to EUR 137,755 thousand (previous year: EUR 131,886 thousand). Of the increase in personnel expenses, EUR 6,370 thousand related to the Ticketing segment, while a decrease in personnel expenses of EUR 501 thousand was attributable to the Live Entertainment segment. The increase in the Ticketing segment is mainly due to the decrease in short-time work and the recruitment of new staff as part of an expected increase in business activity. The decrease in personnel expenses in the Live Entertainment segment is due to savings in personnel expenses in part through the use of short-time work, salary cuts and waivers, and other government support programmes intended to promote job retention. Income from refunded social security contributions was recorded in the CTS Group as a EUR 7,165 thousand (previous year: EUR 10,549 thousand) reduction in personnel expenses, of which EUR 4.433 thousand (previous year: EUR 5,101 thousand) relates to the Live Entertainment segment, and EUR 2,732 thousand (previous year: EUR 5,448 thousand) relates to the Ticketing segment.

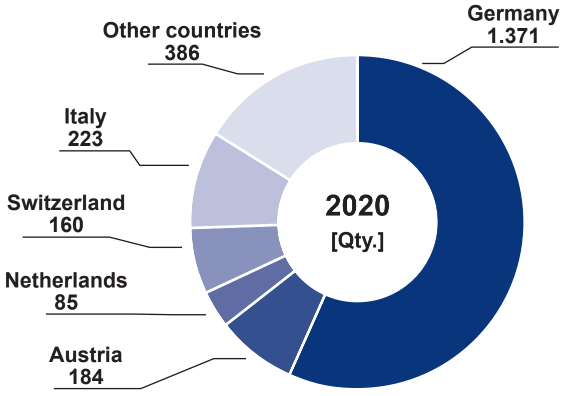
Breakdown of workforce by segment (permanent and temporary employees), year-end figures:

	2021	2020	Change	
	[Qty.]	[Qty.]	[Qty.]	[in %]
Ticketing	1,676	1,476	200	13.6
Live Entertainment	1,137	933	204	21.9
Total	**2,813**	**2,409**	**404**	**16.8**

In the Ticketing segment, the number of employees increased particularly due to the expansion of the scope of consolidation. The organisation of Holiday on Ice Shows during the fourth quarter of 2021 led to an increase in the number of employees in the Live Entertainment segment, as the Shows had to be cancelled during the fourth quarter of the previous year due to the COVID-19 pandemic.

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





In 2021, the Group employed an average of 232 fewer employees than in the 2020 financial year.

4.1.5 PERFORMANCE OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

	2018 [EUR million]	2019 [EUR million]	2020 [EUR million]	2021 [EUR million]
Revenue	447.1	481.6	126.6	224.1
Gross profit	273.4	291.5	31.7	110.2
Gross margin	61.2%	60.5%	25.0%	49.1%
EBITDA	194.0	219.3	-24.1	176.5
Normalised EBITDA	195.8	220.4	-23.6	177.1
EBIT	164.5	185.0	-57.8	143.2
Normalised EBIT before amortisation and impairment from purchase price allocation	174.7	192.9	-50.8	149.9

The decrease in revenue during the 2020 financial year was impacted by low presales of events due to the COVID-19 pandemic. The increase in revenue during the period under review can primarily be attributed to internet ticket presales for large events in financial year 2022. EUR 189,825 thousand of segment revenue related to internet revenue in the 2021 reporting year (previous year: EUR 99,694 thousand). That corresponds to an 84.7% share in revenue (previous year: 78.7%), and a year-on-year increase of 6.0 percentage points for that distribution channel.

EBITDA and normalised EBITDA were burdened by the COVID-19 pandemic during the 2020 financial year. The increase in key figures for the reporting period can primarily be attributed to income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic.

LIVE ENTERTAINMENT

	2018 [EUR million]	2019 [EUR million]	2020 [EUR million]	2021 [EUR million]
Revenue	812.5	985.8	136.8	191.1
Gross profit	68.6	109.1	-21.2	-27.3
Gross margin	8.4%	11.1%	-15.5%	-14.3%
EBITDA	31.1	65.0	17.0	26.5
Normalised EBITDA	32.3	66.1	20.7	30.9
EBIT	23.2	45.2	-5.2	4.3
Normalised EBIT before amortisation and impairment from purchase price allocation	27.8	50.0	4.6	14.7

The decline in revenue in 2020 mainly resulted from the ongoing COVID-19 pandemic and the associated official bans and restrictions on the performance of events. While in the first quarter of 2020, major events were still held until Mid-March, the organisation of events was very slow in Europe from the third quarter of 2021 onwards, although a large arena tour event was already held again in the USA.

EBITDA and normalised EBITDA were burdened by the COVID-19 pandemic during the 2020 financial year. The increase in key figures for the reporting period can primarily be attributed to income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic. However, the key figures were still strongly influenced by the COVID-19 pandemic and the associated official bans and restrictions on the performance of events.

4.2 FINANCIAL POSITION
4.2.1 GROUP FINANCIAL POSITION

	31 Dec 2021		31 Dec 2020 [2]		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	965,190	42.2	741,182	40.8	224,009
Marketable securities and other investments	30,834	1.3	600	0.0	30,234
Trade receivables [1]	54,483	2.4	25,235	1.4	29,249
Receivables from related parties [1]	1,971	0.1	756	0.0	1,215
Inventories	4,738	0.2	4,710	0.3	28
Advances paid	143,002	6.3	101,852	5.6	41,151
Other financial assets	87,336	3.8	52,551	2.9	34,785
Other non-financial assets	111,415	4.9	54,378	3.0	57,037
Total current assets	**1,398,970**	**61.2**	**981,263**	**54.0**	**417,707**
Non-current assets					
Goodwill	362,640	15.9	349,881	19.2	12,759
Fixed assets	439,097	19.2	426,128	23.4	12,969
Trade receivables	17	0.0	116	0.0	-100
Advances paid	26,916	1.2	0	0.0	26,916
Other financial assets	19,211	0.8	14,664	0.8	4,547
Other non-financial assets	10,269	0.4	13,121	0.7	-2,852
Deferred tax assets	30,717	1.3	32,977	1.8	-2,260
Total non-current assets	**888,866**	**38.9**	**836,887**	**46.0**	**51,979**
Total assets	**2,287,836**	**100.0**	**1,818,151**	**100.0**	**469,685**

[1] *With regard to the presentation change, please see note 1.2 in the notes to the consolidated financial statements*

[2] *Adjusted prior-year figures owing to the finalised purchase price allocation for the acquisition of Zappa's ticketing business, please see note 2.1 in the notes to the consolidated financial statements*

	31 Dec 2021		31 Dec 2020 [2]		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Financial liabilities	9,813	0.4	228,447	12.6	-218,634
Trade payables [1]	119,723	5.2	69,136	3.7	50,588
Payables to related parties [1]	6,420	0.3	1,510	0.1	4,910
Advance payments received	634,486	27.7	400,936	22.0	233,550
Other provisions	37,030	1.6	42,349	2.3	-5,319
Tax debts	52,704	2.3	36,026	2.0	16,678
Other financial liabilities	513,903	22.5	258,626	14.2	255,276
Lease liabilities	17,973	0.8	17,383	1.0	590
Other non-financial liabilities	84,643	3.7	60,012	3.3	24,632
Total current liabilities	**1,476,695**	**64.5**	**1,114,424**	**61.3**	**362,271**
Non-current liabilities					
Financial liabilities	18,976	0.8	19,144	1.1	-168
Advance payments received	34,717	1.5	21,579	1.2	13,138
Provisions	4,557	0.2	4,557	0.3	0
Other financial liabilities	20,577	0.9	16,992	0.9	3,585
Lease liabilities	113,020	4.9	120,377	6.6	-7,357
Pension provisions	13,201	0.6	16,039	0.9	-2,838
Deferred tax liabilities	20,294	0.9	19,056	1.0	1,237
Total non-current liabilities	**225,342**	**9.8**	**217,744**	**12.0**	**7,598**
Equity					
Share capital	96,000	4.2	96,000	5.3	0
Capital reserve	1,890	0.1	1,890	0.1	0
Statutory reserve	7,200	0.3	7,200	0.4	0
Retained earnings	424,609	18.6	336,558	18.5	88,051
Other reserves	305	0.0	-2,752	-0.2	3,057
Treasury shares	-52	0.0	-52	0.0	0
Total equity attributable to shareholders of CTS KGaA	**529,952**	**23.2**	**438,844**	**24.1**	**91,108**
Non-controlling interests	55,847	2.4	47,139	2.6	8,708
Total equity	**585,799**	**25.6**	**485,982**	**26.7**	**99,816**
Total equity and liabilities	**2,287,836**	**100.0**	**1,818,151**	**100.0**	**469,685**

[1] *With regard to the presentation change, please see note 1.2 in the notes to the consolidated financial statements*

[2] *Adjusted prior-year figures owing to the finalised purchase price allocation for the acquisition of Zappa's ticketing business, please see note 2.1 in the notes to the consolidated financial statements*

Total assets of the CTS Group rose in the reporting year, primarily as the result of higher ticket monies received from ticket presales for events taking place in subsequent quarters. As of the 31 December 2021 reporting date, total assets were up to EUR 2,287,836 thousand by EUR 469,685 thousand compared to the previous year. Investments in intangible assets and property, plant and equipment were at EUR 33,947 thousand in the reporting year higher compared with the previous year (EUR 16,363 thousand). The equity-to-assets ratio decreased by 1.1 percentage points to 25.6%.

Working capital (current assets less current liabilities) increased by EUR 55,436 thousand, rising from EUR -133,161 thousand in the previous year to EUR -77,725 thousand.

CURRENT ASSETS increased by EUR 417,707 thousand to EUR 1,398,970 thousand, in particular due to increases in cash and cash equivalents (EUR +224,009 thousand), in marketable securities and other investments (EUR +30,234 thousand), in trade receivables (EUR +29,249 thousand), in advances paid (EUR +41,151 thousand), in other financial assets (EUR +34,785 thousand) and in other non-financial assets (EUR +57,037 thousand).

Cash and cash equivalents were up by EUR 224,009 thousand compared with 31 December 2020. The rise in cash and cash equivalents was largely attributable to advance payments received in the Live Entertainment segment, ticket monies from ticket presales for future events in the Ticketing segment, and cash inflows of EUR 99,857 thousand from economic aid programmes, most of which came from Germany's 2020 November and December Assistance in connection with the COVID-19 pandemic. By contrast, repayment in full of a syndicated credit line led to a cash outflow of EUR 200,000 thousand.

Cash and cash equivalents, came to EUR 965,190 thousand (previous year: EUR 741,182 thousand) and included ticket monies from ticket presales for events that have not yet been settled (ticket monies received that have not yet been settled with promoters, particularly in the Ticketing segment), which are reported in other financial liabilities (EUR 468,243 thousand; previous year: EUR 256,865 thousand). Other financial assets also include receivables relating to ticket monies from presales in the Ticketing segment (EUR 61,525 thousand; previous year: EUR 17,215 thousand) and factoring receivables from ticket monies (EUR 3,613 thousand; previous year: EUR 2,263 thousand).

Marketable securities and other investments rose by EUR 30,234 thousand, due in particular to term deposits.

The increase in current **trade receivables** (EUR +29,249 thousand) is mainly due to the increase in business activity in the fourth quarter of 2021.

Current **advances paid** which rose by EUR 41,151 thousand consisted of production expenses already paid (e.g. artists' fees) for future events in the Live Entertainment segment.

The increase in current **other financial assets** (EUR +34,785 thousand) was mainly due to higher receivables from ticket monies from ticket presales (EUR +44,130 thousand), primarily in the Ticketing segment.

The increase in current **other non-financial assets** (EUR +57,037 thousand) was largely based on receivables from economic aid programmes and Bridging Assistance (EUR +62,684 thousand) in connection with the COVID-19 pandemic. By contrast, VAT tax receivables decreased by EUR 6,853 thousand.

NON-CURRENT ASSETS increased by EUR 51,979 thousand to EUR 888,866 thousand mainly due to an increase in goodwill (EUR +12,759 thousand), fixed assets (EUR +12,969 thousand) and advances paid (EUR +26,916 thousand).

The increase in **goodwill** (EUR +12,759 thousand) results from the expansion of the scope of consolidation, mainly due to acquisitions in Germany in the Ticketing segment, as well as currency translation effects in Swiss francs as at the closing date of 31 December 2021, primarily in the Ticketing segment.

The rise in **fixed assets** (EUR +12,969 thousand) was mainly due to investments for further developing the global ticketing system (recognised under intangible assets), advance payments for the MSG Arena in Milan (recognised under property, plant and equipment), and for investments in associates accounted for at equity.

Non-current **advances paid** rose by EUR 26,916 thousand and consisted of production expenses already paid for future events in the Live Entertainment segment that were postponed until 2023.

The ratio of non-current assets to total assets was 38.9% (previous year: 46.0%).

CURRENT LIABILITIES increased by EUR 362,271 thousand to EUR 1,476,695 thousand. The rise was mainly attributable to increases in trade payables (EUR +50,588 thousand), advance payments received (EUR +233,550 thousand) and other financial liabilities (EUR +255,276 thousand). By contrast, there was a decline in current financial liabilities (EUR -218,634 thousand) and in other provisions (EUR -5,319 thousand).

In addition to repayments of purchase price liabilities, the decline in **current financial liabilities** was primarily due to full repayment of a syndicated credit line (a revolving credit facility) in the amount of EUR 200,000 thousand. The facility had been drawn on in April 2020 to give the CTS Group greater financial flexibility in dealing with the COVID-19 pandemic.

Trade payables increased by EUR 50,588 thousand, mainly due to the higher business volume for the CTS Group in the fourth quarter.

The increase in current **advance payments received** (EUR +233,550 thousand) was mainly attributable to ticket monies from ticket presales for future events in the Live Entertainment segment.

The decline of EUR 5,319 thousand in **other provisions** was primarily due to a reclassification of provisions for vouchers issued by promoters either to other financial liabilities (voucher holders are entitled to recover the price paid for the ticket) or to other non-financial liabilities (the vouchers are redeemed). The reclassification was made to reflect the fact that since 1 January 2022, it has been possible in Germany to request reimbursement of the amount paid for unused event vouchers. In Austria, voucher holders are entitled to request repayment starting 1 January 2023 depending on the date of issue of the voucher. In Italy, the period of validity for repayment claims has been extended to 36 months after issue of a voucher. Therefore, the Group still had provisions for outstanding vouchers issued by promoters in the amount of EUR 16,581 thousand as at 31 December 2021 (previous year: EUR 24,723 thousand).

The increase of EUR 255,276 thousand in **other financial liabilities** was predominantly due to an increase in liabilities from ticket monies received that have not yet been settled with promoters in the Ticketing segment as well as in liabilities from customer reimbursements.

NON-CURRENT LIABILITIES rose from EUR 217,744 thousand in the previous year to EUR 225,342 thousand at the reporting date, representing an increase of 3.5%, or EUR 7,598 thousand. The increase resulted primarily from the reclassification of current ticket money liabilities not yet settled with promoters in the Ticketing segment and advance payments received for future events in the Live Entertainment segment to non-current ticket money liabilities and advance payments received because the events were postponed until 2023 due to the COVID-19 pandemic. By contrast, lease liabilities declined by EUR 7,357 thousand. The ratio of non-current liabilities to total assets decreased from 12.0% to 9.9%.

EQUITY increased by EUR 99,816 thousand to EUR 585,799 thousand. The net result attributable to shareholders of CTS KGaA increased by EUR 170,168 thousand to EUR 87,909 thousand compared to financial year 2020.

The equity ratio (equity/total assets) is with 25.6% below previous year's level of 26.7%. The return on equity (net income/equity) is 15.0%, compared to -16.9% in the previous year.

4.2.2 FINANCIAL MANAGEMENT

In financial year 2021, the global COVID-19 pandemic and the official bans and restrictions on performance of events continued to have a substantial impact on the Live Entertainment business in Germany as well as in nearly all of the CTS Group's international core markets. Nonetheless the full amount drawn on a syndicated credit facility in the amount of EUR 200,000 thousand was repaid in full in financial year 2021. The syndicated credit facility is currently undrawn.

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

Financial management is intended to ensure solvency and 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 preserving the Company's financial independence by ensuring sufficient liquidity. The approach involves avoiding risks to a great extent or effectively counteracting risks.

The capital structure of the CTS Group comprises debt, cash and cash equivalents, and equity owed to CTS KGaA's shareholders, which comprises issued shares and retained earnings in particular.

When it comes to investing excess liquidity, the emphasis is on short-term availability as opposed to maximising earnings in order to ensure swift access to available liquidity to fund potential acquisitions or large project prefinancing schemes, for example. This approach prioritises strategic acquisitions and growing the Company over purely financial objectives such as optimising financial income. For that reason, guidelines prohibit speculative investments (e.g. investing in currency instruments or securities and the related forward transactions). Investments are only carried out with debtors who have an investment grade. When investing within the European Union, investments with the appropriate deposit protection are prioritised. The liquidity situation is centrally managed and monitored by the Cash & Banks department.

Derivative financial instruments are generally only used to hedge exposure from the operating business. No new derivatives were entered into in 2021. One currency option denominated in British pound sterling and one currency forward denominated in US dollar fell due in the reporting year. Financial management focuses among other things on hedging exposure to the euro, the Group's functional currency. Generally instruments are entered into that are designed to hedge equity exposure in euros while having a neutral impact on profit or loss. However, instruments are also entered into that are intended to hedge cash flows in foreign currency, which largely minimises the currency risk in the income statement.

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

STRATEGIC FINANCING MEASURES

In financial year 2021, the operating business, necessary investments, and acquisitions were funded using available liquidity in combination with economic aid programmes received in connection with the COVID-19 pandemic.

The CTS Group responded immediately to the COVID-19 pandemic by adjusting its cost structure. During the period under review, the CTS Group received non-repayable liquidity injections from economic aid programmes from governments in Germany and abroad in connection with the COVID-19 pandemic. In addition, the Group received low-interest loans abroad.

In October 2015, CTS KGaA took out a syndicated credit line (revolving credit facility) in the amount of EUR 200,000 thousand. The facility runs until October 2022. In April 2020, the full amount of the syndicated credit facility was drawn on. However, the syndicated credit facility was repaid in full in financial year 2021. In March 2022, the existing syndicated credit line was replaced prior to maturity with a new syndicated credit line with a minimum term of three years and a volume of EUR 150,000 thousand. The new syndicated credit facility remains subject to financial covenants regarding the equity-to-assets ratio and adjusted net debt. The covenant relating to adjusted net debt continues to be waived until the end of the first quarter of financial year 2022.

The Group has a solid equity ratio of 25.6%. The financing strategy requires the constant review and optimisation of the capital structure, however.

The financial liabilities recognised on the balance sheet date amounting to EUR 28,789 thousand (previous year: EUR 247,591 thousand) include loans of EUR 4,590 thousand (previous year: EUR 204,097 thousand) as well as EUR 24,200 thousand (previous year: EUR 43,495 thousand) in purchase price obligations and put options liabilities of non-controlling interests.

A key metric used in capital risk management is the gearing ratio, which expresses the ratio of the Group's net consolidated debt to Group equity pursuant to IFRS. Risk management aims to achieve a balanced ratio between net debt and equity. In addition to improving leverage and thus optimising the capital structure, this means having a stable equity-to-assets ratio as a basis for increasing borrowing potential and financial flexibility, in particular to be able to exploit acquisition opportunities at short notice. The CTS Group therefore keeps the majority of its financing resources in liquid form, in addition to isolated investments that can be liquidated at short notice.

The **debt ratio** is as follows :

	31 Dec 2021 [EUR'000]	31 Dec 2020 [EUR'000]
Debt [1]	628,753	641,491
Cash and cash equivalents	-965,190	-741,182
Net debt	**-336,438**	**-99,691**
Equity	585,799	485,982
Net debt to equity	-57.4%	-20.5%

[1] Debt is defined as non-current and current financial liabilities (EUR 28,789 thousand; previous year: EUR 247,591 thousand), other non-current and current financial liabilities and non-current and current lease liabilites (EUR 665,102 thousand; previous year: EUR 413,378 thousand). Other financial liabilities were offset against receivables from ticket monies including factoring receivables from ticket monies (EUR 65,139 thousand; previous year: EUR 19,478 thousand).

Net debt indicates the amount of debt that would remain if a company used its cash and cash equivalents to repay all of its financial liabilities. The negative net debt level resulted essentially from an increase in cash and cash equivalents, which was largely attributable to higher ticket money liabilities and advance payments received.

At the time of the preparation of the combined management report, the Management Board did not believe that the going concern status of either CTS KGaA or the Group was at risk. However, it cannot be ruled out that the COVID-19 pandemic or other factors that are either currently unknown or not yet classified as significant could impact the CTS Group's going concern status in the future.

4.3 CASH FLOW

	2021	2020	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	502,741	-125,683	628,424
Investing activities	-62,623	-20,256	-42,367
Financing activities	-222,682	98,422	-321,104
Net increase / decrease in cash and cash equivalents	**217,436**	**-47,517**	**264,953**
Net increase / decrease in cash and cash equivalents due to currency translation	6,572	-1,812	8,384
Cash and cash equivalents at beginning of period	741,182	790,511	-49,329
Cash and cash equivalents at end of period	**965,190**	**741,182**	**224,009**

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 2020, cash and cash equivalents increased by EUR 224,009 thousand from EUR 741,182 thousand to EUR 965,190 thousand.

Cash and cash equivalents of EUR 965,190 thousand (previous year: EUR 741,182 thousand) include inter alia ticket monies from ticket presales for events that have not yet been settled (ticket monies received that have not yet been settled with promoters, particularly in the Ticketing segment), which are reported in other financial liabilities (EUR 468,243 thousand; previous year: EUR 256,865 thousand). Other financial assets also include receivables relating to ticket monies from ticket presales in the Ticketing segment (EUR 61,525 thousand; previous year: EUR 17,215 thousand) and factoring receivables from ticket monies (EUR 3,613 thousand; previous year: EUR 2,263 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 increased by EUR 628,424 thousand year-on-year from EUR -125,683 thousand to EUR 502,741 thousand. The rise was due among other things to changes in liabilities (EUR +737,742 thousand) as well as the positive net result for the period (EUR +181,342 thousand) which was impacted in particular by income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic. The increase in liabilities from ticket monies received that have not yet been settled with promoters in the Ticketing segment and the increase in trade payables and advance payments received in the Live Entertainment segment had a positive impact on cash flow, as did the net result for the period, which was impacted in particular by income as part of the economic aid programmes in Germany and abroad. By contrast, the increase in receivables and other assets negatively impacted cash flow (EUR -197,415 thousand). The increase in receivables from ticket monies in the Ticketing segment and in trade receivables led to negative cash flow effects.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities led to a net cash outflow of EUR -62,623 thousand resulting to an increase by EUR 42,367 thousand compared to EUR -20,256 thousand in the previous year. The change was largely due to cash outflows in connection with acquisitions of shares in the DTS Group and simply-X in addition to payments made by EMC Presents LLC for investments in HPX LLC, Wilmington, Delaware, USA its associate accounted for at equity. Investments in intangible assets and property, plant and equipment increased also.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities changed from a net cash inflow of EUR 98,422 thousand in the prior year to a net cash outflow of EUR -222,682 thousand, a decline of EUR -321,104 thousand. The decrease was due in particular to the EUR 200,000 thousand drawn down from a syndicated credit line (revolving credit facility) in financial year 2020 and its repayment in full in financial year 2021. By contrast, cash flows were positively impacted by lower cash outflows for purchase price liabilities due for acquisitions of shares in subsidiaries already included in the consolidated financial statements based on put options granted to those subsidiaries.

Based on its current funding status, the CTS Group is able to meet its financial commitments and fund 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 performance of CTS KGaA is explained below. The annual financial statements of CTS KGaA are prepared in accordance with the German Commercial Code (HGB).

	2021	2020	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**113,784**	**67,000**	**46,784**	**69.8**
Gross profit	**57,133**	**21,906**	**35,227**	**> 100.0**
EBITDA	**114,500**	**-2,445**	**116,944**	**> -100.0**
EBIT	**95,838**	**-21,102**	**116,940**	**> -100.0**
Financial result	20,537	-7,599	28,135	> -100.0
Earnings before taxes (EBT)	**116,374**	**-28,700**	**145,075**	**> -100.0**
Taxes	-41,885	7,397	-49,282	> -100.0
Net income/loss for the year	**74,489**	**-21,303**	**95,793**	**> -100.0**

5.1.1 REVENUE PERFORMANCE

The revenue of CTS KGaA increased from EUR 67,000 thousand by EUR 46,784 thousand (+69.8%) to EUR 113,784 thousand in the financial year 2021. This increase in revenue resulted from higher event presales. The internet ticket volume increased by 4.6 million tickets from 6.7 million to 11.3 million tickets (up +69.0%).

5.1.2 EARNINGS PERFORMANCE

GROSS PROFIT

Gross profit increased by EUR 35,227 thousand year-on-year mainly because of higher presales of events. The gross margin was 50.2% (previous year: 32.7%).

EBITDA

EBITDA increased as a result of higher presales of events as well as income as part of the economic aid programmes in connection with the COVID-19 pandemic as part of the 2020 November and December Assistance as well as the 2021 Bridging Assistance III and III Plus aid packages from EUR -2,455 thousand to EUR 114,500 thousand. The EBITDA margin was 100.6% (previous year: -3.7%).

EBIT

The EBIT figure for the reporting year increased to EUR 95,838 thousand (previous year: EUR -21,102 thousand), mostly due to the income as part of the economic aid programmes received, and the EBIT margin was 84.2% (previous year: -31.5%).

FINANCIAL RESULT

The financial result lifted from EUR -7,599 thousand in the previous year by EUR 28,135 thousand to EUR 20,537 thousand.

The financial result includes effects from profit-and-loss transfer agreements and profit shares in commercial partnerships (EUR 26,219 thousand; previous year: EUR -7,014 thousand), income from participations (EUR 0 thousand; previous year: EUR 2,421 thousand), impairment of financial assets (EUR 4,018 thousand; previous year: EUR 1,950 thousand), interest income (EUR 1,707 thousand; previous year: EUR 1,357 thousand), interest expenses (EUR 2,393 thousand; previous year: EUR 1,621 thousand) and other financial expenses (EUR 978 thousand; previous year: EUR 791 thousand).

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

TAXES

The tax income of EUR 7,397 thousand in the previous year turned around in the year under review as a result of the positive growth in taxable income to become a tax expense in the amount of EUR 41,885 thousand (EUR -49,282 thousand). This includes expenses from income taxes (EUR 36,599 thousand; previous year: income tax income of EUR 216 thousand) and expenses from deferred taxes (EUR 5,282 thousand; previous year income from deferred taxes: EUR 7,186 thousand) as well as other taxes (EUR 4 thousand; previous year EUR 5 thousand). The tax rate (income taxes / earnings before taxes) is 36.0% (previous year: 25.8%).

NET RESULT

In the current year, CTS KGaA recorded net income of EUR 74,489 thousand within the meaning of the German Commercial Code (HGB) after a net loss in the previous year of EUR -21,303 thousand.

5.1.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE INCOME STATEMENT

	2021	2020	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	34,199	34,119	80	0.2
General administrative expenses	19,090	18,257	834	4.6
Other operating income	96,396	17,152	79,244	> 100.0
Other operating expenses	4,402	7,785	-3,382	-43.4
thereof non-recurring items	*527*	*500*	*26*	5.1

SELLING EXPENSES

Selling expenses increased only slightly by EUR 80 thousand to EUR 34,199 thousand compared to the previous year.

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses also increased slightly by EUR 834 thousand to EUR 19,090 thousand. The increase is mostly due to higher other expenses (EUR 929 thousand).

OTHER OPERATING INCOME

Other operating income increased from EUR 17,152 thousand by EUR 79,244 thousand to EUR 96,396 thousand. In the current year, other operating income includes a positive effect from COVID-19 economic aid programmes as part of the 2020 November and December Assistance (EUR 64,093 thousand) as well as the 2021 Bridging Assistance III and III Plus aid packages (EUR 20,769 thousand). In the previous year, other operating income included a positive effect from insurance compensations (EUR 9,949 thousand).

OTHER OPERATING EXPENSES

In the current year other operating expenses fell by EUR 3,382 thousand from EUR 7,785 thousand in the previous year to EUR 4,402 thousand. This change is mostly due to the substantially lower expenses from currency translation.

PERSONNEL

Total personnel expenses decreased year-on-year by EUR 258 thousand from EUR 27,660 thousand to EUR 27,401 thousand.

At the end of the financial year 2021, CTS KGaA had 335 employees on its payroll (previous year: 315 employees). The average number of employees over the year decreased from 346 in the previous year to 312 in the current year.

5.2 FINANCIAL POSITION

	31 Dec 2021		31 Dec 2020		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	289,096	29.8	302,752	34.8	-13,655
Trade receivables	6,410	0.7	1,381	0.2	5,029
Receivables from affiliated companies and participations	114,841	11.8	132,404	15.2	-17,563
Inventories	154	0.0	120	0.0	34
Other assets and prepaid expenses	40,419	4.2	26,140	3.0	14,279
Total current assets	**450,921**	**46.4**	**462,797**	**53.1**	**-11,876**
Non-current assets					
Fixed assets	376,194	38.7	373,233	42.8	2,961
Goodwill	3,825	0.4	11,474	1.3	-7,649
Receivables from affiliated companies and participations	136,041	14.0	16,162	1.9	119,878
Other assets and prepaid expenses	1,429	0.1	321	0.0	1,108
Deferred tax assets	2,448	0.3	7,239	0.8	-4,790
Total non-current assets	**519,937**	**53.6**	**408,430**	**46.9**	**111,507**
Total assets	**970,858**	**100.0**	**871,227**	**100.0**	**99,631**

	31 Dec 2021		31 Dec 2020		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Financial liabilities	71	0.0	200,257	23.0	-200,186
Advance payments received on orders	61	0.0	4	0.0	57
Trade payables	3,897	0.4	2,622	0.3	1,275
Payables to affiliated companies and participations	136,440	14.1	37,528	4.3	98,913
Provisions	65,741	6.8	44,294	5.1	21,446
Other liabilities and deferred income	288,280	29.7	186,208	21.4	102,072
Total current liabilities	**494,489**	**50.9**	**470,914**	**54.1**	**23,576**
Non-current liabilities					
Other liabilities	14,665	1.5	13,591	1.6	1,074
Deferred tax liabilities	905	0.1	414	0.0	492
Total non-current liabilities	**15,571**	**1.6**	**14,005**	**1.6**	**1,566**
Shareholders' equity					
Share capital	96,000	9.9	96,000	11.0	0
less par value of treasury shares	-9	0.0	-9	0.0	0
Capital reserve	2,400	0.2	2,400	0.3	0
Statutory reserve	7,200	0.7	7,200	0.8	0
Balance sheet profit	355,207	36.6	280,717	32.2	74,489
Total shareholders' equity	**460,798**	**47.5**	**386,309**	**44.3**	**74,489**
Total shareholders' equity and liabilities	**970,858**	**100.0**	**871,227**	**100.0**	**99,631**

CTS KGaA's total assets increased year-on-year by EUR 99,631 thousand to EUR 970,858 thousand.

CURRENT ASSETS fell by EUR 11,876 thousand to EUR 450,921 thousand. The change is mainly due to lower amount of receivables from affiliated companies and participations (EUR -17,563 thousand) and the lower amount of cash and cash equivalents (EUR -13,655 thousand). This is offset by higher other assets and prepaid expenses (EUR +14,279 thousand).

Receivables from affiliated companies and participations decreased from EUR 132,404 thousand by EUR 17,563 thousand to EUR 114,841 thousand. This downturn is mostly due to the long-term extension of loans to subsidiaries and, in contrast, higher receivables from the cash pool arrangement with selected subsidiaries.

The increase in **other assets and prepaid expenses** from EUR 26,140 thousand by EUR 14,279 thousand to EUR 41,848 thousand is mainly due to the increase in receivables from ticket monies from presales (EUR +7,837 thousand) as well as the still outstanding receivable from Bridging Assistance III and III Plus aid packages (EUR +19,249 thousand). A countervailing effect results from the reduction in receivables from insurance compensation (EUR -9,817 thousand).

NON-CURRENT ASSETS rose by EUR 111,507 thousand from EUR 408,430 thousand to EUR 519,937 thousand. This increase is mostly due to the increase in receivables from affiliated companies and participations (EUR +119,878 thousand). This is offset by the scheduled amortisation of goodwill under commercial law (EUR -7,649 thousand) and the lower deferred taxes (EUR -4,790 thousand).

Receivables from affiliated companies and participations increased from EUR 16,162 thousand by EUR 119,878 thousand to EUR 136,041 thousand. This increase is mostly due to the long-term extension of existing loans and issuing new long-term loans to affiliated companies.

The reduction in **deferred tax assets** by EUR 4,790 thousand is mainly due to the use of deferred taxes on loss carryforwards.

CURRENT LIABILITIES increased by EUR 23,576 thousand to EUR 494,489 thousand. This increase is mostly due to other liabilities and deferred income (EUR +102,072 thousand) as well as liabilities to affiliated companies and participations (EUR +98,913 thousand) and provisions (EUR +21,446 thousand). The reduction in financial liabilities (EUR -200,186 thousand) had a countervailing effect.

The increase in **other liabilities and deferred income** in the amount of EUR 102,072 thousand mainly relates to higher liabilities from ticket monies from ticket presales for events that have not yet been settled (EUR +95,963 thousand). Because of higher presales of events, the number of events that had not been settled yet was higher as of 31 December 2021 compared to the previous year. Tax liabilities increased year-on-year as well (EUR +3,156 thousand).

The increase in the **payables to affiliated companies and participations** by EUR 98,913 thousand to EUR 136,440 thousand mainly relates to liabilities from the cash pooling arrangement with selected subsidiaries of the CTS Group (EUR +92,141 thousand).

Provisions lifted from EUR 44,294 thousand in the previous year by EUR 21,446 thousand to EUR 65,741 thousand. This is mainly due to the increase in tax provisions compared to the previous year (EUR +15,206 thousand).

Financial liabilities (EUR 71 thousand; previous year EUR 200,257 thousand) fell by EUR 200,186 thousand mainly due to the full repayment of the drawn down syndicated credit line (revolving credit facility).

NON-CURRENT LIABILITIES includes ticket monies from ticket presales for events that have not yet been settled that will only take place after 31 December 2022, mainly due to the COVID-19 pandemic (EUR 14,665 thousand).

As a result of the net profit for the year, **shareholders' equity** rose in the amount of EUR 74,489 thousand to EUR 460,798 thousand.

The increase in the equity ratio (shareholders' equity / total assets) from 44.3% to 47.5% is mainly due to the higher balance sheet profit and the only slightly increased provisions and liabilities in return.

The return on equity (net result / shareholders' equity) amounts to 16.2% (previous year: -5.5%).

5.3 CASH FLOW

	2021	2020	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	204,349	-135,660	340,009
Investing activities	-17,979	-12,554	-5,425
Financing activities	-200,149	139,799	-339,948
Net increase / decrease in cash and cash equivalents	**-13,779**	**-8,415**	**-5,364**
Net increase/decrease in cash and cash equivalents due to currency translation	124	35	89
Cash and cash equivalents at beginning of period	302,752	311,132	-8,380
Cash and cash equivalents at end of period	**289,096**	**302,752**	**-13,655**

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 2020, cash and cash equivalents decreased from EUR 302,752 thousand by EUR 13,655 thousand to EUR 289,096 thousand.

Cash and cash equivalents of EUR 289,096 thousand (previous year: EUR 302,752 thousand) include ticket monies from presales for events that have not been settled yet, which are reported in other liabilities (EUR 274,359 thousand; previous year: EUR 177,322 thousand). Other assets also include receivables relating to ticket monies from presales (EUR 12,037 thousand; previous year: EUR 4,200 thousand) and factoring receivables from ticket monies (EUR 3,615 thousand; previous year: EUR 2,264 thousand).

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased from EUR -135,660 thousand in the previous year by EUR 340,009 thousand to EUR 204,349 thousand. The increase in cash flow from operating activities is mostly due to the increased presales for events as well as the economic aid programmes such as the 2020 November and December Assistance and the 2021 Bridging Assistance III and III Plus aid packages. Because of this, the net result increased by EUR 95,793 thousand compared to the previous year. Correspondingly, liabilities increased more strongly year-on-year (EUR +306,409 thousand). In contrast, receivables fell (EUR -119,054 thousand).

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities decreased by EUR 5,425 thousand from EUR -12,554 thousand to EUR -17,979 thousand. The cash outflows in the current year mainly result from investments in intangible assets of EUR 8,257 thousand (previous year: EUR 6,876 thousand), mainly for the further development of the Global Ticketing System, and the financial investments from the acquisition of new affiliated companies in the amount of EUR 15,037 thousand (in the previous year from the payment to the capital reserve of an affiliated company: EUR 5,388 thousand).

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities decreased compared to the previous year from EUR 139,799 thousand by EUR 339,948 thousand to EUR -200,149 thousand. The repayment of the syndicated credit line (revolving credit facility) used in the previous year led to the negative cash flow effect in the financial year under review.

6. APPROPRIATION OF EARNINGS BY CTS KGaA

In the 2020 financial year, CTS KGaA generated a net loss (according to HGB) of EUR -21,303 thousand. The Annual Shareholders' Meeting on 7 May 2021 adopted a resolution to carry forward the balance sheet profit of EUR 280,717 thousand to the new financial year.

In the 2021 financial year, CTS KGaA generated a net income (according to HGB) of EUR 74,489 thousand. The Executive Board of the general partner and the Supervisory Board of the Company propose to the Annual Shareholders' Meeting to carry forward the accumulated profit of EUR 355,207 thousand as at 31 December 2021 to the new financial year.

7. DEPENDENCY REPORT FOR CTS KGaA

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

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

"Judging from the circumstances known to the general partner at the time that legal transactions requiring disclosure were conducted, the Company received appropriate consideration in each case for the legal transactions stated in the report on relationships with affiliated companies for the time period of 1 January to 31 December 2021. No reportable measures were either performed or omitted."

8. RISK AND OPPORTUNITY REPORT

In principle, the Group's risk and opportunity policy is geared toward systematic and continuous growth in enterprise value. It is therefore a major component of the Group's business policy. In light of the COVID-19 pandemic and its effects on the CTS Group's business, risk management continues to be focused on controlling the risks arising from the COVID-19 pandemic and on implementing mitigating measures, including securing the liquidity of the Company and the Group over the long term.

Appropriate, manageable, and controllable risks are accepted if they are related to the expansion and exploitation of the Group's core competencies. Assumed risks must presuppose an appropriate increase in value. Risks and opportunities are defined as deviations from planned targets.

The Management Board 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 existence as a going concern

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

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

e) residual risks must be controlled with the risk management system.

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

The CTS Group strives in principle to achieve a balanced relationship between opportunities and risks in order to increase the Company's value.

8.1 STRUCTURE AND OPERATION OF THE RISK MANAGEMENT SYSTEM

The Group operates a systematic 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 the 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 Company's continued existence as a going concern. Risk management is carried out at the operational process, divisional, and corporate level in the segments and subsidiaries.

The CTS Group has also implemented the expanded requirements of the IDW audit standard 340 (as amended). The risk management system was further refined in the areas of risk aggregation and risk bearing capacity in particular, to permit the assessment of developments that may threaten the Company's continued existence as a going concern.

- Risk aggregation considers the systematic aggregation of individual risks along with their interdependencies and interactions, with the goal of identifying intensifying trends at an early stage. The overall risk profile is determined by mapping weighted individual risks onto higher-level defined risk scenarios and aggregating them.

- The risk bearing capacity, i.e., the maximum extent of risk that the Company can sustain without threatening its own existence as a going concern, is continuously determined based upon available capital and cash available at short notice.

- The risk bearing capacity coefficient is calculated accordingly based upon the overall risk profile in proportion to the capital-oriented risk bearing capacity or in relationship to the cash-oriented risk bearing capacity. The change of this coefficient over time provides transparent and causal information regarding the development of the risk situation for the CTS Group.

A risk management guideline informs CTS KGaA and its consolidated subsidiaries about 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 segments are integrated into the risk management system through a model that defines roles and responsibilities. Risk officers must be appointed by all reporting entities. The risk management system is integrated into Group Controlling. A central risk officer is responsible for compliance with processes, systematic refinement of the system, and support of the segments and subsidiaries. The risk committee at CTS KGaA (consisting of the heads of Central Finance, Finance Operations, Group Controlling, and Internal Audit & Compliance, as well as the Data Protection Officer) validates and reviews the evaluations, and reports to the Management Board. The Supervisory Board is informed about the risk reports and monitors the efficacy of the system.

Quarterly reports ensure that the Management Board is promptly informed about potential risks affecting the Company's future development. These risks are evaluated based upon their effect and probability of occurrence, and the status of any actions taken is monitored. The current risk management period is the 2022 financial year. This 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 not only serves to identify existential risks at an early stage, but also detects any identified risks that might materially impair the earnings performance of the Group.

In preparing the consolidated financial statements, sufficient precautions were taken to cover all discernible risks in ongoing business operations, insofar as the conditions for taking account of such risks in the consolidated financial statements have been met. The effectiveness, appropriateness, and functionality of the CTS Group risk management system are reviewed and refined in collaboration with the internal audit department. This process is supported by the "R2C RM" risk management software, which documents risks and their potential impact, their probability of occurrence and expected value, status, management report, and measures.

The auditor evaluates the efficiency of the system for early detection of risks, and reports on the findings to the Management Board and the Supervisory Board after completing the 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, identified risks are minimised by the internal control system implemented in the processes. This system consists of process-integrated and process-independent measures. Individual measures are implemented if necessary, and their effectiveness is monitored. In preparing the consolidated financial statements, sufficient precautions were taken to cover all discernible risks in ongoing business operations, insofar as 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. Certain specific operational risks are also covered by insurance policies. In addition, the Management Board receives extensive advice from both internal and external experts when making important decisions.

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 the Management Board about the course of business in the individual entities.

8.2 MAJOR RISK AREAS

Of all the identified risks facing the Group, the risk areas and individual risks that may have an adverse impact on the financial position, cash flow, and earnings performance based upon the current perspective are described below.

Risk assessment includes the assessment of risks as a negative deviation from the budgeted EBIT with regard to probability of occurrence and a maximum theoretical loss. The EBIT was calculated based upon the aggregated bottom-up budgets of the subsidiaries and a top-down adjustment prompted by the course of the current COVID-19 pandemic. The expected value is the product of the maximum theoretical loss multiplied by the probability of risk occurrence. Risks are classified as follows based upon the respective expected value:

- high risk: Expected value impairs the EBIT by more than 10%
- medium risk: Expected value impairs the EBIT between 1% and 10%
- low risk: Expected value impairs the EBIT by less than 1%

Risk classification is based on the highest individual risk per risk area.

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

Risk categories/risk areas	Classification		Trend
	2022	2021	2022 vs. 2021
1. Strategic risks			
Success risks which represent a significant threat and arise from fundamental strategic decisions:			
• Risks relating to future macroeconomic trends	medium	medium	=
• Industry, market and competition	medium	medium	=
2. Market risks			
Risks based on changes in the market through products, services, innovation, business activities and enterprise values	low	low	=
3. Performance risks			
Risks related to services provided and the required resources			
• Stability and security of the IT infrastructure being used [1]	low	low	=
• Risks from internet security threats [1]	low	medium	↓
• Procurement	low	low	=
• Personnel risks	low	medium	↓
4. Project risks			
Risks arising from large projects	medium	low	↑
5. Financial risks			
Financially-based risks			
• Liquidity risks	medium	medium	=
• Default risks	medium	low	↑
• Foreign exchange risks	low	low	=
• Interest risks	medium	low	↑
• Taxes	medium	medium	=
• Litigations and claims for damages	medium	medium	=
• Risks relating to reporting and budgeting	high	high	=
• Capital management	low	low	=
6. Social/political/legal risks			
Risks arising from changes in the social, political or legal framework			
• COVID-19 pandemic	high	high	=
• Other social, political, legal risks	medium	medium	=
7. Compliance risks			
Risks arising from non-compliance with laws, regulations, industry standards and voluntary commitments	medium	medium	=

[1] *in the Ticketing segment*

8.2.1 STRATEGIC RISKS

RISKS RELATING TO FUTURE MACROECONOMIC TRENDS

Global macroeconomic growth is currently very adversely affected by the ongoing COVID-19 pandemic. Vaccines are indeed widely available now and government vaccination campaigns have already made enormous progress, particularly in the industrialised nations. A number of countries also loosened their health policy measures at the beginning of 2022 because despite the rapid spread of the predominant Omicron virus variant, it causes less severe illness. Nevertheless, it remains unclear to what extent live events will be permitted by the authorities in the future, and above all when major events can once again be held profitably.

In its global economic outlook, updated at the end of January, the International Monetary Fund identifies a number of additional risks. New COVID-19 virus variants could extend the pandemic, for example, and once again disrupt the economic activities. In addition, there continues to be a high level of uncertainty with regard to inflation and interest-rate policy, in light of the continued disruption of value chains and volatile energy prices. IMF also sees continuing high geopolitical tensions as another risk. There is significant uncertainty concerning the effects of the Russia-Ukrainian war.

Following expected global growth of 4.4% in 2022, the IMF expects an increase of 3.8% for the subsequent year. According to this outlook, the national economies within the eurozone may grow 3.9% in 2022 and 2.5% in 2023. For Germany, the IMF expects a growth scenario almost identical to that of the eurozone for this year and next year.

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 direct ticket sales by event promoters. Efforts are being made to reinforce the Company's position as market leader, however, by expanding the distribution network and improving the range of products and services on offer. These efforts include an exclusive presale service, online reservation of specific seats via an interactive seating plan, ticket sales through a mobile shop and apps for iOS and Android, cross-selling and upselling solutions, applications for promotions and VIP package deals, an internet-based ticket exchange, FanTickets, print-at-home solutions, the internally developed, fully digital ticket EVENTIM.Pass to prevent unauthorised secondary market activities, 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 for this may include market regulatory measures, stricter consumer protection laws, competition/antitrust restrictions (of organic and acquisition-based growth), and restrictions on contractual stipulations, as well as the risk-related influence 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. Success in the Live Entertainment segment is based on existing promoters, attractive events and tours, and collaborations developed with artists over the years. The CTS Group has a number of brands, particularly in the area of festivals, well-known venues, extensive contacts with artists and their management, a solid reputation in event management, robust distribution, and financial strength.

Depending on the further course of the COVID-19 pandemic, the CTS Group expects to see a movement toward consolidation, particularly in markets with a fragmented structure. The CTS Group closely monitors the market for possible changes and opportunities so that it can 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 as might be 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 ACTIVITIES AND ENTERPRISE VALUES

The further development of the CTS ticketing software systems ("Global Ticketing System" and in-house products for sports and culture) is occurring in the context of very rapid changes in information technology, which are producing a constant flow of new industry standards as well as new products and services. It is uncertain whether the CTS Group will always be able 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 the use of the products or could result in the payment of higher licence fees. The CTS Group responds to occasional competitive and price pressures with new industry-specific and/or customer-specific service offerings and sales initiatives.

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 distribution network and making ticket allotments available. The Group generally presumes that promoters will continue to use these services in future as well due to the diversified structure of products and their distribution. The risk that promoters will cease using the services of the CTS Group is minimised in German-speaking countries by long-term contractual relationships based on partnership and trust, as well as investments in various well-known regional and national concert promoters. The provision of ticket allotments by promoters is considerably limited at the current time, however, because of the COVID-related ban on live events and the resulting uncertainty in the plans of artists and promoters.

The Group's business operations and the enterprise value of its assets in the Live Entertainment segment are largely dependent upon the ability of promoters to continue offering successful national and international artists' products with a high occupancy rate again in the future after the lifting of officially ordered restrictions on events.

The Group assumes, however, that as a result of the COVID-19 pandemic, both artists and promoters will more closely examine the companies they work with and will increasingly turn to market leaders such as the CTS Group.

Global market uncertainties may have other adverse effects on the market for events and ticketing, and hence on the business growth of the CTS Group.

The risk is classified as low.

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 malfunctions 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 a number of measures, which are defined, for example in an IT security policy adopted by the Management Board.

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 physical security, such as protection against fire, power failures, natural disasters, or burglary, the infrastructure is operated in a modern external data centre that is equipped with multiple redundant power and internet connections, separate fire protection zones, and continuous surveillance.

The operation of the IT systems follows documented processes and regulations. Data protection guidelines, regulations on handling information and on the commissioning and maintenance of systems and networks, employee training, regular risk reports, and emergency plans constitute the core of these measures.

System malfunctions and failures are prevented by a highly redundant system architecture and continuous monitoring of all system components. A mirrored system architecture with multiple redundant system components and backup systems not only guarantees platform availability, but also allows peak loads to be handled by intelligent load distribution algorithms, which can be controlled both automatically and manually. A multi-threaded test environment ensures that changes to software and systems are not transferred to live production unless they have successfully completed quality assurance and load testing procedures and do not compromise productive operation in any way.

A multi-layered security system with firewalls and intrusion detection prevents attacks on the production infrastructure. The security of all platforms is also tested and continuously improved through regular security tests of networks, servers, and software conducted by independent organisations. In 2021, the CTS Group invested additional funds in the performance, security, and stability of the ticketing platform. This included strategically significant enhancements and renovations in the data centre and security infrastructure.

The CTS Group successfully increased the availability and security of Group IT systems by centralising the national companies' office IT infrastructures. The project is scheduled to be completed by mid-2022. Wherever possible, local systems will be either consolidated on the basis of the high-availability data centres in Frankfurt or transferred into them. The CTS Group continues to expand its multi-cloud strategy to systematically increase the scalability and efficiency of its ticketing platforms.

The risk is classified as low in the Ticketing segment.

RISKS FROM INTERNET SECURITY THREATS

Processes within the CTS Group, such as software development, networking of ticketing systems, online ticket distribution, and data exchange between the systems and financial transactions, are dependent on the IT infrastructure and IT applications. Appropriate measures are instituted on an ongoing basis to ensure the security of the information processed within the IT systems.

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

The risk has been downgraded to low in the Ticketing segment.

PROCUREMENT

As an IT-related service provider, operator, and supplier of ticketing systems and a promoter of live events, the CTS Group works with a wide variety of 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 business successes of past years in the Ticketing segment are based to a large extent on the specialised knowledge and commitment of experts, particularly those in leadership roles. Even as the COVID-19 pandemic continued in 2021, key players remained loyal to the Company and thereby ensured the basis for returning to normal operation and achieving further growth in the future. Despite the ongoing cost management measures, incentives were established to secure employee loyalty and prevent turnover, and to offer ongoing individual career development. By reorienting our efforts, we were also able to further refine our recruiting activities, thus ensuring that we will continue to acquire new, highly qualified employees in Germany and other countries.

Business operations in the Live Entertainment segment are directed at planning, preparing, and executing tours and events, especially music events and concerts, and marketing music productions. Contacts with artists and their managers, along with the professional organisation and execution of events, are key success factors. The positive business trend in the Live Entertainment segment is based largely on the activities and special commitment of certain key individuals in central leadership positions. The Group's business success will continue to depend on keeping these skilled managers within the Company and also recruiting others.

Aptitude, commitment, and loyalty, especially among key executives and experts at the Company, are crucial to continue meeting the challenges posed by the COVID-19 pandemic in 2021 as well.

These risks are addressed by a comprehensive set of occupational safety and health measures that are continuously adapted to the situation, the utilisation of short-time work in the first half of 2021, regular communication, opportunities for employee feedback, utilisation of opportunities to adjust salaries after the ending of short-time work, and individual measures. Employees are able to work in a low-risk environment at the office or to work from home if they wish.

The availability of highly qualified personnel is a decisive factor for a gradual return to normal operations. The further refinement of concepts for active personnel management has produced initial successes and these concepts are available for implementation along with the aforementioned crisis-related instruments.

The risk classification has been downgraded to low.

8.2.4 PROJECT RISKS

Risks may arise in conjunction with larger projects. These risks are primarily quality risks, meaning the risk that project objectives and guarantees cannot be achieved in full, but may also take the form of cost risks, risks related to deadlines, foreign exchange risks, and political and legal risks. Examples include major projects for customers, IT projects (development, provision, and/or technical handling and implementation of software), the creation of new event formats, and risks related to the planning of the new Milano Santa Giulia Arena in Milan. Project risks are identified and managed with an appropriate system of project management. Project handling often involves having the customer deploy a considerable amount of resources and is subject to a number of risks over which the CTS Group often has no control.

The risk classification has been upgraded to medium.

8.2.5 FINANCIAL RISKS

LIQUIDITY RISKS

Liquidity risks arise if the Group's payment obligations cannot be covered with available cash or credit lines. Cash flow is planned and managed to ensure ongoing solvency and financial flexibility at all times.

A large number of events have been postponed or cancelled due to the COVID-19 pandemic and the resulting official bans on live events. To improve companies' liquidity positions, legislators in individual markets such as Germany, Austria, and Italy introduced a voucher solution for promoters. Holders of a ticket for an event that they were unable to attend due to the COVID-19 pandemic, or that they are unable or unwilling to attend at a later date, receive a voucher rather than a refund of the ticket price. If the voucher is not redeemed, it can be submitted by the customer for payout beginning in 2022 in Germany and, depending upon the date of issue, no later than as of January 2023 in Austria.

Ticket sales for events from 2022 onwards, which rose again appreciably beginning with the third quarter of 2021, led to a significantly positive operating cash flow, while the relatively low number of the events actually conducted in the financial year meant that there was hardly any outflow of cash and cash equivalents. The governments of many European countries are also offering targeted support programmes for companies particularly hard-hit by COVID-19 pandemic. In Germany, these economic aid programmes include the 2020 November and December Assistance, through which the CTS Group received a non-repayable liquidity subsidy in 2021. Subsidies were also provided in other countries and some subsidised loans were also obtained.

As a listed company, CTS KGaA is able to take equity measures in the short term, such as a capital increase through the issue of new shares. By a 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 2021.

In the second half of 2021, the Company was able to fully return the liquidity reserves that were still fully drawn from the long-term revolving credit facility at the beginning of the year. To ensure the accessibility of additional cash and cash equivalents at any time, the long-term revolving credit facility, which was set to expire in 2022, was renewed at the beginning of March 2022 with a volume of EUR 150,000 thousand and extended by three years.

The adjusted net debt and the equity ratio were adapted as covenants from the existing revolving credit facility. Based upon the positive business trend in the third quarter of 2021, the covenant with regard to the adjusted net debt, for which there was a waiver until 31 March 2022, has been met again since the reporting date of 30 September 2021. Because of its low net debt and the expected positive trend in profits, the CTS Group presumes that it will once again be able to permanently comply with the debt covenant.

Based upon existing calculations, the CTS Group presumes that under the planning assumption that major events can only be held again from spring 2022 onwards, the cash and cash equivalents will be sufficient and there are no liquidity risks that could threaten the continued existence of the Company as a going concern. There is also additional liquidity provided by the revolving credit facility, utilisation of which is not considered in the current cash flow plan.

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. Default risks in the CTS Group may increase due to the COVID-19 pandemic. The maximum default risk is equal to the value of all receivables minus liabilities owed to the same debtor, if an offset is possible under civil law. Default risks are taken into account in the annual financial statements of CTS KGaA and the Group by means of bad debt allowances. The allowances are calculated based upon historical default rates and additional macroeconomic factors pursuant to IFRS. These indications are also based upon intensive contacts 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 account for the effects of the COVID-19 pandemic on the CTS Group default risk.

At this time, there is no increase in defaults due to the COVID-19 pandemic. This risk may increase, however, if the COVID-19 pandemic continues or if the live event business resumes.

The risk classification has been upgraded to medium.

FOREIGN EXCHANGE RISKS

The Group's foreign exchange risks result from investments, financing measures, and operational activities in foreign currencies. Within the Group, some contracts with artists and some licence agreements are concluded in foreign currencies.

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

Foreign exchange risks 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

Existing short-term loans are primarily negotiated through fixed-rate loan agreements. Moreover, short-term current account credit lines are not used continuously throughout the year. The interest rate in the syndicated credit line is reset 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. Given the current market situation, no significant increase in interest rates is expected in the short term.

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 whom the CTS Group does business also charge negative interest rates on demand deposits when agreed limits are exceeded. The banks have further reduced the individually set limits in 2021, and thus the burdens caused by negative interest rates have increased. Despite emerging signs of rising interest rates in the eurozone, further reductions of limits are expected, which will result in higher costs from negative interest rates. The CTS Group is using active cash management of its current liquidity in an attempt to limit the burdens from the negative interest rate.

The risk classification has been upgraded to medium.

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 based upon the respective national tax results and the regulations for that 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 back taxes. Tax liabilities are recognised if amounts recognised in the tax returns will probably not be realised (uncertain tax items). The amount is based upon the best possible estimate of the expected tax payment (expected value or most probable 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 carryforward exists, no tax provision or tax receivable is recognised for these uncertain tax items, and the deferred tax asset is instead adjusted for the as yet unused tax loss carryforwards.

The risk is classified as medium.

LITIGATION AND CLAIMS FOR DAMAGES

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

The risk is classified as medium.

More extensive legal risks are presented in the risk area in section 8.2.6 Social/political/legal risks.

RISKS RELATING TO REPORTING AND BUDGETING

Compliance with all accounting standards applicable 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. A forecast of key corporate management figures at the CTS Group continues to be highly dependent on the further course of the COVID-19 pandemic and the duration of the resulting official restrictions or bans on live events. This in turn produces a great deal of uncertainty among artists and promoters, and therefore also at CTS Group, with respect to the planning of live events.

Forecasts of future key corporate management figures generally rely on a number of factors and are therefore subject to uncertainty. These factors include social trends, inflation, geographical sales markets, seasonal variations, number of events, sales volume per channel, ticket price, genre, market share, budget changes by customers, time slots, and assessment during “artist booking” for annually changing content in the Live Entertainment segment, as well as assumptions concerning currencies and interest rates. Operating expenses are based upon anticipated revenue. Both a loss of anticipated revenue and large time intervals between the dates of planning and executing an event can lead to fluctuations in operating results if there is a concurrent increase in production costs. The use of estimates by management may have effects on financial position, cash flow and earnings performance.

The risk is classified as high.

CAPITAL MANAGEMENT

The aim of capital management within the CTS Group is to ensure the efficient control of financial resources within the business units in order to show the maximum possible effect on profitability and shareholder value. As an integral component of the finance policy within the CTS Group, capital management ensures an appropriate equity base, the financing of investments, and the reduction or increase of debt.

The authorisation for approved and contingent capital, which has been extended until 2026, permits the issuance of warrant bonds 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

Following the 2021 financial year, the COVID-19 pandemic continued to have a significant negative influence on available ticket quantities, ticket sales, and the performance of concerts at the beginning of the 2022 financial year. After performing small events in the Live Entertainment segment once again from summer to fall 2021, with appropriate hygiene precautions and restrictions, and restarting sales of major events for 2022 and 2023 in the Ticketing segment, business in both segments was once again strongly affected by the fourth wave of the COVID-19 pandemic at the beginning of 2022: this was reflected in the Live Entertainment segment by renewed official bans on major events, and in the Ticketing segment by a lack of new content offerings.

Continuing improvement in immunisation rates, a break in the wave of new Omicron infections, stable hospitalisation rates for COVID-19 cases, and the relaxation or cancellation of COVID-19 restrictions in some European countries are signs that public life is moving in the direction of a return to normal. Nevertheless, it is impossible to rule out the occurrence of future virus variants and dynamic, uncontrollable infections, or to determine the scope and duration of existing or new COVID-19-related restrictions. The effects of such occurrences on the performance of live events continue to be unclear at the current time, and bans on events still cannot be ruled out.

The risk is classified as high.

OTHER SOCIAL/POLITICAL/LEGAL RISKS

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

The effects of the Russia-Ukrainian war and the further developments are not yet predictable at this point in time. The CTS Group has very little activity in Russia in the Ticketing and Live Entertainment segments, however, and is not represented at all in Ukraine.

Political/legal risks can arise when structural conditions are prescribed or changed by government actions, especially in the context of legislation. Examples of these include 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 for the conduct of 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 structure, as well as risk-related influences of consumer protection organisations and authorities. In legal matters, ongoing advice is provided by recognised experts.

Administrative proceedings are pending in Germany, Italy, and Switzerland, in which the outcomes are still open. It is still possible that antitrust authorities, consumer protection organisations, or other institutions will take issue with individual practices or agreements during ongoing or future proceedings, and will demand or issue an order for modification.

The risk is classified as medium.

8.2.7 COMPLIANCE RISKS

Compliance risks can arise if applicable laws, regulations, industry standards, and voluntary commitments are not observed. To ensure compliance, the Group maintains a compliance management system based on the IDW auditing standard 980. The relevant compliance risks are minimised through an organisational and role concept, and through corporate policies focusing on material aspects of compliance. Processes are subject to the dual control principle. Questions about specific areas of activity can be reported directly to the compliance officer through an internal whistle-blowing system. Special officers are also appointed for specific risk areas (PCI compliance, IT security, and data protection). The legal and internal audit departments provide ongoing consultation and case management to support the identification and management of compliance risks, particularly in light of the Group’s increasing internationalisation.

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 to exploit opportunities and achieve commercial success. In contrast to risks, opportunities are regarded as potential positive deviations from planned targets. Risks are not offset against opportunities, however.

Operational managers are responsible for the systematic identification and exploitation of new opportunities.

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

The evaluation of opportunities includes assessing opportunities as a positive deviation from the budgeted EBIT with respect to the probability of occurrence and a theoretical opportunity potential. The EBIT was calculated based upon the aggregated bottom-up budgets of the individual companies and/or subgroups and a top-down adjustment prompted by the course of the current COVID-19 pandemic. The expected value is calculated by multiplying the theoretical opportunity potential by the probability of occurrence. Opportunities are classified as follows based upon the respective expected value:

- high opportunity: Expected value impairs the EBIT by more than 10%
- medium opportunity: Expected value impairs the EBIT between 1% and 10%
- low opportunity: Expected value impairs the EBIT by less than 1%

Opportunities are classified based on the highest possible specific opportunity. Unless otherwise specified, the opportunities described below relate to both segments.

Individual growth initiatives are assessed according to strategic and financial criteria based on accounting analyses in the form of contribution margin accounting, investment accounting, and discounted cash flow calculation.

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

Opportunity categories / opportunity areas	Classification		Trend
	2022	2021	2022 vs. 2021
1. Strategic opportunities			
• Industry, market and competition	medium	medium	=
2. Finance opportunities			
• Claims for damages	high *	high	=
• Litigations	medium	n/a	n/a

** not expected to materialise in 2022*

8.3.1 STRATEGIC OPPORTUNITIES

INDUSTRY, MARKET AND COMPETITION

The COVID-19 pandemic poses significant financial challenges for companies in the CTS Group's industry sector. Depending upon the further course of the COVID-19 pandemic, the CTS Group expects a movement toward consolidation in both the Live Entertainment and Ticketing segments, particularly in markets with a fragmented structure and many small market participants. The CTS Group monitors the market closely for possible market changes and opportunities so that it can respond flexibly within the scope of merger & acquisition activities. In addition to the organic growth strategy, the significant decline in revenue in 2020 and 2021 also presents additional opportunities for acquisitions due to competition law regulations.

In the Live Entertainment segment, following the founding of a joint venture with US promoter Michael Cohl in 2021, the promoter network EVENTIM LIVE was launched in East Asia with EVENTIM LIVE ASIA PTE. LTD., Singapore. The CTS Group's global positioning now permits it to acquire global tours.

Moreover, the CTS Group has developed powerful software for checking digital health certificates. With this software, promoters can use a single device, such as a hand scanner, at the entrance to an event to check both the attendee's ticket and a QR code detailing their COVID-19 vaccination, test, or recovery status.

The CTS Group had already developed a series of software solutions last year to protect the health of event attendees and to support promoters in meeting official requirements such as social distancing and the collection of attendee data.

From a product perspective, EVENTIM.fanSALE and EVENTIM.Light also 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 safe point of entry into the world of professional ticketing, even without specialised knowledge.

This opportunity is classified as medium.

8.3. 2 FINANCIAL OPPORTUNITIES

CLAIMS FOR DAMAGES

Following the termination on 30 September 2019 of the operating agreement on the infrastructure fee by the Federal Ministry of Transport and Digital Infrastructure, autoTicket GmbH, Berlin, and its two shareholders approved a resolution in December 2019 to assert contractually stipulated financial claims against the federal government in the amount of EUR 560,000 thousand. In the present case of 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 enterprise value less expenses saved due to termination). The operating agreement also provides for 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 the oral hearing with taking of evidence was held in Berlin in August 2021. According to the current schedule of the arbitral tribunal, a ruling on the merits of the claims (not yet the amount of the claims) will not be provided until mid/end of March 2022.

This opportunity is classified as high. Given the anticipated duration of the proceedings, this opportunity is not expected to be realised in the 2022 financial year.

LITIGATIONS

Based upon 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. CTS KGaA maintains that the ruling by the AGCM was made based upon incorrect market definitions and in breach of material procedural guidelines. The affected companies have accordingly lodged an appeal with the responsible administrative court and, taking into consideration the previous judgments on rulings made by the AGCM, are confident that this ruling, which they deem unlawful, will be dismissed by the court and that, among other things, the imposed fine will be refunded. The administrative court in Rome held hearings in January and March 2022, with a decision by the court now expected by June 2022.

This opportunity is classified as medium.

8.4 ASSESSMENT OF THE GROUP'S OPPORTUNITY AND RISK EXPOSURE

The overview of risks shows that the CTS Group continues to be significantly affected by risks arising directly or indirectly from official measures such as restrictions or bans on live events to combat the COVID-19 pandemic. This is reflected in the classification of the COVID-19 pandemic risk as high. Uncertainty regarding the further course of the pandemic leads to a correspondingly high planning risk. Opportunities may arise from the anticipated consolidation of as yet fragmented markets and the rapid provision of new, innovative products.

At the time of reporting, the Management Board does not believe that the Company is exposed to any risks that threaten its continued existence as a going concern. Based upon the current assessment and current state of knowledge, no liquidity risks can be identified that would threaten the continued existence of the Company as a going concern.

It is not out of the question, however, that a lifting of restrictions or bans on live events significantly later than presented in the assumption, or renewed restrictions or bans caused by new waves of the COVID-19 pandemic in the further course of 2022, as well as influential factors that are not currently known or are not yet classified as significant, could influence the continued existence of the CTS Group as a going concern.

9. INTERNAL ACCOUNTING CONTROL SYSTEM

The internal accounting control system (ICS) comprises the policies, procedures, and measures designed to ensure correct and reliable accounting in the Group companies. The measures contained in the ICS are intended to ensure that business transactions are recorded promptly and fully, in accordance with statutory regulations and the articles of association. 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. IT system authorisation concepts and system monitoring ensure that only authorised individuals can perform 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 designed for prompt and appropriate recognition and recording in the Group accounting system of any enterprise-level or Group-level restructuring or changes in the operations of individual business units.

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

To ensure that statutory accounting requirements are fulfilled, 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 dates of application. The Accounting Manual is the basis for a uniform, orderly, and continuous accounting process in accordance with accounting policies of both 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 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. The formal requirements include 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 the use of consistent and standardised evaluation criteria. The CGUs correspond to the Ticketing and Live Entertainment segments. At the Group level, the scope of regulations includes the central definition of requirements for parameters used in the valuation of pension provisions. 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) are also performed at Group level.

Using the organisational, control, and monitoring systems established within the CTS Group, the ICS enables the recording, processing, and analysis of Company information and its appropriate presentation in the Group Accounting. Nevertheless, given the nature of the process, it is impossible to completely rule out discretionary personal decisions, flawed performance of checks, intentional criminal acts, or other circumstances. Even Group-wide use of the deployed systems therefore cannot guarantee absolute certainty with regard to the correct, complete, and prompt recording of facts in the Group Accounting. The system is in continuous development.

10. OUTLOOK

10.1 FUTURE MACROECONOMIC ENVIRONMENT

In its World Economic Outlook updated at the end of January 2022, the IMF reckoned that global growth prospects are threatened by downside risks on several levels. For example, new COVID-19 virus variants could prolong the pandemic and disrupt economic momentum again. In addition, uncertainty remains high with regard to inflation and interest rate policy, given the persistence of interrupted value chains and volatile energy prices. Increased geopolitical tensions also pose additional risk, according to the IMF.

The fact that the growth expectations for 2023 are somewhat higher than those formulated in its Economic Outlook of October 2021 is mostly due to “mechanical” reasons, such as the notion that the burdens that are still slowing down economic momentum in 2022 will decrease, leading to slightly accelerated growth in the following year. All in all, however, the upward correction for 2023 will likely be unable to compensate for the downward adjustment of growth in 2022 due to the spread of the Omicron variant of COVID-19, higher energy prices, and disruptions to global value chains. In the short term, inflation is expected to remain elevated, although it is likely to decline again in the coming year.

Following expected global growth of 4.4% in 2022, the IMF anticipates growth of 3.8% for the following year. According to its outlook, the national economies of the eurozone should grow by 3.9% this year and by 2.5% in 2023. For Germany, the IMF expects an almost identical growth scenario this year and next year as in the eurozone.

The effects of the Russia-Ukrainian war have not yet been taken into account in the IMF’s growth forecasts and are currently difficult to quantify.

10.2 EXPECTED BUSINESS 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. The competence in big data, and marketing partnerships and long-standing contacts in the event industry round off the broad portfolio of the CTS Group. More than 250 million tickets were sold annually via the ticketing systems of the CTS Group before the outbreak of the COVID-19 pandemic.

CTS Group will continue to consistently pursue its sustainable growth strategy after the COVID-19 pandemic has ended. On the one hand, the focus will be on the continuous expansion of online ticketing both in Germany and abroad, as well as the introduction and further development of innovative products and services.

On the other hand, international ticketing and live entertainment markets will continuously be examined for additional collaboration and acquisition opportunities. Internationally, the CTS Group entered the North American ticketing market with a start-up during the 2021 financial year. In addition, a new company, EVENTIM LIVE ASIA, was founded with the aim of participating in the dynamic development of the Asian live entertainment markets. Both activities will be pushed forward during the 2022 financial year within the framework of the sustainable development strategy.

In Germany, the CTS Group acquired a majority stake in digitalisation expert simply-X, thereby strengthening the market position in innovative admission control systems. With the acquisition of regional ticket provider Kölnticket/Bonnticket, the position in the economically vibrant Rhineland metropolitan region was also expanded.

As a result, the Management Board sees the Company well positioned for future growth.

10.3 EXPECTED CASH FLOW

Despite the unfavourable business development caused by the COVID-19 pandemic, the cash flow can still be considered stable. Due to continued ticket sales for future events, there was a high inflow of cash and cash equivalents during the year under review, while at the same time, due to the continued restrictions affecting the staging of large events, the cash outflow was significantly lower. In addition, extensive grants were paid out from various government economic aid programmes both in Germany and abroad to compensate for damages caused by the COVID-19 pandemic. The total cash and cash equivalents are sufficient to meet the financial obligations at all times. In total, cash and cash equivalents amounted to EUR 965,190 thousand as at 31 December 2021.

Future investments will mostly be financed from operating cash flows and cash and cash equivalents that have been built up. Another source of financing is a revolving credit facility provided by a banking consortium, which was repaid in full during the year under review and which was prematurely replaced by a new revolving credit facility with a minimum term of three years in March 2022. For larger acquisitions and projects, debt financing also continues to be considered.

At the extraordinary Shareholders' Meeting held in January 2021, the existing authorisations for contingent and approved capital were optimised and extended. As a result, the general partner was authorised, under a resolution to increase contingent capital, to issue warrant 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 will be conditionally increased by up to EUR 19,200,000 through the issue of up to 19,200,000 new ordinary bearer shares (no-par value 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 a total of up to EUR 19,200,000 by issuing up to 19,200,000 bearer shares against contributions in cash or in kind (approved capital 2021).

At the time of preparing the consolidated financial statements, the Management Board assumes that liquidity is secured and that there are no liquidity risks that could jeopardise the continued existence of the CTS Group as a going concern. It cannot be ruled out, however, that the COVID-19 pandemic or additional factors will emerge in the future that are not yet known or are currently rated as immaterial and that could jeopardise the continued existence of the CTS Group as a going concern.

10.4 GENERAL ASSESSMENT OF THE PROSPECTIVE DEVELOPMENT OF THE GROUP AND CTS KGaA

Due to the ongoing COVID-19 pandemic, there is still a high degree of uncertainty regarding future business development. As a result, the Management Board is unable to make a definite forecast for the 2022 financial year. Based on the current knowledge, the Management Board assumes that there will continue to be considerable restrictions or bans placed on the performance of major events until the spring of 2022.

As a globally-active company, the CTS Group's ability to perform events internationally is dependent on the pertaining political and legal requirements in each individual country.

The progress of not only vaccination programmes and new medicines to mitigate the spread of disease, but also of new virus variants and dynamic, uncontrollable waves of infection, will continue to determine the scope and duration of existing or new restrictions related to COVID-19. The impact of such restrictions on the organisation of large events remains unclear at this time. Additional event bans can still not be ruled out.

Furthermore, it is uncertain to what extent government support will be continued, expanded or 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 a significant number of tickets can already be expected in advance of the performance of events, as soon as there is a specific time perspective for events to restart, creating increased planning certainty for promoters and artists.

The progressive immunisation of society and the passing of the Omicron infection wave, together with stable COVID-related hospitalisation rates and the easing or elimination of, are signs that public life may be returning to normal.

Assuming that from spring 2022 events will be feasible in principle or without significant restrictions in terms of usable capacities, creating planning security for concert attendees, promoters and artists, the Management Board expects significantly higher revenue for the **Ticketing segment** than in 2021, as well as earnings on the level of the previous year. Considerably higher earnings figures are expected in 2022 compared to the earnings figures for the 2021 financial year, without taking into account the economic aid programmes of EUR 112,181 thousand received in connection with the COVID-19 pandemic as explained above.

The internet ticket volume will also be significantly higher, in line with revenue.

For **CTS KGaA**, the Management Board expects considerably higher revenue than 2021 and with earnings on the level of the previous year. Without taking into account the above-mentioned economic aid programmes of EUR 84,863 thousand in connection with the COVID-19 pandemic, considerably higher earnings figures are expected in 2022 compared to the earnings figures for the 2021 financial year.

The anticipated restart of the event business from spring 2022, with the performance of festivals, major tours and concerts on the one hand, and the expanded scope of consolidation due to acquisitions and new business on the other, leads to expect considerably higher revenue in the **Live Entertainment segment** than in 2021, as well as moderately higher earnings than those achieved in 2021. Without taking into account the above-mentioned economic aid programmes in connection with the COVID-19 pandemic, in the amount of EUR 80,840 thousand, considerably higher earnings figures are expected in 2022 compared to the earnings figures for the 2021 financial year.

For the **CTS Group** considerably higher revenue and moderate higher earnings than in 2021 are thus expected under the aforementioned conditions. Without taking into account the above-mentioned economic aid programmes in the amount of EUR 193,021 thousand in connection with the COVID-19 pandemic, considerably higher earnings are expected in 2022 compared to the earnings figures for the 2021 financial year. However, based on varying scientific prognoses, it cannot be ruled out that the period from autumn to the end of 2022 will be affected by new restrictions concerning the event sector due to additional waves of COVID-19 infections. In addition, the future impact of the Russia-Ukrainian war on the European region cannot be estimated at this point in time.

11. DISCLOSURES REQUIRED UNDER TAKEOVER LAW

The following disclosures required under takeover law refer to CTS KGaA in accordance with § 289a and § 315a of the German Commercial Code (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, the Management Board is not aware of any restrictions that affect voting rights or the transfer of shares.

DIRECT OR INDIRECT SHAREHOLDINGS

The general partner is EVENTIM Management AG, which has not made a capital contribution.

Klaus-Peter Schulenberg has an indirect holding in EVENTIM Management AG with registered office in Hamburg and CTS KGaA via the KPS Stiftung. On 28 December 2015, Klaus-Peter Schulenberg transferred 48,194,000 shares with voting rights in CTS KGaA (50.2% of share capital) as well as 50,000 shares with voting rights in EVENTIM Management AG (100% of share capital) to KPS Stiftung. 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 KPS Stiftung that the latter had completed a sale of 6,720,000 shares in CTS KGaA. In November 2019, CTS KGaA was informed by KPS Stiftung that the latter had completed a sale of 4,200,000 shares in CTS KGaA, meaning that since that time 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

There are no shares with special rights that grant power of control.

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 CONCERNING THE START AND END OF THE LEGAL STATUS OF THE GENERAL PARTNER AS A MANAGEMENT BODY WITH REPRESENTATION RIGHTS, AND REGARDING CHANGES TO THE ARTICLES OF ASSOCIATION

The general partner, EVENTIM Management AG, is responsible for the management and representation of the Company. That authority only ceases upon its departure as general partner. The departure of the general partner is governed by § 10 of the articles of association of CTS KGaA. Apart from any agreement to that effect, the general partner will cease to be general partner of the Company if and when all shares in the general partner are no longer held directly or indirectly by a person holding more than 10% of the share capital in the Company, directly or indirectly via a controlled enterprise in the sense of § 17 (1) of the German Stock Corporation Act (AktG); this will not apply if and when all shares in the general partner are held directly or indirectly by the Company. In addition, the general partner will cease to be general partner of the Company if the shares in the general partner are acquired by a person who had not, within twelve months after the effectiveness of such acquisition, submitted a voluntary or mandatory takeover offer to the shareholders of the Company according to the provisions of the German Securities Acquisition and Takeover Act (WpÜG) and the requirements detailed in the articles of association.

If the general partner withdraws from the Company or if such withdrawal can be foreseen, the articles of association contain the following clause to prevent the liquidation of CTS KGaA: The Supervisory Board of CTS KGaA is authorised and obliged to admit immediately, or at the time of the withdrawal of the general partner, whose shares are fully owned by CTS KGaA, a new general partner of CTS KGaA. If EVENTIM Management AG withdraws from CTS KGaA as general partner without a new general partner being admitted simultaneously, CTS KGaA will be managed by the shareholders alone during a transitional period. In such case, the Supervisory Board of CTS KGaA shall immediately request the appointment of an emergency representative to represent CTS KGaA until the admission of a new general partner, in particular with respect to the acquisition or formation of such new general partner.

In such case, the Supervisory Board of CTS KGaA is authorised to adjust the wording of the articles of association so as to reflect the change of general partner.

In accordance with § 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). § 18 (3) of the articles of association of CTS KGaA makes use of the option provided for in § 179 (2) AktG, setting forth that resolutions may be adopted with a simple majority of votes cast as far as permitted 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 to the 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 judicially and extra-judicially by its Executive Board.

AUTHORISATION OF THE GENERAL PARTNER TO ISSUE AND BUY BACK SHARES

The authorisation to purchase and use treasury shares pursuant to § 71 (1) No. 8 of the German Stock Corporation Act (AktG), which was granted by resolution of the virtual Annual Shareholders' Meeting on 19 June 2020, will be cancelled. No use has been made of this authorisation so far. By resolution of the Annual Shareholders' Meeting on 7 May 2021, the general partner was authorised until 6 May 2026 to purchase treasury shares of CTS KGaA equating to up to 10% of the share capital as at the time such authorisation took effect or as at the time such authorisation is used. The consideration for the purchase of such shares may not exceed the share price by more than 10% and may not be more than 20% below the share price. 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.

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, contingent on Supervisory Board approval, 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, 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.

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 such 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).

§ 4 (5) of the articles of association was reworded: In accordance with the authorisation from the Annual Shareholders' Meeting on 7 May 2021, the Company's share capital has been conditionally increased by up to EUR 1,440,000.00 by issuing up to 1,440,000 new no-par-value bearer shares in the Company representing a notional share of the share capital of EUR 1.00 per share (contingent capital 2021). The contingent capital 2021 serves to secure pre-emption rights attaching to stock options that are issued by the Company in the period from entry of the contingent capital 2021 in the commercial register until 6 May 2026 under the 2021 Stock Option Programme on the basis of the authorisation from the Annual Shareholders' Meeting on 7 May 2021. The contingent capital increase will be implemented only if stock options are issued and the holders of such stock options exercise their pre-emption right on shares in the Company. Shares will be issued from the contingent capital 2021 at the exercise price specified in accordance with the authorisation from the Annual Shareholders' Meeting on 7 May 2021. The new shares participate in the profits of the

Company from the beginning of the financial year for which, at the time that the pre-emption rights are exercised, the Shareholders' Meeting has not yet adopted a resolution on the appropriation of accumulated profit. The general partner and, where members of the Executive Board of the Company's general partner are concerned, the Supervisory Board are authorised to specify the further details of the contingent capital increase and its implementation.

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

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

COMPENSATION AGREEMENTS

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

12. REMUNERATION REPORT

The remuneration report is part of the combined management report. It provides details on the basic components of the remuneration system for members of the Executive and Supervisory Boards as well as on remuneration amounts and the remuneration structure pursuant to the statutory provisions of § 162 of the Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code (DCGC).

REMUNERATION OF EXECUTIVE BOARD MEMBERS

A new § 120a has been added to the Stock Corporation Act based on the Act Implementing the Second Shareholders' Rights Directive (ARUG II). § 120a stipulates that the Annual Shareholders` Meetings of listed companies must vote on whether to approve the remuneration system for Executive Board presented by the Supervisory Board at least once every four years, or whenever any material changes are made.

The system adopted by the Supervisory Board for remunerating Executive Board members is designed to be clear and comprehensible. It complies with the requirements of the Stock Corporation Act as amended by the Act Implementing the Second Shareholders' Rights Directive of 12 December 2019 (Federal Law Gazette Part I, 2019, No. 50 of 19 December 2019) and takes into account the recommendations of the German Corporate Governance Code as amended with effect from 20 March 2020.

The remuneration system for members of the Executive Board of the general partner of CTS KGaA, which was adopted by the Supervisory Board effective 1 January 2021, was approved by shareholders at the Annual Shareholders' Meeting of 7 May 2021.

BASIC COMPONENTS OF THE REMUNERATION SYSTEM FOR EXECUTIVE BOARD MEMBERS

The system of remuneration adopted for members of the general partner's Executive Board (hereinafter "Executive Board members" or the "Executive Board") makes a key contribution to supporting and implementing CTS KGaA's corporate strategy of continually growing the Company's market position in the ticketing and live entertainment market, both organically and inorganically. The objective is to sustainably increase revenue and profitability by expanding the Company's internationally successful business model.

The remuneration system for Executive Board members offers incentives that are in line with the Company's corporate strategy and support that strategy: The variable remuneration is based on the financial performance indicators of revenue and earnings before interest and taxes (EBIT) and the personal targets of individual Executive Board members. This serves to reward Executive Board activities that support the Company's growth strategy on the one hand, while providing incentive to continuously increase earnings power and internal funding potential on the other. To ensure that Executive Board remuneration is designed to support the long-term success of the Company, a portion of the variable remuneration is linked to multiple years of successful company performance.

THE REMUNERATION SYSTEM IN DETAIL

For each Executive Board member, the Supervisory Board sets a specific total target remuneration amount on the basis of the remuneration system, where such total target remuneration amount adequately reflects the Executive Board members' duties and performance as well as the situation of the Company and does not readily exceed the usual remuneration paid. The total target remuneration amount comprises the sum of all remuneration components of significance for determining the total remuneration amount. With respect to the variable remuneration component, the target amount is taken as the basis in accordance with the provisions of the board members' employment contracts in the event of 100% target achievement.

The fixed remuneration component makes up between 60% and 75% of the total target remuneration for all Executive Board members. The variable remuneration component therefore accounts for between 25% and 40% of the total target remuneration. Of the variable remuneration linked to financial performance indicators, 20% is subject to multi-year vesting.

1. FIXED REMUNERATION COMPONENTS

Executive Board members are paid a fixed annual salary in 12 instalments. Additional fringe benefits are extended in the form of a company car that can also be used privately. The Company also provides Executive Board members with accident insurance (covering death or invalidity), and CTS KGaA pays the highest amount allowed by law as the employer contribution to health insurance and voluntary pension insurance. The contribution amount is 50% of the currently applicable pension insurance rate up to the amount of the upper income threshold. Executive Board members are moreover covered by CTS KGaA's D&O insurance policy.

2. VARIABLE REMUNERATION COMPONENTS

In addition to the individual targets set for each Executive Board member, which include multi-year bonus/-malus incentives, the year-end figures for revenue and EBIT are compared with the agreed annual targets to determine whether variable remuneration will be granted and if so, in what amount.

The malus incentive scheme stipulates that if targets are missed by a substantial amount, the variable remuneration component for the following year will be reduced disproportionately. This relates to the 20% of the variable remuneration that is linked to financial performance indicators. If the target is reached or exceeded during the following two years, the remuneration components return to a balanced relationship. Thus, remuneration is based on clearly defined, verifiable, and relevant criteria that are continuously monitored by the Supervisory Board. The variable remuneration components are subject to upper limits that account for both positive and negative factors.

Revenue is defined as the consolidated (net) revenue reported in the consolidated income statement of the Company's approved and audited consolidated financial statements for the respective financial year. EBIT is defined as the consolidated earnings before interest and taxes reported in the consolidated income statement of the Company's approved and audited consolidated financial statements for the respective financial year.

The personal targets for each Executive Board member are set by the Supervisory Board each year at the start of the respective financial year. These personal targets assist the Supervisory Board in assessing the individual performance of Executive Board members and their level of attainment of non-financial targets. They may involve, for example, key financial indicators or achievements in the board member's department or individual contributions to significant, cross-divisional projects as well as relevant strategic achievements in the board member's department or the realisation of key projects. The Supervisory Board decides whether personal targets have been fulfilled at its own due discretion on the basis of the degree of attainment of the criteria set for assessing the Executive Board member's individual performance.

Variable remuneration components are paid out either in the month in which the consolidated financial statements are adopted or in the following month at the latest.

3. MAXIMUM REMUNERATION

The remuneration extended to Executive Board members is limited in two respects. First, a maximum of 100% of the target amount applies to the variable, performance-based components. Second, the Supervisory Board has set a maximum remuneration amount pursuant to § 87a (1) sentence 2 No. 1 of the Stock Corporation Act that limits the total amount of the remuneration granted for a specific financial year that is actually received (fixed component + fringe benefits + payout from the variable component + share options granted). A share option program is not yet available. Such total remuneration amount has been set at EUR 12 million for all Executive Board members together.

4. OTHER FEATURES OF THE REMUNERATION SYSTEM

The Excecutive board members' contracts do not provide for any benefits if an Executive Board member terminates his or her employment contract as a result of a change in control. In the event the CFO's employment contract is terminated early without good cause within the meaning of § 626 of the German Civil Code (BGB), the CFO will receive a severance payment in an amount corresponding to the sum of the pro-rated fixed remuneration component; however, such sum may not exceed the pro-rated fixed remuneration amount for a two-year period. The CFO's and COO's contracts contain one-year non-compete clauses that takes effect after cessation of their contracts. The contracts provide for ex gratia payments corresponding to 100% of the total fixed and variable remuneration earned during the last financial year prior to cessation of the respective contract. Any income earned by the Executive Board member from self-employment, from employment, or from another source during the term of the post-contractual non-compete clause will be deducted from the ex gratia payment. The Company may waive adherence to the post-contractual non-compete clause at any time during the term of the Executive Board member's contract by submitting a written declaration to the Executive Board.

The Executive Board members' existing contracts do not currently provide for any right on the part of the Company to require Executive Board members to repay the variable remuneration amount paid out to them ("clawback") should it emerges after payout of the variable remuneration amount that a published set of consolidated financial statements that had been taken as the basis for calculating the variable remuneration amount for the period in question contained objective errors and had to be adjusted after the fact in order to comply with key accounting provisions ("clawback event"), where taking the adjusted consolidated financial statements as the calculation basis results in either a lower amount of variable remuneration being owed, or none at all.

When appointing members to the Executive Board and determining the length of their contracts, the Supervisory Board adheres to the provisions of § 84 of the Stock Corporation Act and the recommendations of the German Corporate Governance Code. The employment contracts of Executive Board members are concluded for the duration of the respective appointment. Initial appointments are generally made for a term of three years, and subsequent appointments are limited to terms of five years.

5. TAKING INTO ACCOUNT THE TERMS AND CONDITIONS OF EMPLOYEE REMUNERATION AND EMPLOYMENT CONTRACTS IN DESIGNING THE REMUNERATION SYSTEM

The Supervisory Board conducts regular reviews of Executive Board remuneration. When assessing the appropriateness of the remuneration, consideration is given to the peer group of CTS KGaA (horizontal comparison based on the remuneration paid to Executive Board members) and the Company's internal remuneration structure (vertical comparison). The vertical comparison is based on the ratio of the remuneration paid to Executive Board members to the remuneration paid to the first management level and the total workforce of CTS KGaA. The Supervisory Board considers changes over time in the remuneration paid to the aforementioned groups as well as how the ratio has changed over time.

6. PROCESS OF ESTABLISHING, IMPLEMENTING, AND REVIEWING THE REMUNERATION SYSTEM

The Supervisory Board is tasked with adopting a clear and comprehensible remuneration system for Executive Board members. The Supervisory Board undertakes reviews of the remuneration system at its own due discretion, or at least once every four years. In so doing, the Supervisory Board conducts market surveys in addition to considering changes in the business environment, the macroeconomic situation and Company strategy, changes and trends in national and international corporate governance standards, and changes over time in the terms and conditions of employee remuneration and employment contracts. Whenever necessary, the Supervisory Board calls in external experts. The Supervisory Board presents the remuneration system to the Annual Shareholders' Meeting for approval whenever there is a significant change in the remuneration system, or every four years at minimum. If the remuneration system presented is not approved by the Annual Shareholders' Meeting, the Supervisory Board must present a revised remuneration system to the Annual Shareholders' Meeting for approval by no later than the following Annual Shareholders' Meeting.

EXECUTIVE BOARD REMUNERATION 2021

During financial year 2021 – the year on which the total remuneration granted and owed for financial year 2021 is based (financial year 2020 for the variable remuneration) – the activities of the Executive Board primarily involved leading the Company through the coronavirus crisis. In light of the extreme planning difficulties arising from uncertainty regarding the course of the coronavirus crisis and the lifting of restrictions on the performance of events, the Supervisory Board departed from the agreed remuneration system and did not set any specific revenue or earnings targets for Executive Board members' variable remuneration for financial year 2020. With respect to the personal targets, the focus of Executive Board members was on dealing with the coronavirus crisis and the related economic impacts. Due to the deviation from the commitment to targets, the Supervisory Board decided in financial year 2021 to pay out a total of 50% of the maximum variable remuneration amount to Executive Board members for financial year 2020 as one-year variable remuneration totalling EUR 763 thousand.

TOTAL REMUNERATION 2021

The total remuneration granted and owed to Executive Board members in financial year 2021 amounted to EUR 5,069 thousand (previous year: EUR 6,264 thousand). Executive Board member remuneration included variable remuneration components in the amount of EUR 763 thousand (previous year: EUR 2,650 thousand) and fixed remuneration components of EUR 4,305 thousand (previous year: EUR 3,614 thousand). Fringe benefits included providing company cars, among other things.

The individual remuneration components paid to Executive Board members, including fringe benefits, are disclosed in the tables below for each Executive Board member. The tables include a column showing the maximum amount attainable in the case of 100% target achievement. They also indicate the remuneration "granted" and "owed" pursuant to § 162 (1) sentence 1 of the Stock Corporation Act for the financial year in which it was accrued ("granted") or due, but not yet paid (i.e. still "owed").

Remuneration of current and former Executive Board members (in EUR):

	Klaus-Peter Schulenberg | CEO				
Granted and owed benefits	**2020 [1]**	**relative proportion in %**	**2021**	**relative proportion in %**	**2021 (max)**
Fixed salary	2,100,000	67.4	2,800,000	84.5	2,800,000
Fringe benefits	14,206	0.5	14,656	0.4	14,656
Total (non-performance-related)	**2,114,206**	**67.9**	**2,814,656**	**84.9**	**2,814,656**
One-year term variable cash remuneration	800,000	25.7	500,000	15.1	840,000
Multi-year variable cash remuneration	200,000	6.4	0	0.0	160,000
Total (performance-related)	**1,000,000**	**32.1**	**500,000**	**15.1**	**1,000,000**
Total remuneration	**3,114,206**	**100.0**	**3,314,656**	**100.0**	**3,814,656**

[1] From 1 July 2020 to 31 December 2020, 50% of the fixed salary was waived.

Granted and owed benefits	Alexander Ruoff	COO 2020 [1]	relative proportion in %	2021	relative proportion in %	2021 (max)
Fixed salary	656,250	34.0	750,000	83.6	750,000
Fringe benefits	22,622	1.2	23,063	2.5	23,063
Total (non-performance-related)	**678,872**	**35.2**	**773,063**	**86.1**	**773,063**
One-year term variable cash remuneration	1,200,000	62.2	125,000	13.9	210,000
Multi-year variable cash remuneration	50,000	2.6	0	0.0	40,000
Total (performance-related)	**1,250,000**	**64.8**	**125,000**	**13.9**	**250,000**
Total remuneration	**1,928,872**	**100.0**	**898,063**	**100.0**	**1,023,063**

[1] From 1 July 2020 to 31 December 2020, 25% of the fixed salary was waived. In 2020, a one-off special bonus was paid.

Granted and owed benefits	Andreas Grandinger	CFO (since 14.4.2020) 2020 [2]	relative proportion in %	2021	relative proportion in %	2021 (max)
Fixed salary	413,636	97.9	700,000	84.9	700,000
Fringe benefits	8,746	2.1	18,149	2.2	18,149
Total (non-performance-related)	**422,382**	**100.0**	**718,149**	**87.1**	**718,149**
One-year term variable cash remuneration	0	0.0	106,250	12.9	184,167
Multi-year variable cash remuneration	0	0.0	0	0.0	28,333
Total (performance-related)	**0**	**0.0**	**106,250**	**12.9**	**212,500**
Total remuneration	**422,382**	**100.0**	**824,399**	**100.0**	**930,649**

[2] From 1 July 2020 to 31 December 2020, 25% of the fixed salary was waived.

Granted and owed benefits	Volker Bischoff	CFO until 14.4.2020) 2020 [1]	relative proportion in %	2021	relative proportion in %	2021 (max)
Fixed salary	392,116	49.1	0	0.0	
Fringe benefits	6,735	0.8	0	0.0	
Total (non-performance-related)	**398,851**	**49.9**	**0**	**0.0**	
One-year term variable cash remuneration	350,000	43.8	32,150	100.0	
Multi-year variable cash remuneration	50,000	6.3	0	0.0	
Total (performance-related)	**400,000**	**50.1**	**32,150**	**100.0**	
Total remuneration	**798,851**	**100.0**	**32,150**	**100.0**	

The variable remuneration deviated from that provided for under the remuneration system. Due to the unpredictable nature of the coronavirus crisis and the related decision to refrain from setting revenue and EBIT targets in the context of the remuneration system for Executive Board members, the variable remuneration component was set as a one-year variable remuneration component by the Supervisory Board, meaning that the multi-year variable remuneration provided for under the remuneration system did not apply given the lack of targets. To such extent, the target ratio of fixed to variable remuneration components varied from the ratios specified under the remuneration system.

The fixed maximum remuneration amount set by the Supervisory Board pursuant to § 87a (1) sentence 2 no. 1 of the Stock Corporation Act and the maximum remuneration amount of EUR 12,000 thousand approved by the Annual Shareholders' Meeting for the entire Executive Board was adhered to in financial year 2021. The maximum total remuneration for financial year 2021 came to EUR 5,768 thousand.

REMUNERATION OF SUPERVISORY BOARD MEMBERS

§ 113 (3) of the Stock Corporation Act was revised based on the Act Implementing the Second Shareholders' Rights Directive (ARUG II). Pursuant to § 113 (3) sentences 1 and 2 of the Stock Corporation Act, the Annual Shareholders' Meetings of listed companies must vote on the remuneration of Supervisory Board members at least once every four years, whereby a resolution confirming the remuneration is permissible. The remuneration system in place for Supervisory Board members since 9 May 2017 was approved by shareholders at the Annual Shareholders' Meeting held on 7 May 2021.

The remuneration system is governed by § 15 of the Company's articles of association. In addition to reimbursement of their expenses, Supervisory Board members receive a fixed annual remuneration component payable after the end of a financial year that is approved by way of the Annual Shareholders' Meeting resolution. No variable remuneration component is envisaged. Supervisory Board members who are on the board for only a portion of a financial year receive the established remuneration on a pro-rated basis (based on full months). Any VAT due on the remuneration received is reimbursed by the Company. On 9 May 2017, the Company's Annual Shareholders' Meeting voted to set the fixed annual remuneration component within the meaning of § 15 of the articles of association at EUR 50 thousand for each member of the Supervisory Board of CTS KGaA and at EUR 100 thousand for the Chairman of the Supervisory Board.

SUPERVISORY BOARD REMUNERATION 2021

The Supervisory Board was expanded from the three members required by law to four members by way of an Annual Shareholders' Meeting resolution adopted on 7 May 2021. Mr. Philipp Westermeyer was appointed to the Supervisory Board as an additional member at the Annual Shareholders' Meeting of 7 May 2021. The granted and owed fixed annual remuneration for the ordinary members of the Supervisory Board of CTS KGaA pursuant to § 162 (1) sentence 1 Stock Corporation Act was EUR 50 thousand (previous year: EUR 50 thousand) and the remuneration for the Chairman of the Supervisory Board was EUR 100 thousand (previous year: EUR 100 thousand). In financial year 2021, the members of CTS KGaA's Supervisory Board received remuneration totalling EUR 175 thousand (previous year: EUR 198 thousand). No reimbursement of expenses was requested for either financial year 2020 or 2021. In financial year 2019, Dr. Thümmel – a regular member of the Supervisory Board of CTS KGaA – waived 50% of the Supervisory Board remuneration to which she was entitled for 2017 and all subsequent years.

Supervisory Board members are covered by the Group's D&O insurance.

The granted and owed remuneration in the financial year 2021 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), Mr. Westermeyer: EUR 0 thousand (member since 21 May 2021), and Mr. Spee (member until 3 July 2020) EUR 0 thousand (previous year: EUR 23 thousand). According to the articles of association, remuneration for work in the 2021 financial year will only be granted (paid out) after the Annual Shareholder's Meeting in 2022.

COMPARATIVE PRESENTATION OF REMUNERATION EXTENDED TO MEMBERS OF CORPORATE BODIES AND EMPLOYEES PURSUANT TO § 162(1) SENTENCE 2 NO. 2 OF THE STOCK CORPORATION ACT:

	Change in %	in EUR
Total renumeration of current Executive Board members [1]	**2021 vs. 2020**	**2021**
Klaus-Peter Schulenberg, Chief Executive Officer		
Fixed salary	33.1	2,814,656
Variable renumeration	-50.0	500,000
Alexander Ruoff, Chief Operating Officer		
Fixed salary	13.9	773,063
Variable renumeration	-90.0	125,000
Andreas Grandinger, Chief Financial Officer (since 14.4.2020)		
Fixed salary	70.0	718,149
Variable renumeration	n/a	106,250

[1] From 1 July 2020 to 31 December 2020, 50% resp. 25% of the fixed salary was waived.

Total renumeration of former Executive Board member (until 14.4.2020)	Change in % 2021 vs. 2020	in EUR 2021
Volker Bischoff		
Fixed salary	-100.0	0
Variable renumeration	-92.0	32,150

Total renumeration of current Supervisory Board members	Change in % 2021 vs. 2020	in EUR 2021
Dr. Bernd Kundrun	0.0	100,000
Prof. Jobst W. Plog	0.0	50,000
Dr. Juliane Thümmel	0.0	25,000
Philipp Westermeyer (since 21 Mai 2021)	n/a	0

Earnings development	Change in % 2021 vs. 2020	in EUR 2021
Net result for the year of CTS KGaA under commercial law	449.7	74,489,302
EBIT of the CTS Group according to IFRS	334.5	147,581,475

Average employee remuneration on FTE basis	Change in % 2021 vs. 2020	in EUR 2021
Employees of CTS KGaA	5.8	76,365
Employess of CTS Group	7.6	59,994

The calculation of average employee remuneration includes permanent employees and managing directors. The figure for average employee remuneration includes the employer’s social security contributions. For the presentation of the change in average employee remuneration, the relief according to § 26j (2) sentence 2 EGAktG was taken advantage of.

13. CORPORATE GOVERNANCE DECLARATION

The management bodies of CTS KGaA are guided in their actions by the principles of responsible and good corporate governance. The Executive Board of EVENTIM Management AG has prepared a corporate governance declaration pursuant to § 289f and 315d of the German Commercial Code (HGB). The current corporate governance declaration and all previous declarations are published on the Company's website under https://corporate.eventim.de/en/investor-relations/corporate-governance/.

Bremen, 10 March 2022

CTS Eventim AG & Co. KGaA,

Represented by:

EVENTIM Management AG, general partner

The Management Board

Klaus-Peter Schulenberg	Andreas Grandinger	Alexander Ruoff

5. CONSOLIDATED FINANCIAL STATEMENTS 2021

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

ASSETS		31 Dec 2021	31 Dec 2020 [2]
		[EUR'000]	[EUR'000]
Current assets			
Cash and cash equivalents	(1)	965,190	741,182
Marketable securities and other investments		30,834	600
Trade receivables [1]	(2)	54,483	25,235
Receivables from related parties [1]		1,971	756
Inventories	(3)	4,738	4,710
Advances paid	(4)	143,002	101,852
Receivables from income taxes	(5)	5,951	5,764
Other financial assets	(6)	86,489	52,551
Other non-financial assets	(7)	105,464	48,614
Non-current assets held for sale	(8)	847	0
Total current assets		**1,398,970**	**981,263**
Non-current assets			
Goodwill	(9)	362,640	349,881
Other intangible assets	(10)	153,834	150,252
Property, plant and equipment	(11)	42,036	36,373
Right-of-use assets from leases	(12)	127,730	135,668
Investments	(13)	1,701	2,902
Investments in associates accounted for at equity	(14)	113,795	100,934
Trade receivables	(2)	17	116
Advances paid	(4)	26,916	0
Other financial assets	(6)	19,211	14,664
Other non-financial assets	(7)	10,269	13,121
Deferred tax assets	(15)	30,717	32,977
Total non-current assets		**888,866**	**836,887**
Total assets		**2,287,836**	**1,818,151**

[1] *With regard to the presentation change, please see note 1.2 in the notes to the consolidated financial statements*

[2] *Adjusted prior-year figures owing to the finalised purchase price allocation for the acquisition of Zappa's ticketing business, please see note 2.1 in the notes to the consolidated financial statements*

EQUITY AND LIABILITIES		31 Dec 2021 [EUR'000]	31 Dec 2020 [2] [EUR'000]
Current liabilities			
Financial liabilities	(16)	9,813	228,447
Trade payables [1]		119,723	69,136
Liabilities to related parties [1]		6,420	1,510
Advance payments received	(17)	634,486	400,936
Other provisions	(18)	37,030	42,349
Tax debts	(19)	52,704	36,026
Other financial liabilities	(20)	513,532	258,626
Lease liabilities	(21)	17,973	17,383
Other non-financial liabilities	(22)	84,643	60,012
Non-current liabilities held for sale	(8)	371	0
Total current liabilities		**1,476,695**	**1,114,424**
Non-current liabilities			
Financial liabilities	(16)	18,976	19,144
Advance payments received	(17)	34,717	21,579
Other provisions	(18)	4,557	4,557
Other financial liabilities	(20)	20,577	16,992
Lease liabilities	(21)	113,020	120,377
Pension provisions	(23)	13,201	16,039
Deferred tax liabilities	(15)	20,294	19,056
Total non-current liabilities		**225,342**	**217,744**
Equity			
Share capital		96,000	96,000
Capital reserve		1,890	1,890
Statutory reserve		7,200	7,200
Retained earnings		424,609	336,558
Other reserves		305	-2,752
Treasury shares		-52	-52
Total equity attributable to shareholders of CTS KGaA	(24)	**529,952**	**438,844**
Non-controlling interests	(25)	55,847	47,139
Total equity		**585,799**	**485,982**
Total equity and liabilities		**2,287,836**	**1,818,151**

[1] *With regard to the presentation change, please see note 1.2 in the notes to the consolidated financial statements*

[2] *Adjusted prior-year figures owing to the finalised purchase price allocation for the acquisition of Zappa's ticketing business, please see note 2.1 in the notes to the consolidated financial statements*

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021

		1 Jan 2021 - 31 Dec 2021	1 Jan 2020 - 31 Dec 2020
		[EUR'000]	[EUR'000]
Revenue	(1)	407,821	256,840
Cost of sales	(2)	-327,110	-247,024
Gross profit		**80,711**	**9,816**
Selling expenses		-81,758	-84,740
General administrative expenses		-62,192	-58,523
Other operating income	(3)	222,774	100,773
Other operating expenses	(4)	-11,954	-30,260
Earnings before interest and taxes (EBIT)		**147,581**	**-62,933**
Income / expenses from participations		164	0
Income / expenses from investments in associates accounted for at equity		-4,952	-8,379
Financial income	(5)	8,329	5,145
Financial expenses	(6)	-10,018	-35,861
Earnings before taxes (EBT)		**141,104**	**-102,028**
Taxes	(7)	-47,835	13,955
Net result		**93,269**	**-88,073**
Net result attributable to			
Shareholders of CTS KGaA		**87,909**	**-82,259**
Non-controlling interests		5,360	-5,815
Earnings per share (in EUR); undiluted (= diluted)		0.92	-0.86
Average number of shares in circulation; undiluted (= diluted)		96 million	96 million

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021

	1 Jan 2021 - 31 Dec 2021	1 Jan 2020 - 31 Dec 2020
	[EUR'000]	[EUR'000]
Net result	93,269	-88,073
Remeasurement of the net defined benefit obligation for pension plans after taxes	2,257	-714
Items that will not be reclassified subsequently to profit or loss	**2,257**	**-714**
Exchange differences on translating foreign subsidiaries	4,483	1,208
Change in the fair value of derivatives in cash flow hedges after taxes	0	12
Share of other comprehensive income/loss (exchange differences) of associates accounted for at equity	1,166	-953
Items that will be reclassified subsequently to profit or loss	**5,649**	**267**
Other comprehensive income/loss (net)	**7,906**	**-447**
Total comprehensive income/loss	**101,175**	**-88,521**
Total comprehensive income/loss attributable to		
Shareholders of CTS KGaA	90,966	-83,080
Non-controlling interests	10,209	-5,441

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	Associates accounted for at equity	Remeasurement of the net defined benefit obligation for pension plans	Treasury shares	Total equity attributable to shareholders 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]
Balance as at 1 Jan 2020	**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 comprehensive income/loss	0	0	0	0	368	12	-953	-248	0	**-821**	374	**-447**
Total comprehensive income/loss										**-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	10,156 [1]	0	0	0	0	0	**10,156 [1]**	18,393 [1]	**28,549 [1]**
Other changes	0	0	0	-2	0	0	0	0	0	**-2**	0	**-2**
Balance as at 31 Dec 2020	**96,000**	**1,890**	**7,200**	**336,558 [1]**	**1,955**	**0**	**-2,007**	**-2,701**	**-52**	**438,844 [1]**	**47,139 [1]**	**485,982 [1]**
Net result	0	0	0	87,909	0	0	0	0	0	**87,909**	5,360	**93,269**
Other comprehensive income/loss	0	0	0	0	766	0	1,166	1,126	0	**3,057**	4,849	**7,906**
Total comprehensive income/loss										**90,966**	**10,209**	**101,175**
Dividends	0	0	0	0	0	0	0	0	0	**0**	-1,049	**-1,049**
Changes in the scope of consolidation	0	0	0	108	0	0	0	0	0	**108**	-468	**-360**
Other changes	0	0	0	33	0	0	0	0	0	**33**	17	**50**
Balance as at 31 Dec 2021	**96,000**	**1,890**	**7,200**	**424,609**	**2,721**	**0**	**-841**	**-1,575**	**-52**	**529,952**	**55,847**	**585,799**

[1] Adjusted prior-year figures owing to the finalised purchase price allocation for the acquisition of Zappa's ticketing business, please see note 2.1 in the notes to the consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021

	1 Jan 2021 - 31 Dec 2021	1 Jan 2020 - 31 Dec 2020
A. Cash flow from operating activities	**[EUR'000]**	**[EUR'000]**
Net result	93,269	-88,073
Depreciation, amortisation and impairment	55,501	55,818
Changes in pension provisions	-3,229	2,101
Deferred tax expenses / income	833	-16,602
Other non-cash transactions	2,559	24,326
Profit / loss from disposal of fixed assets	-62	-33
Interest expenses / Interest income	3,714	3,081
Tax expenses	47,002	2,647
Interest received	654	1,037
Interest paid	-2,955	-1,781
Income tax paid	-31,420	-34,019
Increase (-) / decrease (+) in inventories	332	2,165
Increase (-) / decrease (+) in advances paid	-67,861	-25,951
Increase (-) / decrease (+) in marketable securities and other investments	-30,000	13,552
Increase (-) / decrease (+) in receivables and other assets	-89,345	108,069
Increase (+) / decrease (-) in provisions	-6,071	35,900
Increase (+) / decrease (-) in liabilities	529,822	-207,920
Cash flow from operating activities	**502,741**	**-125,683**
B. Cash flow from investing activities		
Payments for investments in intangible assets	-22,706	-12,855
Payments for investments in property, plant and equipment	-12,332	-3,508
Payments for investments	-1	-3,357
Payments for investments in associates accounted for at equity	-17,744	0
Proceeds from sales of intangible assets	526	6
Proceeds from sales of property, plant and equipment	173	593
Proceeds from sales of investments	44	1,144
Dividends from associates accounted for at equity	1,811	0
Payments from the acquisition of consolidated subsidiaries less cash and cash equivalents acquired	-11,508	-2,279
Proceeds from the disposal of deconsolidated subsidiaries less cash and cash equivalents	-887	0
Cash flow from investing activities	**-62,623**	**-20,256**
C. Cash flow from financing activities		
Proceeds from borrowing financing loans	323	203,811
Proceeds from the change in ownership interests of subsidiaries	450	0
Payments for redemption of financing loans	-200,357	-69,418
Proceeds from equity transfers of non-controlling interests (capital increases)	0	49
Payments for the acquisition of consolidated companies	-4,890	-15,262
Payments of lease liabilities	-17,160	-16,722
Dividend payments to non-controlling interests	-1,049	-4,036
Cash flow from financing activities	**-222,682**	**98,422**
D. Net increase / decrease in cash and cash equivalents	**217,436**	**-47,517**
Net increase / decrease in cash and cash equivalents due to currency translation	6,572	-1,812
Cash and cash equivalents at beginning of period	741,182	790,511
E. Cash and cash equivalents at end of period	**965,190**	**741,182**
F. Composition of cash and cash equivalents		
Cash and cash equivalents	965,190	741,182
Cash and cash equivalents at end of period	**965,190**	**741,182**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2021

1. PRELIMINARY STATEMENTS

1.1 STRUCTURE AND BUSINESS OPERATIONS OF THE GROUP

The consolidated financial statements include all significant participations in addition to the parent company CTS Eventim AG & Co. KGaA (hereinafter: CTS KGaA). 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 WKN 547030 and is included in the MDAX.

EVENTIM Management AG, Hamburg, is responsible for the management of CTS KGaA. EVENTIM Management AG is represented by the Executive Board.

The CTS Group is divided into two segments, Ticketing and Live Entertainment, and operates in the market for leisure events. The objects of 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 perform events, in particular music events and concerts, to market music productions and to operate venues.

The annual financial statements of CTS KGaA, the consolidated financial statements of CTS KGaA and its subsidiaries 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 Executive Board of EVENTIM Management AG, Hamburg, on 10 March 2022, for presentation to the Supervisory Board. The financial statements were presented for approval at the meeting of the Supervisory Board on 17 March 2022.

1.2 ACCOUNTING PRINCIPLES

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and in accordance with the supplementary provisions under German commercial law 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 income statement is prepared using the cost of sales method. Expenses incurred are set in relation to the revenue generated and are generally classified according to their function as cost of sales, selling expenses and general administrative expenses.

The comparative figures presented in the balance sheet and the income statement refer to the consolidated financial statements as at 31 December 2020, taking into account the modifications set out below.

Receivables from and liabilities to related parties have been presented in a separate line item on the balance sheet since 1 January 2021. These comprise the receivables from and liabilities to affiliated companies and associates accounted for at equity, which were previously shown as a separate line item until 31 December 2020, and receivables from and liabilities to other related parties, which were previously included in trade receivables and had amounted to EUR 93 thousand and EUR 775 thousand, respectively, as at 31 December 2020. The prior-year figures have been adjusted accordingly.

As part of the finalisation of the purchase price allocation for the purchase of the ticketing operations of Zappa Ltd., Herzelia, Israel, in December 2020, goodwill, other intangible assets, retained earnings and non-controlling interests were adjusted as at 31 December 2020 (cf. Note 2.1 Significant changes in the Ticketing segment in the notes to the consolidated financial statements).

The consolidated financial statements are prepared in euros. All amounts in the annual report have been rounded to the nearest thousand euros. This may mean that the individual figures do not add up to the totals shown.

1.3 NEW AND AMENDED STANDARDS IN 2021

The following new and amended standards were required to be applied for the first time on or after 1 January 2021:

- Amendments to IFRS 4 “Insurance Contracts” – Extension of the Temporary Exemption from Applying IFRS 9 “Financial Instruments”
- Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases” – Interest Rate Benchmark Reform (Phase 2)
- Amendments to IFRS 16 “Leases” – COVID-19-Related Rent Concessions beyond 30 June 2021

No material effects on the earnings performance, financial position and cash flow from the newly 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 2021 financial year and which have not been applied to the consolidated financial statements as at 31 December 2021.

Adopted by the EU:

Applicable on or after 1 January 2022:

- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – Onerous Contracts – 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” and Amendments to IFRS 17

Not yet adopted by the EU:

Applicable on or after 1 January 2023:

- Amendments to IAS 1 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates
- Amendments to IAS 12 “Income Taxes” – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Standards that are not applicable until after the balance sheet date have not been adopted early. The effects of the accounting standards not yet adopted on the presentation of earnings performance, financial position and cash flow are currently being reviewed; accordingly, a reliable assessment of these effects is not yet possible.

1.5 EFFECTS OF THE COVID-19 PANDEMIC

The ongoing COVID-19 pandemic continued to have a significant impact on the CTS Group's operating activities in the 2021 financial year. Official restrictions continued to apply because of the pandemic, which meant that almost all countries banned major events to take place.

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 these consolidated financial statements, the Management Board assumes that liquidity is secured and that the risks do not jeopardise CTS KGaA and the CTS Group as a going concern. However, it cannot be ruled out that the COVID-19 pandemic or other factors that are currently unknown or not yet classified as significant could influence the continued existence of CTS KGaA and the CTS Group as a going concern in the future.

CHANGES IN THE FINANCING OF THE GROUP

To have added flexibility in financing activities even if official bans on the performance of events, and the associated ticket sales, remain in place and for taking advantage of any acquisition-based 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 bonds with warrants and convertible bonds in an amount of up to EUR 800,000,000 by 12 January 2026. The share capital of the Company was increased conditionally by up to EUR 19,200,000 by issuing up to 19,200,000 new no-par value bearer shares (contingent capital 2021). Furthermore, the general partner was authorised to increase the share capital in the period up to 12 January 2026, subject to 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 no-par value bearer shares against contributions in cash or in kind (approved capital 2021).

Governments in many European countries are offering various 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 EUR 8,475 thousand (previous year: EUR 8,887 thousand), of which EUR 4,402 thousand (previous year: EUR 4,111 thousand) had been utilised by the subsidiaries as at 31 December 2021.

PRESENTATION OF LEGAL REGULATIONS FOR CANCELLED AND POSTPONED EVENTS

To improve businesses' liquidity positions, legislators in individual markets, such as Germany, Austria and Italy, introduced a voucher solution for promoters in the 2020 financial year. Holders of a 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. If the promoter voucher was not redeemed by the end of 2021, ticket holders have been allowed to demand a payout of the amount since 1 January 2022. In Austria, ticket holders will be entitled to demand repayment from 1 January 2023, depending on the issue date of the voucher. In Italy, the repayment entitlement was extended to a period of 36 months after the issue of the voucher. The ticket monies affected by this rule, which were recognised in the consolidated financial statements as provisions for outstanding promoter vouchers, were reclassified as at 31 December 2021 to financial liabilities and non-financial liabilities (for the redemption of the voucher), based on current experience as to the extent to which the holders of the vouchers will make use of their right to reclaim the ticket price.

USE OF GOVERNMENT GRANTS AND REALISATION OF INSURANCE COMPENSATIONS

As a result of the COVID-19 pandemic, various economic aid programmes were introduced in Germany and abroad to provide financial support to companies. These mainly refer to the 2020 November and December Assistance (EUR 99,857 thousand), funds from the 2021 Bridging Assistance III and III Plus aid packages (EUR 46,865 thousand) as well as other grants such as fixed cost subsidies (EUR 46,299 thousand). In financial year 2021, the CTS Group recognised COVID-19-related economic aid programmes in Germany and abroad in the amount of EUR 193,021 thousand in other operating income. Income from refunded social security contributions in the amount of EUR 7,165 thousand was recognised as a reduction in personnel expenses and the resulting amount in the corresponding functional areas.

CONSIDERATION OF THE ANTICIPATED DEVELOPMENT IN FINANCIAL YEAR 2022 IN THE IMPAIRMENT TESTS

As a result of the ongoing global COVID-19 pandemic, there continues to be a high level of uncertainty as regards future business performance. Therefore, the Management Board believes that a specific forecast for the 2022 financial year is not possible. Based on current knowledge, the Management Board expects that the performance of major events will continue to be affected by significant restrictions or bans until spring 2022. Therefore, the forecast for revenue and gross profit in the Ticketing segment was reduced significantly for the first quarter of 2022 and moderately for the second quarter of 2022. The forecast for revenue and gross profit from the European companies in the Live Entertainment segment was reduced significantly for both the first and second quarter of 2022, albeit to a lesser extent for the second quarter of 2022.

As an internationally operating company, the CTS Group's ability to organise events is dependent on the political and legal framework conditions in each individual country. The progress of global vaccination programs, new drugs to mitigate courses of disease as well as new virus variants that cannot be ruled out and the associated pace of the number of infections will continue to determine the extent and duration of existing or new COVID-19-related constraints. The impact on the performance of events remains unclear at the current time; bans of events still cannot be ruled out as well.

There is also uncertainty as to the extent to which government support programs will continue, be expanded or be scaled back in 2022 in the individual countries of the business portfolio if the COVID-19-related restrictions continue to be imposed. 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 already be expected ahead of the performance of events, i.e. as soon as there is a specific time perspective for the restart of events and thus providing planning certainty to promoters and artists. Meanwhile, the advancing immunisation of the population, the breaking of the Omicron infection wave accompanied by stable COVID-related hospitalisation rates, and the easing or elimination of COVID-19 restrictions in some countries in Europe are early signs that public life is returning to normal.

Based on the Management Board's planning assumption that, from spring 2022 onwards, events can generally be held again or without any significant restrictions in terms of available capacities and that there will thus be planning certainty for concert goers, promoters and artists, the Management Board expects significantly higher revenue for the Ticketing segment than in 2021 and significantly higher earnings compared to the 2021 figure, adjusted for the mentioned COVID-19-related grants in the amount of EUR 112,181 thousand.

A return of the event business from spring 2022 onwards, including the performance of festivals, major tours and concerts on the one hand, and the expanded scope of consolidation due to acquisitions or newly established companies on the other leads to the expectation of a significantly higher revenue level than in 2021 and significantly higher earnings ratios in the Live Entertainment segment compared to the 2021 figure, adjusted for the mentioned COVID 19-related grants in the amount of EUR 80,840 thousand.

However, based on the different scientific assessments, it cannot be ruled out that the period from late autumn to the end of 2022 will be affected by renewed restrictions in the event business due to further COVID-19 waves.

The planning assumptions described above were used as the basis for the impairment test as at 31 December 2021 of goodwill, other intangible assets, right-of-use assets from leases and investments in associates accounted for at equity.

1.6 SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION PRINCIPLES

The consolidated financial statements include all relevant subsidiaries that are controlled directly or indirectly by CTS KGaA. Control exists where CTS KGaA has power over the relevant activities, is exposed to variable returns and has the ability to affect those variable returns through its power. Power to control is usually based on an indirect or direct majority holding of voting rights that relate to decisions with respect to the relevant activities. If the CTS Group does not hold a majority of voting rights in subsidiaries, the power to control may be governed by contractual arrangements. 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 materiality thresholds for inclusion in the scope of 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 generally identical to that of CTS KGaA as the parent company. The financial year of FKP Scorpio UK Ltd., London, of the HOI Group and of the 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 partners based on a contractual arrangement and the partners exercising joint management have rights to the net assets of the entity. Joint ventures also include entities in which the CTS Group holds a majority or minority of the voting rights, but decisions regarding relevant activities can only be taken unanimously as a result of contractual arrangements. These joint ventures are accounted for using the equity method.

Participations in companies in which a significant influence can be exercised are measured using the equity method; this is normally the case when voting rights are between 20% and 50%.

Associates accounted for at the equity are initially recognised at the proportionate interest in the remeasured equity. Changes in the proportionate equity recognised through profit or loss are presented in the income statement in financial results. If the Group's share in losses from an associate 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 associate accounted for at equity, or has made payments for the associate accounted for at equity.

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

BUSINESS COMBINATIONS AND NON-CONTROLLING INTERESTS

Business combinations are recognised in accordance with 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 inputs. Any recognisable assets, liabilities and contingent liabilities of the subsidiary are reported in the consolidated balance sheet at fair value irrespective of any existing non-controlling interests. 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 or appropriate valuation methods. Intangible assets must be recognised separately if they are clearly distinguishable or their recognition is based on a contractual or other right. Accordingly, 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 directly recognised in profit or loss following another review of the measurements of assets and liabilities. Non-controlling interests are either measured at cost (partial goodwill method) or at 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 interests are classified as transactions with the Group's owners. If, in the context of the acquisition of non-controlling interests, a difference arises between the payment made and the related share in the carrying amount of the subsidiary's net assets, such difference is recognised in equity. Gains and losses from the sale of non-controlling interests are also recognised in equity.

Contracts which require the CTS Group to purchase the equity instruments of its subsidiaries are recognised as liabilities carried at the present value of the purchase price. This also applies when the purchase obligation is conditional on the contractual partner exercising an option, and is independent of the probability of such option being actually exercised. This also applies to the forward purchase of non-controlling interests and to put options granted to minority shareholders. 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, or as a reduction of equity of the CTS Group's owners if this is not the case. Subject to the exercise of the put options, the liabilities are subsequently 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, with the adjustment being recognised in profit or loss. 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 opportunities and risks arising from these shares are transferred to the CTS Group or remain with the minority shareholders. In the case of fair value options, it is generally assumed that the minority shareholders retain the related opportunities and risks.

CURRENCY TRANSLATION PRINCIPLES

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

The financial statements of foreign subsidiaries whose currency is not the euro are translated using the functional translation method. The functional currency used for entities outside Germany is the local currency in each case due to the business operations of such entities. Accordingly, assets and liabilities of entities outside Germany or outside the eurozone are translated to euro using the exchange rate on the balance sheet date. Income and expenses are translated into euro using the average exchange rate for the respective financial year. Currency translation differences are reported 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 lower net realisable value on the balance sheet date.

ADVANCES PAID

Advances paid are carried at cost.

FINANCIAL INSTRUMENTS

The Group's financial instruments include cash and cash equivalents, marketable securities and other investments, trade receivables and payables, receivables from and liabilities to related parties, other financial assets and liabilities as well as investments, financial liabilities and derivatives.

Cash and cash equivalents primarily consist of bank balances.

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

Receivables from and liabilities to related parties mainly comprise trade receivables and payables.

Other financial assets include non-derivative financial assets such as receivables from ticket monies, loan receivables from related parties, receivables from factoring and receivables from promoters. This item also includes positive market values of derivative financial instruments, to the extent existing in the financial year under review.

Other financial liabilities mainly consist of non-derivative financial liabilities from ticket monies received that have not yet been settled with promoters. In addition, negative market values of derivative financial instruments are also reported in this item, to the extent existing in the financial year under review.

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

Financial liabilities primarily comprise financial loans, liabilities from put options of minority shareholders and purchase price obligations resulting from the acquisition of shares in subsidiaries that have already been consolidated.

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 subsequently 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 business model for a financial asset is defined 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 sales, 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 reviewed 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 agreement, 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.

The determination of the business model and the review of the cash flow criterion results in the following measurement categories for financial assets:

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

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

If the financial asset does not meet the cash flow criterion or can only be classified to the business model “other”, 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. There is the option to measure equity instruments at fair value directly in equity; however, the Group does not currently exercise this option. Participations and interests in companies not consolidated due to insignificance, as reported under investments, currently meet the definition of equity instruments.

Non-derivative 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 are subsequently measured at fair value. Net gains and losses on these financial instruments include interest, dividends and measurement effects at the respective balance sheet date.

Cash and cash equivalents, trade receivables, receivables from related parties, 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. These transactions qualify as “real factoring”, i.e. all opportunities and risks are transferred. The CTS Group does not provide any further services related to the sold receivables.

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 also derecognised 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.

Non-derivative financial liabilities are initially measured at fair value less transaction costs and subsequently at amortised cost using the effective interest method. Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligations are discharged or cancelled or expired. Net gains and losses include interest expenses 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 reported in other financial assets or liabilities. Derivatives from company transactions (e.g. put options) are generally recognised as financial liabilities.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

As part of the 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 related parties (trade receivables) and receivables from ticket monies. Under this approach, the expected credit loss is recognised over the lifetime of the respective financial asset. Expected losses are calculated for each company and past-due period 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 more than 90 days past due are also subject to a detailed analysis. If there are indications of specific financial difficulties on the part of the debtor, the receivable is partially impaired or completely written off, depending on the circumstances. Under the simplified approach, receivables with an overdue period of up to 90 days are classified as “not credit-impaired”. Receivables that are past due 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 related parties (loans), and other financial assets). Under this approach, expected losses are calculated for the next 12 months in the case of financial assets that are not subject to a significant increase in credit risk. The expected loss is 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 evidence, the related 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 forward-looking macroeconomic factor has been integrated into the calculation of future expected losses since the beginning of 2020. In addition to a forward-looking 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.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets with a definite useful life and property, plant and equipment are carried at cost, minus straight-line depreciation and amortisation.

Development costs for proprietary software are recognised as assets if they meet the criteria specified in IAS 38. The costs of software development are capitalised if the development activities result in new or improved products. Prerequisite for the capitalisation is that the development costs can be reliably determined, the software products/modules are 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 useful life.

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 and 20 years and in exceptional cases an unlimited useful life
- Trademarks: between 5 and 18 years
- Customer base: between 5 and 15 years
- Land, land rights and buildings, including buildings on third-party land: between 3 and 33 years
- Technical equipment and machinery: between 3 and 5 years
- Other equipment, operating and office equipment: between 3 and 25 years

In accordance with IAS 36, goodwill is not amortised, 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 correspond to the segments. Goodwill is subject to an impairment test at least once annually as at 31 December and also during the year if there is any indication of impairment.

The Group regularly assesses the carrying amounts of all assets within the scope of IAS 36 for possible impairment. If events or changes in circumstances provide the basis for assuming that the carrying amount of such an asset might no longer reach the fair value, the Group compares the recoverable amount with the carrying amount 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. Impairment losses of goodwill may not be reversed.

Due to the impact of the COVID-19 pandemic, an impairment test was performed on goodwill, intangible assets and right-of-use assets with respect to venues for the interim financial statements as at 30 June 2021. This impairment test did not result in any need to recognise an impairment loss.

As at 31 December 2021, 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 associates 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. Impairments were identified for property rights and ticket distribution rights with an unlimited useful life (cf. notes to the consolidated balance sheet, item 10).

LEASES

Assets (right-of-use assets) and financial liabilities (the obligation to pay the lease instalments) are recognised in the balance sheet in accordance with 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 not to recognise right-of-use assets and obligations as liabilities resulting from short-term leases (terms of one year or less) and leases for low-value assets (assets with a net replacement value of EUR 5,000 or less). In addition, the CTS Group has applied the exemption regarding the accounting treatment of rent concessions, as published in May 2020 and extended in March 2021, for those rent concessions granted as a direct result of the COVID-19 pandemic that 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 practical relief for the COVID-19-related rent concessions, is EUR 264 thousand (previous year: EUR 522 thousand).

Assets are depreciated over the term of the underlying lease agreements. For certain individual contracts – especially for venues and buildings – extension or termination options exist. If it can be assumed with reasonable certainty, considering all circumstances, that these options will be exercised, they are included in the determination of the lease term. If the assessments regarding options change, the corresponding contracts are remeasured.

A currency-specific incremental borrowing rate is used to calculate the present value of lease liabilities and right-of-use assets for each lease, 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. Country-specific risks were also taken into account.

Interest expenses are recognised in the financial result in the income statement.

OPERATING LEASES

Lease transactions with the CTS Group as the lessor are classified exclusively as operating leases. In this case, the leased item remains in the consolidated balance sheet and is subject to 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 the amounts stated in the related tax base of the individual companies, as well as for tax loss carryforwards. Deferred tax assets are recognised if it is likely that future taxable profit will be available against which the deductible temporary difference or the loss carryforwards can be utilised. An appropriate business-related planning horizon is used per company in particular for tax loss carryforwards. Deferred tax assets and liabilities are measured at the applicable tax 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 tax rate on deferred assets and liabilities is recognised in profit or loss.

PROVISIONS

Other provisions were recognised when obligations 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 balance sheet date. Non-current provisions are recognised at present value to the extent that discounting has a significant effect. A risk-free interest rate that matches the corresponding maturity and currency is used. There is no unwinding of the discount on negative interest rates.

Provisions for pensions and similar obligations are recognised for defined benefit plans. These are obligations on the part of the Company resulting from pension entitlements and ongoing benefits paid to eligible employees. The amount of the pension obligations is dependent on years of service and the pay level of the respective employee. Measurement is carried out annually based on actuarial reports. The pension provisions are measured on the basis of actuarial assumptions, using the projected unit credit method. To the extent that assets exist which meet the criteria for plan assets, their fair value is offset against the actuarial liability. The net obligation is recognised as a 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, commissions, and other service charges. In general, 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 thus reported as a net amount. The services associated with the sale of tickets to end customers are recognised at the point in time at which the ticket is sold. Revenue 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 compensation (e.g. presale 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 such variable compensation.

Revenue in the ordinary course of business in the Live Entertainment segment mainly relates to the provision of services. Services encompass planning, organising and carrying out concerts, concert tours, festivals and other live events as well as the operation of 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. To that extent, the CTS Group generally acts 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 in accordance with IFRS 15. When the event is subsequently held, these advance payments are reclassified 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 upon sale of the goods and products.

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

Income from insurance compensation 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.

ACCOUNTING FOR GOVERNMENT GRANTS AND SUPPORT MEASURES

As a result of the COVID-19 pandemic, various government aid programmes were introduced in Germany and abroad which are intended to provide financial support of companies. In cases where a grant is paid as compensation for expenses or losses already incurred or for immediate financial support without expected future related expenses, it is recognised in the income statement at the time the corresponding claim arises, provided there is reasonable assurance that the entity will comply with the related conditions and the grants will be received. Government grants are recognised in the balance sheet as other non-financial assets until they are paid and in other operating income in the income statement.

SIGNIFICANT JUDGEMENT, ASSUMPTIONS AND ESTIMATES

When preparing the consolidated financial statements, it is necessary to a certain degree to make judgements, estimates and assumptions (measurement uncertainties) that affect the assets and liabilities, the disclosure of contingent liabilities and the presentation of income and expenses during the financial year. Estimates and assumptions are continuously reviewed and adjusted if necessary. 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.

Uncertain estimates and assumptions relate among other things to purchase price allocations and valuation of conditional purchase price liabilities, actuarial parameters in the valuation of pension provisions, the calculation of the fair value of financial assets, and provisions, and the determination of useful lives of intangible assets, and property, plant and equipment.

The measurement of the existing deposits at the Austrian Commerzialbank Mattersburg im Burgenland AG of the Barracuda Group (EUR 34.3 million) is subject to estimates. In July 2020, the Financial Market Authority (FMA) prohibited Commerzialbank Mattersburg im Burgenland AG from continuing its entire 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. These indications led to an assessment of a potential impairment of the deposits in the 2020 financial year. The affected companies of the Barracuda Group filed a claim against various government authorities in Austria, amongst others the FMA. In this context, the Austrian Constitutional Court ruled in December 2021 that the FMA could not be held liable. A decision in the civil proceedings regarding the other defendants is not expected to be made until summer 2022.

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 uncertainty that the determined default rates might 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 the event business. The carrying amounts 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.

The measurement of grants requires assumptions and estimates to a certain extent; this is due to the fact that, for example in the case of fixed cost subsidies, there is room for interpretation in determining the underlying costs in individual cases. Actual amounts may differ from estimates if the development of the framework conditions differs from assumptions.

In addition, estimates and assumptions must, in particular, also be made in connection with the annual impairment test for goodwill, intangible assets, right-of-use assets for venues, and associates accounted for at equity as well as for the recognition of deferred tax assets.

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

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

Conditional purchase price liabilities resulting from business combinations are measured upon initial recognition at fair value at the acquisition date. Upon subsequent measurement, the determination of fair value or amortised cost is subject to an estimation risk within the scope of future business performance. The disclosures regarding purchase price obligations are explained in the notes to the consolidated balance sheet in item 16. The disclosure regarding the call and put options in relation to further shares in France Billet can be found in the notes to the consolidated balance sheet in item 14 with respect to interests in associates accounted for at equity.

The provisions for promoter vouchers concern obligations toward holders of a 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 a refund of the ticket price. If the promoter voucher was not redeemed by the end of 2021, ticket holders have been allowed to demand a payout of the amount since 1 January 2022. The ticket monies affected by this rule, which were recognised in the consolidated financial statements as at 31 December 2020 as provisions for outstanding promoter vouchers, were reclassified to financial liabilities (for the payout of the voucher) and non-financial liabilities (for the redemption of the voucher), based on current experience as to the extent to which the holders of the vouchers will make use of their right to reclaim the ticket price. In Austria, ticket holders will be entitled to demand repayment from 1 January 2023, depending on the issue date of the voucher. In Italy, the repayment entitlement was extended to a period of 36 months after the issue of the voucher. The disclosures regarding provisions are explained in the notes to the consolidated balance sheet in item 18.

Lease liabilities are recognised at the present value of the lease payments not yet made at this time. An incremental borrowing rate is used to measure 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 asset. 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 Group companies would have to pay if there were no observable interest rates 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 non-cancellable period of the lease, including periods arising from renewal options, provided that it is reasonably certain that the option will be exercised, along with periods arising from termination options, provided that it is reasonably certain that the option will not be exercised. Many real estate lease agreements contain renewal or termination options. Assessing whether it is reasonably certain that a renewal option will be exercised or a termination option will not be exercised requires judgement. The disclosures regarding 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 regarding 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 127 subsidiaries (previous year: 118).

The number of fully consolidated companies in the Ticketing segment is 46 (previous year: 37). The rise over the previous year results from five acquisitions and four newly established companies.

In the Live Entertainment segment, the number of fully consolidated companies is 81, unchanged from the previous year. The changes are due to newly established companies and mergers, one acquisition and one disposal, as well as one first-time consolidation and one deconsolidation of an insignificant company.

In the Live Entertainment segment, two joint ventures (previous year: 1) and 13 associated companies (previous year: 14) are included in the consolidated financial statements. One significant 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. Another significant joint venture is HPX LLC, Wilmington, Delaware, USA. EMC Presents holds 50% of the shares in this company. The purpose of this company is to develop and produce a major exhibition and to operate it on every continent.

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 "car toll" infrastructure charge, 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, sport events, theatre and other events.

Due to their insignificance, 13 subsidiaries (previous year: 14) are recognised in investments at fair value through profit or loss in the reporting year.

2.1 SIGNIFICANT CHANGES IN THE TICKETING SEGMENT

FINAL PURCHASE PRICE ALLOCATION FOR ZAPPA

As part of the finalisation of the purchase price allocation for the purchase of the ticketing business of Zappa Ltd., Herzelia Israel, (51% of the shares) on 22 December 2020, the valuation of the consideration in the form of the transferred shares in CTS Eventim New Co Ltd., Tel Aviv, Israel, was adjusted, reducing the consideration by EUR 9,181 thousand and increasing the fair value of the recognised exclusivity rights by EUR 1,728 thousand and thus increasing the value of the shares of the outside shareholders by EUR 847 thousand. Consequently, the goodwill arising from the acquisition, which was allocated to the Ticketing segment, decreased by EUR 10,062 thousand. The prior-year figures have been adjusted in accordance with IFRS 3.

Impact of the final purchase price allocation for Zappa on the consolidated balance sheet of the previous year:

	final purchase price allocation – 31 Dec 2020–	provisional purchase price allocation –31 Dec 2020 –	Change
	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS			
Goodwill	349,881	359,943	-10,062
Other intangible assets	150,252	148,524	1,728
			-8,334
Liabilities and equity			
Retained earnings	336,558	345,739	-9,181
Non-controlling interests	47,139	46,292	847
			-8,334

ACQUISITION OF CONTROL IN SIMPLY-X

On 7 October 2021, CTS KGaA acquired 61% of the shares in simply-X GmbH, Bad Gandersheim (hereinafter: simply-X). simply-X is a German provider of event management products. Its portfolio encompasses control, payment, ordering and customer loyalty solutions together with hardware such as scanning pedestals and turnstiles. With the acquisition of simply-X, the CTS Group expands its previous admission control solution EVENTIM.Access.

The following table shows the fair values at the time of initial consolidation of **simply-X**:

	Fair values at the time of initial consolidation - final purchase price allocation -
	[EUR'000]
Cash and cash equivalents	120
Inventories	346
Trade receivables	607
Other assets	91
Total current assets	**1,163**
Intangible assets	216
Property, plant and equipment	496
Investments	25
Right-of-use assets from leases	29
Other assets	6
Total non-current assets	**772**
Financial liabilities	16
Trade payables	191
Other liabilities	227
Lease liabilities	15
Total current liabilities	**449**
Financial liabilities	64
Other liabilities	427
Lease liabilities	14
Deferred tax liabilities	62
Total non-current liabilities	**567**
Total net assets	**920**

Assets and liabilities were measured at fair value within the scope of the final purchase price allocation. At the time of initial consolidation, intangible assets (customer base with a useful life of 4 to 8 years, and software with a useful life of 4 years) were recognised at a fair value of EUR 207 thousand. Deferred tax liabilities in a total amount of EUR 62 thousand were recognised for the temporary differences from remeasurement.

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

	[EUR'000]
Consideration transferred	2,300
Total net assets	**920**
Pro rata net assets	**561**
Goodwill	1,739

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 not tax-deductible.

Since the date of initial consolidation on 7 October 2021, simply-X generated revenue of EUR 879 thousand and a profit for the period before non-controlling interests of EUR 144 thousand.

ACQUISITION OF CONTROL IN DERTICKETSERVICE AND BONNTICKET

On 2 December 2021, CTS KGaA acquired 100% of the shares in DERTICKETSERVICE.DE GmbH & Co. KG, Cologne, (hereinafter: DTS) and 100% of the shares in DERTICKETSERVICE.DE Verwaltungs- und Beteiligungs GmbH, Cologne, (general partner of DTS) as well as 100% of the shares in BONNTICKET GmbH, Bonn. The companies (DTS Group) are regional ticketing providers in the Rhineland metropolitan region.

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

	Fair values at the time of initial consolidation - final purchase price allocation -
	[EUR'000]
Cash and cash equivalents	3,087
Marketable securities and other investments	27
Trade receivables	1,370
Receivables from related parties	23,008
Inventories	3
Other assets	3,485
Total current assets	**30,979**
Intangible assets	7,055
Property, plant and equipment	311
Right-of-use assets from leases	730
Total non-current assets	**8,096**
Trade payables	1,497
Liabilities to related parties	6
Other provisions	532
Tax debts	1,571
Other liabilities	27,314
Lease liabilities	221
Total current liabilities	**31,141**
Lease liabilities	510
Deferred tax liabilities	2,111
Total non-current liabilities	**2,621**
Total net assets	**5,313**

Assets and liabilities were measured at fair value within the scope of the final purchase price allocation. At the date of initial consolidation, intangible assets (customer base with a useful life of 10 years, and brands with a useful life of 10 years) were recognised at a fair value of EUR 7,038 thousand. Deferred tax liabilities in a total amount of EUR 2,111 thousand were recognised for the temporary differences from remeasurement.

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

	[EUR'000]
Consideration transferred	11,171
Total net assets	**5,313**
Goodwill	5,858

The difference between the consideration transferred and the pro rata net assets was assigned to the goodwill in the Ticketing segment and mainly reflects the potential for future synergies and growth potential. Goodwill is not tax-deductible.

Since the date of initial consolidation on 2 December 2021, the DTS Group generated revenue of EUR 1,147 thousand and a profit for the period of EUR 422 thousand.

ESTABLISHMENT OF TICKETING COMPANIES IN THE USA AND CANADA

On 22 March 2021, Eventim Ticketing USA Inc., Wilmington, Delaware, and its subsidiary Eventim USA LLC, Wilmington, Delaware, were established in the USA. On 15 July 2021, Eventim Ticketing Canada Limited, Halifax, Nova Scotia, was established in Canada. These companies provide the footing for the CTS Group to enter the North American ticketing market, thus advancing its international expansion. In September 2021, the first tickets were sold via the eventim.com platform.

2.2 SIGNIFICANT CHANGES IN THE LIVE ENTERTAINMENT SEGMENT

ACQUISITION OF CONTROL IN DREAMHAUS

On 24 March 2021, the CTS Group acquired 74.996% of the shares in concert promoter DreamHaus GmbH, Berlin (hereinafter: DreamHaus).

The following table shows the fair values at the time of initial consolidation of **DreamHaus**:

	Fair values at the time of initial consolidation - final purchase price allocation -
	[EUR'000]
Cash and cash equivalents	199
Other assets	132
Total current assets	**331**
Intangible assets	190
Property, plant and equipment	479
Right-of-use assets from leases	746
Other assets	43
Deferred tax assets	113
Total non-current assets	**1,571**
Trade payables	90
Liabilities to related parties	2,237
Other liabilities	67
Lease liabilities	157
Total current liabilities	**2,551**
Other liabilities	350
Lease liabilities	589
Deferred tax liabilities	53
Total non-current liabilities	**992**
Total net assets	**-1,642**

Assets and liabilities were measured at fair value within the scope of the final purchase price allocation. At the time of initial consolidation, intangible assets (customer base with a useful life of 7 years) were recognised at a fair value of EUR 177 thousand. Deferred tax liabilities of EUR 53 thousand were recognised for the temporary differences from remeasurement.

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

	[EUR'000]
Consideration transferred	1,000
Total net assets	**-1,642**
Pro rata net assets	**-1,231**
Goodwill	2,231

The difference between the consideration transferred and the share of net assets was assigned to the goodwill of the Live Entertainment segment and mainly reflects the potential for future synergies and growth. Goodwill is not tax-deductible.

Since the date of initial consolidation on 24 March 2021, DreamHaus generated revenue of EUR 16 thousand and a result for the period before non-controlling interests of EUR -1,726 thousand. The result was primarily affected by the COVID-19 pandemic.

ARENA CAMPOVOLO ASSET DEAL

By way of an agreement dated 28 June 2021, the CTS Group acquired 60% of the shares in Arena Campovolo S.r.l., Milan, Italy, through its subsidiary Friends & Partners S.p.A., Milan, Italy. The company operates Arena Campovolo. The purchase price of EUR 3,000 thousand was allocated to the individually acquired assets and liabilities based on their relative fair values as at the acquisition date, in accordance with IFRS 3.2 (b). In this context, the right to operate the venue, with a useful life of 17 years, was identified as an intangible asset. The arena has outdoor facilities that are suitable for staging concerts and events of national and international significance.

ESTABLISHMENT OF LIVE ENTERTAINMENT COMPANY IN ASIA

With effect from 21 October 2021, EVENTIM LIVE ASIA PTE. LTD., Singapore, (hereinafter: EVENTIM LIVE ASIA) was established. 75% of the shares are held by EVENTIM LIVE INTERNATIONAL GMBH, Bremen. The business activities of EVENTIM LIVE ASIA comprise the organisation of live events, primarily concerts and other live music events as well as a top acts in the Asian region, and the promotion and organisation of concerts by newcomer artists, exhibitions and family entertainment formats in Asia.

2.3 PRO-FORMA DISCLOSURES

The pro-forma presentation shows the financial data of the CTS Group, including the consolidated Group companies acquired in the 2021 financial year, under the assumption that they had already been included in the consolidated financial statements at the beginning of the financial year based on the terms and conditions of the actual acquisition.

	2021
	[EUR'000]
Revenue	
Reported	407,821
Pro-forma	413,550
Net result	
Reported	93,269
Pro-forma	92,480

The pro-forma disclosures were determined taking into account, among other things, the amortisation of hidden reserves identified as part of the remeasurement of intangible assets and the corresponding deferred taxes. Revenue is recognised taking into account the elimination of material intercompany relations for the entire 2021 financial year.

2.4 LIST OF INVESTMENTS

The disclosures pursuant to § 313 (2) HGB have been published 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 in subsequent quarters (ticket monies received that have not yet been settled with promoters in the Ticketing segment).

TRADE RECEIVABLES (2)

Trade receivables refer to gross carrying amounts in the amount of EUR 59,059 thousand (previous year: EUR 30,085 thousand). This is offset by impairments of EUR 4,576 thousand (previous year: EUR 4,851 thousand). Gross carrying amounts of EUR 17 thousand (previous year: EUR 116 thousand) are allocated to non-current trade receivables.

INVENTORIES (3)

Inventories comprise the following items:

	31 Dec 2021	31 Dec 2020
	[EUR'000]	[EUR'000]
Raw materials and supplies	719	585
Work in progress	2,515	2,768
Finished goods and merchandise	1,504	1,357
	4,738	**4,710**

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

ADVANCES PAID (4)

Advances paid in the amount of EUR 169,918 thousand (previous year: EUR 101,852 thousand) pertain to production costs already incurred (e.g. artists' fees) for events taking place mainly in the 2022 financial year in the Live Entertainment segment. Advances paid for future events are expected to be realised in the amount of EUR 26,916 thousand after more than 12 months.

RECEIVABLES FROM INCOME TAXES (5)

The receivables from income taxes in the amount of EUR 5,951 thousand (previous year: EUR 5,764 thousand) primarily include receivables due to advance payments for the years 2020 and 2021 made in amounts that were too high.

OTHER FINANCIAL ASSETS (6)

Other current financial assets in the amount of EUR 86,489 thousand (previous year: EUR 52,551 thousand) comprise inter alia receivables from ticket monies arising in connection with presales in the Ticketing segment of EUR 61,525 thousand (previous year: EUR 17,215 thousand), factoring receivables against an external service provider from ticket monies of EUR 3,613 thousand (previous year: EUR 2,263 thousand), receivables from promoters of EUR 8,264 thousand (previous year: EUR 10,709 thousand), and receivables for insurance compensations of EUR 255 thousand (previous year: EUR 11,744 thousand).

Non-current other financial assets totalling EUR 19,211 thousand (previous year: EUR 14,664 thousand) mainly refer to loan receivables from autoTicket of EUR 9,020 thousand (previous year: EUR 5,437 thousand), receivables from promoters of EUR 6,068 thousand (previous year: EUR 4,115 thousand), and other receivables from related parties of EUR 1,943 thousand (previous year: EUR 3,255 thousand).

As at 31 December 2021 collaterals amounted to EUR 3,757 thousand (previous year: EUR 2,574 thousand), including EUR 2,272 thousand for rental deposits (previous year: EUR 2.140 thousand).

OTHER NON-FINANCIAL ASSETS (7)

The current other non-financial assets totalling EUR 105,464 thousand (previous year: EUR 48,614 thousand) mainly relate to refund claims in respect of value added tax and other taxes of EUR 19,383 thousand (previous year: EUR 26,438 thousand), prepaid expenses in the amount of EUR 11,481 thousand (previous year: EUR 9,636 thousand), which relate, inter alia, to accrued payments for events in the Live Entertainment segment and for IT hardware and software maintenance in the Ticketing segment, as well as receivables from short-time working allowances and social security contributions of EUR 803 thousand (previous year: EUR 2,488 thousand) and receivables from COVID-19-related government grants of EUR 68,277 thousand (previous year: EUR 5,593 thousand).

The non-current other non-financial assets of EUR 10,269 thousand (previous year: EUR 13,121 thousand) mainly relate to advance payments in connection with the transaction with the U.S. promoter Michael Cohl which are amortised over the agreed contract term, and accrued payments.

NON-CURRENT ASSETS/ LIABILITIES HELD FOR SALE (8)

The non-current assets (EUR 847 thousand) and liabilities (EUR 371 thousand) held for sale relate to the assets and liabilities of Eventum Entertainment Properties AB, Stockholm, Sweden, whose shares were sold by EVENTIM LIVE INTERNATIONAL GMBH, Bremen, on 14 January 2022.

By way of an agreement dated 14 January 2022, EVENTIM LIVE INTERNATIONAL GMBH, Bremen, sold 100% of the shares in Eventum Entertainment Properties AB, Stockholm, Sweden, for EUR 9,790 thousand. The Company holds 100% of the shares in MM the Party in Stockholm AB, Stockholm, Sweden, and 49% of the shares in MM! The Party AB, Stockholm, Sweden. The show and dinner event Mamma Mia! The Party combines musical, fine dining and ABBA classics. The sale resulted in a gain of EUR 7,252 thousand.

GOODWILL (9)

	2021 [EUR'000]	2020 [EUR'000]
Historical cost		
1 Jan	354,562	331,883
Addition from change in scope of consolidation	9,828	22,101
Disposal from change in scope of consolidation	-110	0
Currency differences	3,040	579
31 Dec	**367,321**	**354,562**
Accumulated amortisation		
1 Jan	4,681	4,681
31 Dec	**4,681**	**4,681**
Carrying value as at 31 Dec	**362,640**	**349,881**

The disclosed goodwill totalling EUR 362,640 thousand (previous year: EUR 349,881 thousand) is attributable to the Ticketing segment in the amount of EUR 257,523 thousand (previous year: EUR 247,088 thousand) and to the Live Entertainment segment in the amount of EUR 105,117 thousand (previous year: EUR 102,793 thousand). Both segments are classified as cash-generating units (CGU) for goodwill impairment testing in accordance with IAS 36.

In the Live Entertainment segment, goodwill increased by EUR 2,323 thousand, mainly as a result of the acquisition of DreamHaus and of currency effects from the valuation as at the closing date of 31 December 2021 (euro to Swiss francs). The increase of goodwill relating to the Ticketing segment of EUR 10,435 thousand results from the acquisitions of the DTS Group and simply-X as well as from currency effects from the valuation as at the closing date of 31 December 2021 of goodwill denominated in foreign currencies (euro to Swiss francs and Israeli shekel). In the context of the finalisation of the purchase price allocation for the acquisition of the ticketing operations of Zappa Ltd., Herzliya, Israel, in December 2020, the measurement of the consideration in form of the contributed shares in CTS Eventim New Co Ltd., Tel Aviv, Israel, was adjusted. This resulted in a decrease in goodwill of EUR 10,062 thousand. The prior-year figures have been adjusted in accordance with IFRS 3.

As part of 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, less its costs to sell. 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 in accordance with IFRS 13. This procedure and the basic assumptions apply to the two CGUs with goodwill.

As at 30 June 2021, the Company conducted an event-driven impairment test for both cash-generating units since one of the underlying scenarios as at 31 December 2020 that were used for the impairment test carried out as at 31 December 2020 could no longer occur in terms of the restart of major events in the second quarter of 2021 in individual countries. As at 30 June 2021, a discount rate of 9.2% (31 December 2020: 8.7%) was used for the impairment test in the Ticketing segment and 9.5% (31 December 2020: 8.7%) in the Live Entertainment segment. The Group uses constant growth rates of 1% (previous year: 1%) to extrapolate the cash flows following the detailed planning period. As at 30 June 2021, there was no need to recognise impairment losses.

The impairment test conducted as at 31 December 2021 was based on the assumption that the restrictions with respect to the staging of events will be eased from spring 2022 onwards (see item 1.5 Effects of the COVID-19 pandemic). As at 31 December 2021, an after-tax discount rate of 8.6% (previous year: 8.7%) was used for the impairment test in the Ticketing segment and 8.7% (previous year 8.7%) in the Live Entertainment segment. An EBITDA margin of 36.1% (previous year: 17%) in the Ticketing segment and of 4.1% (previous year: -5.9%) in the Live Entertainment segment was assumed for the 2022 financial year. An average EBITDA margin of 46.5% (previous year: 45%) was expected in the Ticketing segment for the following years due to an expected increase in high-margin internet ticket sales, among other things. In the Live Entertainment segment, an average EBITDA margin of 7.7% (previous year: 7.9%) is planned. The Group used 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 to recognise impairment losses was identified as at 31 December 2021 for the goodwill allocated to the individual segments. If the estimated discount rate had been 1 percentage point higher or the EBITDA margin in the Ticketing segment or the Live Entertainment segment had been 10% lower, there would not have been any need for impairment of goodwill in either segment.

OTHER INTANGIBLE ASSETS (10)

	Software, licences and similar rights	Brands	Capitalised development costs	Customer base	Advances paid / Proprietary software in progress	Total
2020	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost						
1 Jan	86,850	33,028	101,724	122,706	10,845	355,152
Addition from change in scope of consolidation	27,966	2,674	0	12,170	0	42,811
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	-492	-191	-9	91	-20	-621
31 Dec	**115,376**	**35,978**	**110,728**	**134,959**	**8,455**	**405,495**
Accumulated amortisation						
1 Jan	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 Dec	**69,117**	**26,880**	**64,118**	**95,128**	**0**	**255,243**
Carrying value as at 31 Dec 2020	**46,259**	**9,098**	**46,609**	**39,831**	**8,455**	**150,252**
2021						
Historical cost						
1 Jan	115,376	35,978	110,728	134,959	8,455	405,495
Addition from change in scope of consolidation	1,444	698	0	7,239	0	9,382
Addition	6,569	277	7,891	0	6,878	21,615
Disposal	-11,925	-465	-9,148	0	-9	-21,547
Reclassification	-21,054	-7,231	29,823	0	-1,519	18
Currency differences	3,869	390	376	993	3	5,630
31 Dec	**94,280**	**29,647**	**139,669**	**143,191**	**13,807**	**420,594**
Accumulated amortisation						
1 Jan	69,117	26,880	64,118	95,128	0	255,243
Addition from change in scope of consolidation	1,334	0	0	0	0	1,334
Addition	5,431	1,436	13,129	7,560	0	27,555
Impairments for the current year	1,550	0	0	0	0	1,550
Disposal	-11,824	-155	-9,064	0	0	-21,043
Reclassification	-15,801	-7,231	22,997	0	39	4
Currency differences	604	338	274	900	1	2,117
31 Dec	**50,411**	**21,268**	**91,454**	**103,588**	**40**	**266,760**
Carrying value as at 31 Dec 2021	**43,869**	**8,379**	**48,216**	**39,603**	**13,767**	**153,834**

The additions to software, licences and similar rights (EUR 6,569 thousand; previous year: EUR 1,818 thousand) mainly refer to the operating agreement for the Arena Campovolo in Italy as well as licences for third-party software.

Additions to capitalised development costs including advances paid (EUR 14,769 thousand; previous year: EUR 10,579 thousand) primarily relate to the development of ticket distribution systems. Of the capitalised development costs of EUR 7,891 thousand (previous year: EUR 5,685 thousand), EUR 4,110 thousand (previous year: EUR 3,838 thousand) are for proprietary development and EUR 3,781 thousand (previous year: EUR 1,847 thousand) for external development.

The additions from changes in the scope of consolidation in customer base (EUR 7,239 thousand; previous year: EUR 12,170 thousand) were mainly recorded for the purchase price allocations in relation to the DTS Group, DreamHaus and simply-X.

Amortisation and impairment from purchase price allocations amounted to EUR 12,085 thousand (previous year: EUR 12,573 thousand).

As at 30 June 2021, the Company conducted an event-driven impairment test since one of the underlying scenarios as at 31 December 2020 that were used for the impairment tests carried out as at 31 December 2020 could no longer occur in terms of the restart of major events in the second quarter of 2021 in individual countries. The impairment test of intangible assets (specific customer bases and brands) with a finite useful life was based on a country-specific weighted cost of capital of between 6.4% and 12.6%. In order to determine the need for the recognition of impairment losses on an intangible asset, the fair value less costs to sell was compared with the carrying amount of the allocated cash-generating unit on the measurement date. No impairment was identified.

The impairment test of the intangible assets as at 31 December 2021 was based on the assumption that larger events can be held again in general or without any significant restrictions in terms of available capacities starting from spring 2022 onwards. The impairment test of intangible assets (customer base and brand) with a finite useful life was based on a country-specific weighted cost of capital of between 6.7% and 12.2%. The fair values were determined using the discounted cash flow method. In order to determine the need for the recognition of impairment losses on an intangible asset, the fair value with matching maturity less costs to sell was compared with the carrying amount of the allocated cash-generating unit on the valuation date. An impairment of EUR 1,550 thousand was identified at CTS Eventim New Co. Ltd., Tel Aviv, for property rights and ticket distribution rights with an indefinite useful life.

PROPERTY, PLANT AND EQUIPMENT (11)

2020	Other real estate, land rights and buildings, including buildings on third-party properties [EUR'000]	Technical equipment and machinery [EUR'000]	Other equipment, operating and office equipment [EUR'000]	Advances paid [EUR'000]	Total [EUR'000]
Historical cost					
1 Jan	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 Dec	**11,311**	**4,918**	**88,014**	**441**	**104,684**
Accumulated depreciation					
1 Jan	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 Dec	**4,642**	**3,119**	**60,549**	**0**	**68,311**
Carrying value as at 31 Dec 2020	**6,668**	**1,798**	**27,465**	**441**	**36,373**
2021					
Historical cost					
1 Jan	11,311	4,918	88,014	441	104,684
Addition from change in the scope of consolidation	517	2	1,876	4	2,399
Disposal from change in the scope of consolidation	0	-65	-48	0	-113
Addition	3,652	153	4,227	4,299	12,332
Disposal	-87	0	-14,098	-4	-14,189
Reclassification	106	-87	123	-160	-18
Currency differences	72	-1	264	0	335
31 Dec	**15,571**	**4,919**	**80,359**	**4,580**	**105,430**
Accumulated depreciation					
1 Jan	4,642	3,119	60,549	0	68,311
Addition from change in the scope of consolidation	290	2	825	0	1,117
Disposal from change in the scope of consolidation	0	-42	-30	0	-72
Addition	1,280	504	6,093	0	7,877
Disposal	-87	0	-13,968	0	-14,055
Reclassification	15	-32	14	0	-4
Currency differences	43	-1	178	0	220
31 Dec	**6,183**	**3,549**	**53,661**	**0**	**63,393**
Carrying value as at 31 Dec 2021	**9,388**	**1,370**	**26,698**	**4,580**	**42,036**

The additions of other real estate, land rights and buildings, including buildings on third-party properties, mainly refer to the acquisition of properties including a building of FKP Immobilien GmbH, Hamburg.

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

Amortisation and depreciation for other intangible assets, property, plant and equipment, and right-of-use assets amounting to EUR 55,501 thousand (previous year: EUR 55,818 thousand) is included in cost of sales, selling and administrative expenses, and other operating expenses.

OPERATING LEASE AS LESSOR

The CTS Group leases, as the lessor, IT hardware to box offices and promoters as well as office space. Of the minimum lease payments from non-cancellable operating leases of EUR 3,549 thousand (previous year: EUR 3,490 thousand), EUR 1,446 thousand (previous year: EUR 1,203 thousand) are due within one year, and EUR 2,103 thousand (previous year: EUR 2,288 thousand) are due between one and five years. In the reporting year, income received from lease payments amounted to EUR 1,013 thousand (previous year: EUR 1,206 thousand).

The carrying amounts of the leased items developed as follows:

	Buildings	Operating and office equipment	Total
2020	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost			
1 Jan	0	6,706	6,706
Addition	0	85	85
Disposal	0	-14	-14
31 Dec	**0**	**6,776**	**6,776**
Accumulated depreciation			
1 Jan	0	6,080	6,080
Addition	0	309	309
Disposal	0	-13	-13
31 Dec	**0**	**6,376**	**6,376**
Carrying value as at 31 Dec 2020	**0**	**401**	**401**
2021			
Historical cost			
1 Jan	0	6,776	6,776
Addition from change in the scope of consolidation	0	1,086	1,086
Addition	1,102	377	1,479
Disposal	0	-3,552	-3,552
31 Dec	**1,102**	**4,688**	**5,790**
Accumulated depreciation			
1 Jan	0	6,376	6,376
Addition from change in the scope of consolidation	0	791	791
Addition	123	395	518
Disposal	0	-3,552	-3,552
31 Dec	**123**	**4,010**	**4,132**
Carrying value as at 31 Dec 2021	**979**	**678**	**1,657**

RIGHT-OF-USE ASSETS (12)

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

	Venues	Buildings	Vehicles	Operating and office equipment	Total
2020	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost					
1 Jan	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 Dec	**103,188**	**63,268**	**2,852**	**456**	**169,764**
Accumulated depreciation					
1 Jan	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 Dec	**15,710**	**16,648**	**1,535**	**203**	**34,097**
Carrying value as at 31 Dec 2020	**87,478**	**46,620**	**1,317**	**253**	**135,668**
2021					
Historical cost					
1 Jan	103,188	63,268	2,852	456	169,764
Addition from change in the scope of consolidation	0	1,425	65	6	1,497
Disposal from change in the scope of consolidation	0	-98	0	0	-98
Addition	2	6,385	644	0	7,032
Disposal	0	-2,281	-434	-20	-2,735
Reassessment	-439	1,940	169	16	1,686
Currency differences	3	616	14	3	635
31 Dec	**102,754**	**71,255**	**3,311**	**461**	**177,781**
Accumulated depreciation					
1 Jan	15,710	16,648	1,535	203	34,097
Disposal from change in the scope of consolidation	0	-16	0	0	-16
Addition	7,773	9,657	965	124	18,519
Disposal	0	-2,281	-434	-20	-2,735
Currency differences	1	176	8	2	187
31 Dec	**23,483**	**24,184**	**2,075**	**309**	**50,051**
Carrying value as at 31 Dec 2021	**79,271**	**47,072**	**1,236**	**152**	**127,730**

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 changes in the scope of consolidation concerning right-of-use assets from leases for buildings result from the expansion of the scope of consolidation in the Live Entertainment segment and the Ticketing segment. The additions to the buildings mainly relate to newly rented office space. Disposals of buildings primarily result from the expiration of leases for office space in the Ticketing segment.

As at 30 June 2021, the Company conducted an event-driven impairment test since one of the underlying scenarios as at 31 December 2020 that were used for the impairment tests carried out as at 31 December 2020 could no longer occur in terms of the restart of major events in the second quarter of 2021 in individual countries. A country-specific cost of capital of between 8.6% and 8.9% was applied as at 30 June 2021. There were no impairments.

The impairment test conducted as at 31 December 2021 was based on the assumption that the restrictions with respect to the staging of events will be eased from spring 2022 onwards. The impairment test of the right-of-use assets was based on a country-specific weighted cost of capital of between 7.9% and 8.3%. The fair values were determined using the discounted cash flow method. In order to determine the need for the recognition of impairment losses on right-of-use-assets, the fair value was compared with the carrying amount of the allocated cash-generating unit on the valuation date. No impairment was identified.

INVESTMENTS (13)

Investments include participations of EUR 924 thousand (previous year: EUR 802 thousand) and interests in companies not consolidated due to insignificance in the amount of EUR 777 thousand (previous year: EUR 2,100 thousand).

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (14)

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

	HAL Apollo		autoTicket		France Billet		Electric Love		HPX	associated companies		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2021	2020	2021	2020
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Net book value at 1 Jan	**16,140**	**17,606**	**20,981**	**7,599**	**55,796**	**61,604**	**5,900**	**0**	**0**	**2,117**	**1,549**	**100,934**	**88,359**
Addition	0	0	0	17,857	0	0	0	3,922	17,744	51	117	17,795	21,895
Disposal	0	0	0	0	0	0	0	0	0	-115	-5	-115	-5
Dividends	0	0	0	0	0	0	-1,811	0	0	0	0	-1,811	0
Proportionate result of the period	409	-523	-2,355	-4,475	-1,959	-5,808	-382	1,979	-435	-231	448	-4,953	-8,380
Proportionate other comprehensive income	1,144	-944	0	0	0	0	0	0	778	24	8	1,946	-936
Net book value at 31 Dec	**17,693**	**16,140**	**18,625**	**20,981**	**53,837**	**55,796**	**3,707**	**5,900**	**18,087**	**1,846**	**2,117**	**113,795**	**100,934**

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

In financial year 2023, the CTS Group may exercise a call option (based on a multiple of average EBITDA figures) for a further 17% of the shares in France Billet, which is the prerequisite for the exercise 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 not earlier than in financial year 2026. As at 31 December 2021, the call option was recognised as a non-current other financial asset in the amount of EUR 1,187 thousand (previous year: EUR 771 thousand), while the put option was recognised as a non-current financial liability in the amount of EUR 5,939 thousand (previous year: EUR 3,444 thousand) (see 4.1 Financial instruments for information on sensitivity).

As at 30 June 2021, the Company conducted an event-driven impairment test since one of the underlying scenarios as at 31 December 2020 that were used for the impairment tests carried out as at 31 December 2020 could no longer occur in terms of the restart of major events in the second quarter of 2021 in individual countries. A country-specific cost of capital of between 8.3% and 9.4% was applied as at 30 June 2021. There were no impairments.

The impairment test conducted as at 31 December 2021 was based on the assumption that the restrictions with respect to the staging of events will be eased from spring 2022 onwards. Accordingly, revenue is expected to increase significantly and, without taking into account the COVID-19-related assistance in 2021, earnings are expected to rise significantly, from the financial year 2022. The impairment test was based on a country-specific weighted cost of capital of between 7.9% and 8.4% as at 31 December 2021. The fair values were determined on the basis of discounted cash flow scenarios. In order to determine the need for the recognition of impairment losses, the fair value with matching maturity less costs to sell was compared with the carrying amount of the shares accounted for at equity on the valuation date. No impairment was identified.

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

	HAL Apollo		autoTicket		France Billet		Electric Love		HPX
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Current assets	17,400	12,662	388	677	136,031	50,806	6,020	9,290	3,450
thereof cash and cash equivalents	13,781	11,468	371	624	98,562	38,239	1,667	5,392	1,333
Non-current assets	43,065	41,046	56,725	54,566	96,748	100,145	40	83	16,584
Current liabilities	17,233	14,304	2,046	2,315	195,694	108,168	5,292	5,618	2,477
Non-current liabilities	7,655	6,940	17,820	10,971	16,575	17,986	0	0	0
Revenue	5,929	2,466	302	32	16,076	8,307	4,248	0	0
EBITDA	2,599	274	-6,398	-12,568	1,843	-10,410	-784	3,925	-989
Depreciation and amortisation	-1,108	-1,003	-111	-94	-6,842	-7,648	-49	-41	0
Financial result	-355	-331	-221	-125	-110	-142	-1	3	120
Taxes	-312	13	2,019	3,836	939	5,568	0	-2	0
Net result	823	-1,046	-4,711	-8,951	-4,170	-12,632	-835	3,885	-870
Other comprehensive income/loss	2,289	-1,888	0	0	0	0	0	0	-9
Total comprehensive income/loss	3,112	-2,934	-4,711	-8,951	-4,170	-12,632	-835	3,885	-878

DEFERRED TAXES (15)

The deferred tax assets, at EUR 30,717 thousand, pertain to the following:

	31 Dec 2021	31 Dec 2020
	[EUR'000]	[EUR'000]
Tax loss carryforwards	14,311	20,011
Temporary differences	16,406	12,966
	30,717	**32,977**

The total amount of unrecognised temporary differences relating to shares in subsidiaries, associated companies and joint ventures amounts to EUR 6,290 thousand (previous year: EUR 5,699 thousand). The Group does not expect any charges from this 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 Dec 2021		31 Dec 2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Receivables	1,147	1,546	1,294	304
Other assets	4,907	79	2,589	80
Current assets	**6,053**	**1,625**	**3,883**	**384**
Property, plant and equipment	39,568	38,512	42,637	41,445
Intangible assets	2,909	17,015	2,433	17,439
Investments	56	0	33	0
Other assets	140	0	187	0
Non-current assets	**42,674**	**55,527**	**45,290**	**58,884**
Other provisions	2,388	1,610	1,575	1,147
Other liabilities	1,808	31	773	42
Current liabilities	**4,196**	**1,641**	**2,348**	**1,189**
Pension provisions	1,992	9	2,860	14
Non-current liabilities	**1,992**	**9**	**2,860**	**14**
Loss carryforwards	14,311	0	20,011	0
Total	**69,225**	**58,802**	**74,392**	**60,471**
Offset	-38,508	-38,508	-41,415	-41,415
Deferred taxes	**30,717**	**20,294**	**32,977**	**19,056**

The deferred tax liabilities mainly result from temporary differences arising from the fair value measurement of acquired intangible assets in the context of purchase price allocations.

The rate of deferred domestic taxes was between 27.7% and 33.0%. This rate includes corporation tax at 15%, the solidarity surcharge at 5.5% on corporation tax, and municipal trade tax at between 11.9% and 17.2%. For foreign subsidiaries, the applicable local tax rate was applied respectively.

As at 31 December 2021, the recognised tax loss carryforwards were as follows:

	31 Dec 2021 [EUR'000]	31 Dec 2020 [EUR'000]
Loss carryforwards international		
up to 5 years	0	602
up to 10 years	7,533	13,258
indefinite	42,537	38,434
	50,070	**52,294**
Loss carryforwards national		
Corporate tax (unlimited)	7,312	21,722
Municipal trade tax (unlimited)	8,324	28,238
Total loss carryforwards	**65,706**	**102,254**

It is assumed that the tax loss carryforwards of EUR 65,706 thousand as at 31 December 2021 (previous year: EUR 102,254 thousand) can be used with reasonable probability 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 – as in the years prior to the COVID-19 pandemic.

Deferred tax assets were recognised in respect of foreign income tax and domestic corporation tax losses amounting to EUR 41,023 thousand (previous year: EUR 7,489 thousand), and in respect of domestic municipal trade tax losses of EUR 3,199 thousand (previous year: EUR 1,489 thousand), even though the respective companies incurred losses in the current and previous financial years and no corresponding deferred tax liabilities exist. However, positive earnings are budgeted for these companies after start-up losses.

As a result of the history of losses of the respective companies, no deferred tax assets were recognised for domestic municipal trade tax loss carryforwards in the amount of EUR 24,738 thousand (previous year: EUR 22,676 thousand), for corporation tax loss carryforwards in the amount of EUR 26,558 thousand (previous year: EUR 23,145 thousand), and for foreign loss carryforwards of EUR 80,270 thousand (previous year: EUR 77,012 thousand).

Within the next six to ten years, an expiry of unusable loss carryforwards of EUR 19,819 thousand (previous year: EUR 18,686 thousand) that currently cannot be utilised is possible in some European countries and within a period of up to 5 years in the amount of EUR 0 thousand (previous year: EUR 543 thousand).

As at 31 December 2021, deferred taxes of EUR 440 thousand (previous year: EUR 722 thousand) were recorded in other reserves in equity.

FINANCIAL LIABILITIES (16)

The financial liabilities reported as at the balance sheet date in the amount of EUR 28,789 thousand (previous year: EUR 247,591 thousand) comprise financial loans of EUR 4,590 thousand (previous year: EUR 204,097 thousand), of which EUR 128 thousand (previous year: EUR 200,023 thousand) are due in the short term. In addition, purchase price obligations from the acquisition of shares in subsidiaries already included in consolidation (primarily purchase price obligations with put options of existing non-controlling interests) amounting to EUR 24,200 thousand (previous year: EUR 43,495 thousand) are reported under financial liabilities, of which EUR 9,685 thousand (previous year: EUR 28,424 thousand) are due in the short term.

In October 2015, CTS KGaA agreed on a syndicated credit facility (Revolving Credit Facility) of EUR 200,000 thousand. The syndicated credit facility utilised had an agreed term until October 2022. In April 2020, the syndicated credit facility (Revolving Credit Facility) was fully drawn down to increase the CTS Group’s financial flexibility during the COVID-19 pandemic. As a result of an improved and stable liquidity position, the drawdown of the syndicated credit facility was fully repaid in the financial year 2021.

The syndicated credit facility is subject to financial covenants regarding equity ratio and adjusted net debt. In February 2021, due to the ongoing COVID-19 pandemic and based on the scenarios for business development in 2021, the Management Board applied for an extension of the suspension of the debt covenant up to and including 31 March 2022. The lending banks have agreed to this. Both financial covenants have again been complied with since 30 September 2021 due to the positive earnings performance.

In March 2022, the existing syndicated credit facility was repaid early and replaced by a new syndicated credit facility with a term of at least three years and a volume of EUR 150,000 thousand. The financial covenants continue to comprise the equity ratio and adjusted net debt. A waiver for the adjusted net debt covenant continues to apply until the end of the first quarter of the financial year 2022.

In accordance with 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 Jan 2021	**228,447**	**19,144**	**17,383**	**120,377**
Proceeds from borrowing financing loans	32	291	0	0
Proceeds from the change in ownership interests of subsidiaries	450	0	0	0
Payments for redemption of financing loans	-200,202	-155	0	0
Payments for the acquisition of consolidated companies	-4,890	0	0	0
Payments of lease liabilities	0	0	-17,160	0
Total change in cash flow from financing activities	**-204,609**	**136**	**-17,160**	**0**
New lease agreements	0	0	1,574	5,642
Additions to the scope of consolidation	16	64	390	1,107
Disposals from the scope of consolidation	0	0	-19	-63
Changes in fair value or modifications of lease agreements	-2,380	-556	369	941
Changes due to currency translation	0	188	92	361
Payments for purchase price liabilities of business combinations	-11,796	0	0	0
Other non-cash transactions	135	0	0	0
Timely reclassifications	0	0	15,345	-15,345
Total other changes, referring to financial and lease liabilities	**-14,025**	**-304**	**17,750**	**-7,357**
Balance as at 31 Dec 2021	**9,813**	**18,976**	**17,973**	**113,020**

	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 Jan 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 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 the scope of consolidation	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 combinations	-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 Dec 2020	**228,447**	**19,144**	**17,383**	**120,377**

ADVANCE PAYMENTS RECEIVED (17)

The current and non-current advance payments received of EUR 669,202 thousand (previous year: EUR 422,515 thousand) mainly include ticket monies already received for future events in the Live Entertainment segment. The increase is mainly attributable to presales for future events. Of the advance payments received, EUR 34,717 thousand (previous year: EUR 21,579 thousand) are non-current items as future events were postponed to 2023 due to the COVID-19 pandemic. The following table shows the changes in advance payments received (contract liabilities in accordance with IFRS 15) in the reporting period:

	Advance payments received
	[EUR'000]
1 Jan 2020	**337,050**
Revenue recognised	-127,342
Addition due to change in the scope of consolidation	36,377
Addition for events after the balance sheet date	176,429
31 Dec 2020	**422,515**
1 Jan 2021	**422,515**
Revenue recognised	-43,402
Other changes	290,089
31 Dec 2021	**669,202**

OTHER PROVISIONS (18)

	Promoter voucher	Mainte- nance	Risks from pending transactions	Other Personnel costs	Other	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
1 Jan 2020	**0**	**7,209**	**2,268**	**347**	**1,142**	**10,965**
Change in the scope of consolidation	0	0	0	0	47	47
Utilisation	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 Dec 2020	**24,723**	**6,054**	**347**	**331**	**15,451**	**46,906**
thereof non-current	0	4,420	0	60	77	4,557
1 Jan 2021	**24,723**	**6,054**	**347**	**331**	**15,451**	**46,906**
Change in the scope of consolidation	0	0	0	0	532	532
Utilisation	-713	-210	0	-251	-3,342	-4,515
Reversal	0	0	0	-84	-2,277	-2,361
Addition	6,557	762	2,176	132	4,717	14,343
Reclassification	-13,985	0	0	0	555	-13,430
Currency differences	0	0	0	0	113	113
31 Dec 2021	**16,581**	**6,606**	**2,524**	**129**	**15,748**	**41,587**
thereof non-current	0	4,420	0	60	77	4,557

The provisions for promoter vouchers concern obligations toward ticket holders 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 a refund of the ticket price. Since 1 January 2022, ticket holders in Germany have been allowed to demand a payout of the amount. The ticket monies affected by this rule were reclassified to financial liabilities or non-financial liabilities (for the redemption of the voucher), based on current experience as to the extent to which the holders of the vouchers will make use of their right to reclaim the ticket price (see note 1.5 Effects of the COVID-19 pandemic). In Austria, ticket holders will be entitled to demand repayment from 1 January 2023, depending on the issue date of the voucher, while in Italy, the repayment entitlement was extended to a period of 36 months after the issue of the voucher.

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 Ticketing 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.

Other provisions include a fine of EUR 7,608 thousand (previous year: 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 abusive behaviour. Since the appeal in Italian antitrust law has no suspensory effect on the payment of the fine, the provision was utilised accordingly.

TAX DEBTS (19)

The tax debts (EUR 52,704 thousand; previous year: EUR 36,026 thousand) primarily include municipal trade and corporation tax.

OTHER FINANCIAL LIABILITIES (20)

The current other financial liabilities (EUR 513,532 thousand; previous year: EUR 258,626 thousand) include liabilities from ticket monies received that have not yet been settled with promoters of EUR 448,416 thousand (previous year: EUR 240,164 thousand), liabilities from third-party concerts in the Live Entertainment segment of EUR 9,631 thousand (previous year: EUR 3,324 thousand), liabilities from refunds of ticket monies to end customers of EUR 39,058 thousand (previous year: EUR 6,917 thousand), liabilities from ticket insurance of EUR 3,794 thousand (previous year: EUR 490 thousand), and other financial liabilities of EUR 12,632 thousand (previous year: EUR 7,731 thousand). The non-current other financial liabilities (EUR 20,577 thousand; previous year: EUR 16,992 thousand) mainly include ticket monies that have not yet been settled with promoters of EUR 19,827 thousand (previous year: EUR 16,701 thousand), as the performance of events has been postponed to 2023 due to the COVID-19 pandemic.

LEASE LIABILITIES (21)

The current lease liabilities (EUR 17,973 thousand; previous year: EUR 17,383 thousand) and non-current lease liabilities (EUR 113,020 thousand; previous year: EUR 120,377 thousand) mainly relate to lease agreements concluded for venues such as the LANXESS arena in Cologne or the Waldbühne in Berlin, rented office space and buildings, and vehicles for employees.

The following table shows additional information about leases in which the CTS Group is lessee. The following income and expenses are recognised in the income statement for leases:

	Ticketing		Live Entertainment		Group	
	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]
Expense relating to current leases	381	341	9,297	10,417	9,678	10,758
Expense relating to leases of low-value assets	46	50	155	55	201	105
Expense relating to variable lease payments	67	34	710	10	777	45
Income from subleasing right-of-use assets	62	0	0	0	62	0
Depreciation of right-of-use assets	6,670	7,015	11,849	11,606	18,519	18,621
Interest expenses on lease liabilities	453	398	1,086	1,073	1,539	1,471

In the consolidated cash flow statement, the repayment of lease liabilities is shown in the cash flow from financing activities in the amount of EUR 17,160 thousand (previous year: EUR 16,722 thousand), and the interest payments of EUR 1,539 thousand (previous year: EUR 1,471 thousand) are recorded in the cash flow from operating activities.

In the financial year, additional lease payments of EUR 1,436 thousand (previous year: EUR 928 thousand) were not taken into account as part of the measurement of lease liabilities with regard to a renewal option as it is not sufficiently certain whether the lease agreements will be extended or not be terminated, respectively. Leases that the CTS Group entered into but which did not yet start on the balance sheet date include possible future lease payments of EUR 8,384 thousand (previous year: EUR 1,319 thousand).

OTHER NON-FINANCIAL LIABILITIES (22)

The current other non-financial liabilities (EUR 84,643 thousand; previous year: EUR 60,012 thousand) result from other tax liabilities of EUR 16,594 thousand (previous year: EUR 8,351 thousand), liabilities from gift vouchers of EUR 37,573 thousand (previous year: EUR 29,105 thousand), liabilities for personnel expenses of EUR 22,852 thousand (previous year: EUR 16,016 thousand), deferred income of EUR 3,083 thousand (previous year: EUR 3,157 thousand), social security liabilities of EUR 2,914 thousand (previous year: EUR 2,191 thousand), and other non-financial liabilities of EUR 1,628 thousand (previous year: EUR 1,193 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 for retirement pensions, early retirement pensions, pensions due to disability, and surviving dependent pensions. The amount of the 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 prescribed by regulation. The invalidity, mortality and longevity risks are fully coverd by reinsurance 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 as defined benefit plans within the meaning of IAS 19 because there is no guarantee that the benefit can be continued at the same terms and conditions if the plan is terminated and because different risk and cost premiums can be expected. Benefits due are paid out by the insurance companies directly to the beneficiaries.

The pension obligations in Italy concern ‘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 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 recognised prior to 1 January 2007 (and which were still outstanding at the balance sheet date), whereas commitments after that date are classified as a defined contribution plan.

The pension provisions in Austria relate to severance payments. Severance payments are one-off payments when employment ends, except when the employee terminates the employment relationship himself. 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, some pension commitments are financed by (re)insurance contracts. There is no quoted market price in an active market for these contracts; instead, they are accounted for at the capitalised value or surrender value calculated by the relevant 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.

	Defined benefit obligation	Plan assets	Pension provision
	[EUR'000]	[EUR'000]	[EUR'000]
Status 1 Jan 2021	**33,018**	**-16,979**	**16,039**
Service costs			
Current service costs	1,900	0	1,900
Past service costs	-676	0	-676
	1,223	**0**	**1,223**
(Net) interest expenses/income	**97**	**-36**	**62**
Remeasurements			
Experience-based gains (-)/losses (+)	-86	0	-86
Gain (-)/loss (+) from change in demographic assumptions	-1,473	0	-1,473
Gain (-)/loss (+) from change in financial assumptions	-443	0	-443
Plan asset income, not included in interest income	0	-1,361	-1,361
	-2,002	**-1,361**	**-3,363**
Benefits paid	**-1,958**	**1,585**	**-374**
Fund allocations			
Employer	0	-932	-932
Employee	2,214	-2,214	0
	2,214	**-3,146**	**-932**
Currency differences	**1,320**	**-774**	**546**
Status 31 Dec 2021	**33,912**	**-20,710**	**13,201**

	Defined benefit obligation [EUR'000]	Plan assets [EUR'000]	Pension provision [EUR'000]
Status 1 Jan 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 expenses/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 Dec 2020	**33,018**	**-16,979**	**16,039**

The defined benefit obligation is allocated as follows:

	2021 [EUR'000]	2020 [EUR'000]
Defined benefit obligation	**33,912**	**33,018**
thereof active employees	31,385	30,416
thereof terminated employees with vested benefits	357	279
thereof retirees	2,170	2,324

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

	Defined benefit obligations		Plan assets		Pension provision	
	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]
Germany	1,091	1,014	0	0	1,091	1,014
Switzerland	29,755	28,946	-20,710	-16,979	9,045	11,967
Rest of Europe	3,065	3,059	0	0	3,065	3,059

The current 2018 G Heubeck Tables are applicable for demographic assumptions when accounting for pension obligations in Germany. In Switzerland, the generation tables for 2020 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	
	2021	2020	2021	2020	2021	2020
Germany	1.50%	1.40%	2.50%	2.50%	1.00%	1.00%
Switzerland	0.30%	0.20%	1.00%	1.00%	0.00%	0.00%
Rest of Europe	1.02%	0.75%	2.27%	2.08%	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 eurozone 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 the following effects on the present value of the defined benefit obligation:

2021	Change in assumption	Increase of the assumption	Decrease of the assumption
		[EUR'000]	[EUR'000]
Discount rate	0.50%	-2,728	3,142
Future salary increases	1.00%	546	-585
Future pension increases	1.00%	2,263	0
Life expectancy	1 year	442	-456

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

The above sensitivity analysis is based on the change in one assumption, with all other assumptions remaining constant. It is unlikely 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 residual duration of the obligation as of 31 December 2021 is 17.0 years (previous year: 19.5 years). For the following year, employer contributions to the pension plans in the amount of EUR 1,101 thousand (previous year: EUR 1,008 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 108.

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 has a voting right and presents an arithmetic share in the share capital of EUR 1.00. All shares are fully paid in. The CTS KGaA holds 8,700 own shares, 95,991,300 shares were outstanding during the entire financial year. Capital and statutory reserves are limited in their use according to the German Stock Corporation Act (AktG).

There are no shares with special rights that grant power of control. The Executive Board of EVENTIM Management AG, Hamburg, is not aware of any restrictions on voting rights or the transfer of shares.

As at 31 December 20212021, the capital reserve pursuant to § 272 (2) No. 1 HGB amounts to EUR 2,400 thousand and is subject to a distribution restriction.

In accordance with § 150 AktG, corporations must establish a statutory reserve if the capital reserve does not constitute 10% of the share capital. The annual transfer to the statutory reserve amounts to 5% of net income for the year until 10% of subscribed share capital is covered by the capital reserve and the 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 at 31 December 2015 totalled 10% of the share capital. The statutory reserve amounts to EUR 7,200 thousand as at 31 December 2021 and is prohibited from being distributed as a dividend.

Treasury shares of EUR 8.700 originally result from 2,175 shares that were purchased on 31 July 2007 at a price of EUR 28.99 per share due to a shareholder resolution pursuant 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 share capital.

Based on the election to recognise 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, which was exercised in the Company’s separate financial statements prepared in accordance with the regulations of the German Commercial Code (HGB), the amount subject to distribution restrictions is EUR 1,609 thousand (previous year: EUR 6,994 thousand).

In financial year 2021, retained earnings increased by EUR 142 thousand as a result of changes in the scope of consolidation and currency translation differences.

RESOLUTIONS OF THE ANNUAL SHAREHOLDERS' MEETING:

The **share capital** of the Company will be conditionally increased by up to EUR 1,440,000.00 through the issuance of up to 1,440,000 new no-par-value bearer shares (contingent capital 2021). The contingent capital increase serves solely to grant pre-emption rights on shares (stock options) to members of the Executive Board of the Company's general partner, to members of the management bodies of affiliated companies in Germany and abroad and to selected managers and employees of the Company and its affiliated companies in Germany and abroad that are granted on the basis of the above authorisation.

§ 4 (5) of the articles of association was reworded: In accordance with the authorisation from the Annual Shareholders' Meeting on 7 May 2021, the Company's share capital has been conditionally increased by up to EUR 1,440,000.00 by issuing up to 1,440,000 new no-par-value bearer shares in the Company representing an arithmetic share of the share capital of EUR 1.00 per share (contingent capital 2021). The contingent capital 2021 serves to secure pre-emption rights attaching to stock options that are issued by the Company in the period from entry of the contingent capital 2021 in the commercial register until 6 May 2026 under the 2021 Stock Option Programme on the basis of the authorisation from the Annual Shareholders' Meeting on 7 May 2021. The contingent capital increase will be implemented only if stock options are issued and the holders of these stock options exercise their pre-emption right on shares in the Company. Shares will be issued from the contingent capital 2021 at the exercise price specified in accordance with the authorisation from the Annual Shareholders' Meeting on 7 May 2021. The new shares participate in the profits of the Company from the beginning of the financial year for which, at the time that the pre-emption rights are exercised, the Shareholders' Meeting has not yet adopted a resolution on the appropriation of accumulated profit. The general partner and, where members of the Executive Board of the Company's general partner are concerned, the Supervisory Board are authorised to specify the further details of the contingent capital increase and its implementation.

The authorisation to purchase and use **treasury shares** pursuant to § 71 (1) No. 8 AktG, which was granted by resolution of the virtual Annual Shareholders' Meeting on 19 June 2020, will be cancelled. No use has been made of this authorisation so far. By resolution of the Annual Shareholders' Meeting on 7 May 2021, the general partner was authorised until 6 May 2026 to purchase treasury shares of CTS KGaA equating to up to 10% of the share capital as at the time this authorisation took effect or as at the time this authorisation is used. The consideration for the purchase of these shares may not exceed the share price by more than 10% and may not be more than 20% below the share price. 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 offer may be limited.

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 to issue bonds, contingent on Supervisory Board approval, 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, 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.

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 such 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).

With the aim of increasing the loyalty of the managers and employees of the Company and its affiliated companies in Germany and abroad by providing a variable remuneration component with a long-term incentive effect, it was made possible to issue pre-emption rights attaching to the Company's shares to members of the Executive Board of the general partner of CTS KGaA, to members of the management bodies of affiliated companies in Germany and abroad and to selected managers and employees of the Company and its affiliated companies in Germany and abroad ("beneficiaries") under a stock option programme ("stock option programme 2021").

With effect from the time that the new § 4 (5) of the articles of association is entered in the commercial register, the as yet unused authorisation for the 2000/I Stock Option Programme, which was approved by the Company's Annual Shareholders' Meeting on 21 January 2000, and the related unused contingent capital 2000/I will be cancelled.

Subject to the consent of the Supervisory Board, the general partner was authorised up to and including 6 May 2026 ("authorisation period") to grant pre-emption rights ("stock options") on up to 1,440,000 no-par-value bearer shares of the Company on one or more occasions to members of the management bodies of affiliated companies in Germany and abroad and to selected managers and employees of the Company and its affiliated companies in Germany and abroad.

The Supervisory Board was authorised up to and including 6 May 2026 ("authorisation period") to grant pre-emption rights ("stock options") on up to 500,000 no-par-value bearer shares of the Company on one or more occasions to members of the Executive Board of the Company's general partner.

One stock option grants one pre-emption right to one share of the Company. The Company's shareholders do not have a pre-emption right. When stock options expire owing to the ending of the service/employment contract with the Company or an affiliated company due to an affiliated company leaving the CTS Group, or if they expire for other reasons during the authorisation period, the equivalent number of stock options can be issued again to beneficiaries. The exercised pre-emption rights can be settled, at the Company's discretion, by using the contingent capital 2021 or by using the Company's treasury shares. The Company is also entitled to settle the rights in cash.

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 Ticketcorner Holding AG, Rümlang, and its subsidiary, Ticketcorner AG, Rümlang. The subgroup Austria includes CTS Eventim Austria GmbH, Vienna, as the parent company, together with 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, Austria, Russia, Switzerland, Singapore, Spain and the USA) attributable to the Live Entertainment segment.

The following overview shows the participation ratios and non-controlling interests for each subsidiary/subgroup with a non-controlling interest that is material for the Group in 2021.

		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 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2021
Name	**Country**		**[EUR'000]**	**[EUR'000]**	
Subgroup TC AG	Switzerland	50.0%	3,125	24,837	50.0%
Subgroup Austria	Austria	14.0%	1,047	7,092	14.0% - 56.1%
Subgroup EVENTIM LIVE	Germany	5.6%	284	7,892	5.6% - 76.3%
Subgroup EVENTIM LIVE INTERNATIONAL	Germany	0.0%	1,141	6,322	0.0% - 64.0%
Total subgroups				46,143	
Subsidiaries with individually immaterial non-controlling interests				9,704	
Total non-controlling interests				**55,847**	

[1] *The proportional share of non-controlling interest 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 ratios and non-controlling interests for each subsidiary/subgroup with a non-controlling interest that is material for the Group in 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 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 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				7,502	
Total non-controlling interests				**47,139**	

[1] The proportional share of non-controlling interest 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 summarised financial information for each subsidiary/subgroup with non-controlling interests that is material for the Group is presented in the following tables.

Material non-controlling interests in the Ticketing segment:

Summarised balance sheet:	**Subgroup TC AG**		**Subgroup Austria**	
	31 Dec 2021 [EUR'000]	**31 Dec 2020 [EUR'000]**	**31 Dec 2021 [EUR'000]**	**31 Dec 2020 [EUR'000]**
Current assets	60,409	19,003	61,738	42,221
Non-current assets	72,308	72,328	4,155	4,635
Current liabilities	70,434	38,438	46,922	33,088
Non-current liabilities	13,504	14,674	2,166	2,534

Summarised income statement:	**Subgroup TC AG**		**Subgroup Austria**	
	31 Dec 2021 [EUR'000]	**31 Dec 2020 [EUR'000]**	**31 Dec 2021 [EUR'000]**	**31 Dec 2020 [EUR'000]**
Revenue	20,132	12,743	14,183	7,448
Taxes	-1,677	1,378	-1,600	264
Net result	6,250	-6,800	5,524	-1,490
Net result attributable to non-controlling interest	3,125	-3,400	1,047	-397
Dividend payments to non-controlling interests	0	0	0	0

Summarised cash flow statement:	**Subgroup TC AG**		**Subgroup Austria**	
	31 Dec 2021 [EUR'000]	**31 Dec 2020 [EUR'000]**	**31 Dec 2021 [EUR'000]**	**31 Dec 2020 [EUR'000]**
Cash flow from operating activities	39,738	-19,123	-11,180	-28,273
Cash flow from investing activities	-1,282	-1,187	-274	-314
Cash flow from financing activities	-326	-9,174	-357	-342
Net increase / decrease in cash and cash equivalents	38,131	-29,484	-11,812	-28,929
Net increase / decrease in cash and cash equivalents due to currency translation	2,407	473	-86	-145
Cash and cash equivalents at beginning of period	13,971	42,982	29,993	59,067
Cash and cash equivalents at end of period	54,508	13,971	18,095	29,993

Significant non-controlling interests in the Live Entertainment segment:

Summarised balance sheet:	**Subgroup EVENTIM LIVE**		**Subgroup EVENTIM LIVE INTERNATIONAL**	
	31 Dec 2021 [EUR'000]	**31 Dec 2020 [EUR'000]**	**31 Dec 2021 [EUR'000]**	**31 Dec 2020 [EUR'000]**
Current assets	545,827	331,990	303,627	193,971
Non-current assets	97,288	84,835	150,368	117,037
Current liabilities	608,470	369,370	435,361	299,838
Non-current liabilities	34,371	47,266	40,836	30,595

Summarised income statement:	**Subgroup EVENTIM LIVE**		**Subgroup EVENTIM LIVE INTERNATIONAL**	
	31 Dec 2021 [EUR'000]	**31 Dec 2020 [EUR'000]**	**31 Dec 2021 [EUR'000]**	**31 Dec 2020 [EUR'000]**
Revenue	71,420	86,554	104,820	31,130
Taxes	-3,383	-4,309	3,304	4,944
Net result	429	-806	-2,277	-23,483
Net result attributable to non-controlling interest	284	4,560	1,141	-5,132
Dividend payments to non-controlling interests	-126	0	-923	0

Summarised cash flow statement:	**Subgroup EVENTIM LIVE**		**Subgroup EVENTIM LIVE INTERNATIONAL**	
	31 Dec 2021 [EUR'000]	**31 Dec 2020 [EUR'000]**	**31 Dec 2021 [EUR'000]**	**31 Dec 2020 [EUR'000]**
Cash flow from operating activities	145,760	34,932	85,188	40,981
Cash flow from investing activities	-6,630	-1,871	-21,562	-2,134
Cash flow from financing activities	-7,639	-20,097	-1,826	882
Net increase / decrease in cash and cash equivalents	131,492	12,964	61,800	39,729
Net increase / decrease in cash and cash equivalents due to currency translation	1,830	-613	2,525	-471
Cash and cash equivalents at beginning of period	238,312	225,961	81,055	41,797
Cash and cash equivalents at end of period	371,634	238,312	145,380	81,055

4. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

4.1 FINANCIAL INSTRUMENTS

The following table shows the carrying amounts, valuations and fair values of current and non-current financial instruments for the 2021 financial year:

		Balance sheet value according to IFRS 9		
	Carrying value 31 Dec 2021	Fair value through profit and loss	Amortised cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS				
Cash and cash equivalents	965,190		965,190	965,190
Marketable securities and other investments	30,834	722	30,111	30,834
Trade receivables	54,500		54,500	54,499
Receivables from related parties	1,971		1,971	1,971
Other financial assets	105,700	2,399	103,301	105,742
thereof receivables from ticket monies	*61,525*		*61,525*	*61,525*
thereof call option on shares of non-consolidated subsidiaries	*1,187*	*1,187*		*1,187*
Investments	1,701	1,701		1,701
TOTAL	**1,159,896**	**4,822**	**1,155,074**	**1,159,938**
LIABILITIES				
Financial liabilities	28,789	5,939	22,851	28,539
thereof put option on shares of non-consolidated subsidiaries	*5,939*	*5,939*		*5,939*
Trade payables	119,723		119,723	119,723
Liabilities to related parties	6,420		6,420	6,420
Other financial liabilities	534,109		534,109	534,053
thereof liabilities from ticket monies received that have not yet been settled with promoters	*468,243*		*468,243*	*468,182*
Lease liabilities	130,993			130,993
TOTAL	**820,035**	**5,939**	**683,103**	**819,728**

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 Dec 2020	**Fair value through profit and loss**	**Amortised cost**	**Fair value**
	[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	25,351		25,351	25,349
Receivables from related parties	756		756	756
Other financial assets	67,214	1,627	65,588	67,466
thereof receivables from ticket monies	*17,215*		*17,215*	*17,215*
thereof call option on shares of non-consolidated subsidiaries	*771*	*771*		*771*
thereof derivatives standalone	*2*	*2*		*2*
Investments	2,902	2,902		2,902
TOTAL	**838,005**	**5,030**	**832,975**	**838,255**
LIABILITIES				
Financial liabilities	247,591	3,444	244,147	246,950
thereof put option on shares of non-consolidated subsidiaries	*3,444*	*3,444*		*3,444*
Trade payables	69,136		69,136	69,136
Liabilities to related parties	1,510		1,510	1,510
Other financial liabilities	275,618	931	274,686	275,498
thereof liabilities from ticket monies received that have not yet been settled with promoters	*256,865*		*256,865*	*256,747*
thereof derivatives standalone	*931*	*931*		*931*
Lease liabilities	137,760			137,760
TOTAL	**731,614**	**4,376**	**589,478**	**730,853**

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 non-derivative financial instruments not listed on an active market is not computed, 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 the previous year.

If financial instruments are listed on an active market, the respective listed price represents the fair value. In the case of unlisted financial instruments, the fair value is calculated as the present value of the future cash flows, taking interest yield and the rating-dependent credit risk premium of the CTS Group into account.

The fair values of non-current non-derivative financial assets and liabilities not listed on an active market 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 non-derivative 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 currency transaction is therefore equal to the respective fair value. These fair values are determined on the basis of observable market parameters, 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 mathematics model.

FAIR VALUE HIERARCHY

In accordance with 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 directly determined, such as for securities traded on active markets. In Level 2, fair values are based on market data, such as currency rates or yield curves, using market-based valuation techniques (e.g. foreign exchange forwards). Fair values in Level 3 are derived using valuation techniques based on unobservable inputs, as there is no (meaningful) market activity for the measurement parameters.

Reclassifications between the levels of the fair value hierarchy are carried out at the beginning of the quarter in which the reason or the change in circumstances occurs 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 assignment to the three levels of the fair value hierarchy according to IFRS 13 as at 31 December 2021:

	31 Dec 2021			
	Level 1	Level 2	Level 3	Total
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
ASSETS				
Marketable securities and other investments	722	0	0	722
Trade receivables [2]	0	16	0	16
Other financial assets [2]	0	17,354	2,399	19,753
thereof call option on shares of non-consolidated subsidiaries	*0*	*0*	*1,187*	*1,187*
Investments	571	0	1,130 [1]	1,701
	1,294	**17,370**	**3,528**	**22,192**
LIABILITIES				
Financial liabilities	0	22,600	5,939	28,539
thereof put option on shares of non-consolidated subsidiaries	*0*	*0*	*5,939*	*5,939*
Other financial liabilities [2]	0	20,521	0	20,521
thereof liabilities from ticket monies received that have not yet been settled with promoters	*0*	*19,767*	*0*	*19,767*
	0	**43,121**	**5,939**	**49,059**

[1] Investments contain 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 2020, the carrying amount of other financial assets included in level 3 was EUR 1,624 thousand, of which EUR 771 thousand were attributable to the call option for further shares in France Billet. In the reporting year, fair value adjustments of EUR 775 thousand were recognised in the financial result. Accordingly, the carrying amount of other financial assets included in level 3 as at the reporting date 31 December 2021 was EUR 2,399 thousand, of which EUR 1,187 thousand were attributable to the call option related to France Billet.

As at 31 December 2021, the fair value of the put option for further shares in France Billet was EUR 5,939 thousand (previous year: EUR 3,444 thousand). The measurement effect of EUR 2,494 thousand was recognised in the financial result.

In the context of the valuation of the call and put option by means of an option mathematics 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 693 thousand (by EUR 511 thousand) and the fair value of the put option would increase (decrease) by EUR 2,358 thousand (by EUR 2,131 thousand).

For the valuation of the remaining other financial assets in level 3, discount rates between 4.7% and 5.2%, reflecting the specific risks of the respective contract, were used in the DCF method. An adjustment of the applied interest rates by +100 basis points (-100 basis points) would reduce (increase) the fair values of the financial assets by EUR 13 thousand (EUR 14 thousand). If the expected cash flows were adjusted by +10% (-10%), the fair values would remain unchanged. The underlying cash flows range between EUR 4,192 thousand and EUR 5,124 thousand.

The following table provides an overview of the fair values of financial assets and liabilities and their assignment to the three levels of the fair value hierarchy in accordance with IFRS 13 as at 31 December 2020:

	31 Dec 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 financial assets [2]	0	13,293	1,624	14,917
thereof call option on shares of non-consolidated subsidiaries	*0*	*0*	*771*	*771*
thereof derivatives standalone	*0*	*2*	*0*	*2*
Investments	513	0	2,389 [1]	2,902
	1,014	**13,408**	**4,013**	**18,435**
LIABILITIES				
Financial liabilities	0	243,506	3,444	246,950
thereof put option on shares of non-consolidated subsidiaries	*0*	*0*	*3,444*	*3,444*
Other financial liabilities [2]	0	17,803	0	17,803
thereof liabilities from ticket monies received that have not yet been settled with promoters	*0*	*16,584*	*0*	*16,584*
thereof derivatives standalone	*0*	*931*	*0*	*931*
	0	**261,309**	**3,444**	**264,753**

[1] *Investments contain 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:

	2021 [EUR'000]	2020 [EUR'000]
Financial assets at amortised cost	5,533	-28,550
Financial assets at fair value through profit and loss	157	1,189
Financial liabilities at amortised cost	7,666	-7,846
Financial liabilities at fair value through profit and loss	-2,373	-4,376
	10,983	**-39,583**

The net results of financial assets at amortised cost consist of interest income (EUR 859 thousand; previous year: EUR 979 thousand), expenses from negative interest (EUR 1,493 thousand; previous year: EUR 424 thousand), effects from currency translation (EUR 5,174 thousand; previous year: EUR -3,049 thousand) as well as impairments on receivables. Impairments (including reversals of impairment losses) amount to EUR 992 thousand (previous year: EUR 26,070 thousand) and are included in selling expenses, financial expenses, and other operating income. This includes expenses for derecognised receivables of EUR 1,110 thousand (previous year: EUR 4,176 thousand) and for additions to impairments (EUR 452 thousand; previous year: EUR 4,236 thousand). The item also comprises income from the reversal of impairments and from derecognised receivables (EUR 2,554 thousand; previous year: EUR 3,054 thousand). In the previous year, the item included impairments for derecognised cash and cash equivalents in connection with the impairment of the deposits of the Barracuda Group at Commerzialbank Mattersburg im Burgenland AG in the amount of EUR 20,712 thousand.

The net results of financial assets measured at fair value through profit or loss comprise income from participations of EUR 164 thousand (previous year: EUR 0 thousand) and effects from fair value measurement in the amount of EUR -7 thousand (previous year: EUR 1,189 thousand). Measurement effects include, among other things, income from the measurement of the call option for the purchase of additional shares in France Billet in the amount of EUR 416 thousand (previous year: EUR 771 thousand) as well as countervailing effects from the depreciation of investments.

Net results of financial liabilities at amortised cost include interest expenses (EUR 1,541 thousand; previous year: EUR 1,816 thousand) and currency effects (EUR 275 thousand; previous year: EUR -2,477 thousand), as well as effects from the subsequent measurement of liabilities from put options (EUR 3,051 thousand; previous year: EUR -2,408 thousand) and variable purchase price liabilities (EUR 3,185 thousand; previous year: EUR -1,956 thousand). This was offset by income from derecognised financial liabilities in the amount of EUR 3,731 thousand (previous year: EUR 1,556 thousand). The total interest expense calculated under the effective interest method was EUR 963 thousand (previous year: EUR 715 thousand).

The net results from financial liabilities measured at fair value include expenses from the measurement of the call option for the purchase of additional shares in France Billet in the amount EUR 2,494 thousand (previous year: EUR 3,444 thousand), offset by income from a US dollar forward exchange contract in the amount of EUR 122 thousand (previous year: expense of EUR 931 thousand).

4.2 FINANCIAL RISK MANAGEMENT

DEFAULT RISKS

Default risks exist when there is a risk of debtors being unable to fully or partially settle their liabilities. Due to the COVID-19 pandemic, the default risks in the CTS Group may increase. At present, there have been no increased defaults due to this; however, this may change if the COVID-19 pandemic continues. The maximum default risk exposure is equal to the value of all receivables, minus collaterals or liabilities owed to the same debtor if offsetting is possible under civil law. Receivables management is carried out locally at the Group companies, with indications of risk being derived from this. Default risks are taken into account in the Group through the recognition of impairments on the basis of expected credit losses of financial assets measured at amortised cost upon initial recognition.

In the 2021 financial year, collateral amounting to EUR 8,892 thousand (previous year: EUR 9,145 thousand) was provided to Group companies mainly to hedge the risks in ticket presales by various box offices (EUR 7,654 thousand; previous year: EUR 6,428 thousand). Trade receivables, receivables from ticket monies and receivables from promoters due from collateral providers amount to EUR 3,030 thousand (gross carrying amounts; previous year: EUR 1,698 thousand).

Moreover, collateral in the amount of EUR 3,757 thousand (previous year: EUR 2,574 thousand) was provided mainly as rental deposits for office buildings.

The impairments developed as follows:

	Simplified approach			General approach	
	Trade receivables	Receivables from related parties	Receivables from ticket monies	Other financial assets	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Impairments as at 1 Jan 2020	4,622	6	350	2,450	7,428
Utilisation	-1,585	0	0	-377	-1,963
Net change in impairments	1,814	75	266	1,354	3,509
Impairments as at 31 Dec 2020	**4,851**	**80**	**616**	**3,427**	**8,975**
Impairments as at 1 Jan 2021	4,851	80	616	3,427	8,975
Utilisation	-168	0	-242	-80	-490
Net change in impairments	-106	-25	248	-660	-543
Impairments as at 31 Dec 2021	**4,576**	**55**	**623**	**2,687**	**7,942**

The following table shows the risk categories of financial assets used to determine expected credit losses and the associated gross carrying amounts as well as the related impairments as at 31 December 2021, based on the simplified approach:

31 Dec 2021	**Trade receivables**		**Receivables from related parties**		**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	54,241	*1,404*	2,001	*29*	62,022	*514*	118,263	*1,948*
Credit-impaired	4,835	*3,172*	26	*26*	126	*108*	4,987	*3,306*
Total	**59,076**	*4,576*	**2,027**	*55*	**62,148**	*623*	**123,251**	*5,254*

The balance of credit-impaired receivables did not change substantially year-on-year. Nevertheless, the relation to the total portfolio of receivables declined considerably. This is largely attributable to new receivables in connection with the increase of business activities in the fourth quarter of 2021.

The following table shows the risk categories of financial assets used to determine expected credit losses and the associated gross carrying amounts as well as the related impairments as at 31 December 2020, based on the simplified approach:

31 Dec 2020	**Trade receivables**		**Receivables from related parties**		**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*

The following table shows the risk categories of financial assets used to determine expected credit losses and the associated gross carrying amounts as well as the related impairments as at 31 December 2021, based on the general approach:

31 Dec 2021	**Receivables against promoter**		**Other receivables from related parties**		**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	10,847	*4*	15,399	*2*	1,007,797	*63*	1,034,043	*69*
Significant increase in credit risk	0	*0*	0	*0*	0	*0*	0	*0*
Credit-impaired	4,100	*2,186*	150	*150*	283	*283*	4,532	*2,618*
Total	**14,946**	*2,190*	**15,549**	*152*	**1,008,080**	*346*	**1,038,576**	*2,687*

In the reporting year, the ratings used for determining the expected credit loss under the general approach were adjusted due to the results from a backtesting. This resulted in an increase in expected credit losses, leading to the recognition of higher impairments (EUR -384 thousand) in the income statement.

The following table shows the risk categories of financial assets used to determine expected credit losses and the associated gross carrying amounts as well as the related impairments as at 31 December 2020, based on the general approach:

31 Dec 2020	**Receivables against promoter**		**Other receivables from related parties**		**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*

LIQUIDITY RISKS

Liquidity risks arise if the Group's payment obligations cannot be covered with available cash or credit lines. Cash flow is budgeted and managed to ensure ongoing solvency and financial flexibility at all times.

Due to the COVID-19 pandemic and the associated bans of events, a large number of events have been postponed or cancelled. To improve companies' liquidity positions, legislators in individual markets, such as Germany, Austria and Italy, introduced a voucher solution for promoters. Holders of a ticket for an event that they were unable to attend due to the COVID-19 pandemic, or that they are unable or unwilling to attend at a later date, should receive a voucher rather than a refund of the ticket price. If the voucher is not redeemed, it can be submitted by the customer for payout beginning in 2022 in Germany and, depending upon the date of issue, no later than as of January 2023 in Austria.

The significant increase in ticket sales for events from 2022 onwards that started in the third quarter led to a significantly positive operating cash flow, while at the same time there was hardly any outflow of cash funds due to the relatively low number of events held in the financial year. For companies particularly affected by the coronavirus, the governments of many European countries also offer aid support programmes. In Germany, these programmes include the 2020 November and December Assistance, through which the CTS Group received a non-repayable liquidity grant in 2021. Grants were also provided in other countries and some subsidised loans were also obtained.

As a listed company, CTS KGaA is able to take equity measures in the short term, such as a capital increase through the issue of 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 up to EUR 800,000,000. The Group had sufficient liquidity reserves as at the balance sheet date of 31 December 2021.

As at 31 December 2021, the Group has financial liabilities of EUR 4,590 thousand (previous year: EUR 204,097 thousand). An amount of EUR 0 thousand (previous year: EUR 200,000 thousand) of the borrowings is linked to compliance with standard financial covenants for companies with good creditworthiness ratings (cf. notes to the consolidated balance sheet, note 16 financial liabilities).

The liquidity reserves from the long-term revolving credit facility, which was fully drawn down at the beginning of the year, were fully redeemed in the second half of 2021. In order to secure access to further cash and cash equivalents at any time, the long-term revolving credit facility, which expires in 2022, was renewed at the beginning of March 2022 in a volume of EUR 150,000 thousand and prolonged by a period of three years.

The covenants used were adjusted net debt as well as the equity ratio, the same covenants as in the previous revolving credit facility. Due to the positive business performance in the third quarter of 2021, the covenant regarding adjusted net debt, for which a waiver existed until 31 March 2022, has been complied with since the reporting date of 30 September 2021. Thanks to the low level of net debt and the expected positive earnings performance, the CTS Group expects to be able to comply with the debt covenant again in the long term.

On the basis of the existing calculations, the CTS Group assumes that the cash and cash equivalents will be sufficient, assuming that major events cannot be held until spring 2022 and that there no liquidity risks that could jeopardise the Company's continued existence as a going concern are identified. Moreover, there is the additional liquidity provided via the revolving credit facility, the drawdown of which is not taken into account in the current liquidity budget.

The following table presents the contractually agreed (undiscounted) interest and principal payments for financial liabilities and lease liabilities as at 31 December 2021:

	Carrying amount	Interest and redemption payments			
	31 Dec 2021	< 1 year	< 2 years	< 4 years	> 4 years
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	28,789	-9,879	-5,317	-7,628	-5,986
thereof put option on shares of non-consolidated subsidiaries	*5,939*	*0*	*0*	*0*	*-5,939*
Trade payables	119,723	-119,723	0	0	0
Payables to related parties	6,420	-6,420	0	0	0
Other financial liabilities	534,109	-513,532	-19,910	0	-664
thereof liabilities from ticket monies received that have not yet been settled with promoters	*468,243*	*-448,416*	*-19,827*	*0*	*0*
Lease liabilities	130,993	-19,430	-17,390	-30,305	-72,005
	820,035	**-668,985**	**-42,618**	**-37,933**	**-78,655**

The carrying amount of the financial liabilities as at 31 December 2021 is lower due to amortisation of the transaction costs at constant effective interest rates.

The following table shows the contractually agreed (undiscounted) interest and principal payments in respect of financial liabilities and lease liabilities as at 31 December 2020:

	Carrying amount	Interest and redemption payments			
	31 Dec 2020	< 1 year	< 2 years	< 4 years	> 4 years
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	247,591	-228,729	-1,338	-10,011	-7,795
thereof put option on shares of non-consolidated subsidiaries	*3,444*	*0*	*0*	*0*	*-3,444*
Trade payables	69,136	-69,136	0	0	0
Payables to related parties	1,510	-1,510	0	0	0
Other financial liabilities	275,618	-258,628	-16,770	0	-222
thereof liabilities from ticket monies received that have not yet been settled with promoters	*256,865*	*-240,164*	*-16,701*	*0*	*0*
thereof derivatives standalone	*931*	*-931*	*0*	*0*	*0*
Lease liabilites	137,760	-18,693	-16,614	-28,745	-81,323
	731,614	**-576,696**	**-34,721**	**-38,756**	**-89,340**

The above table includes all instruments held as at the balance sheet date and for which payments had already been contractually agreed. Budget figures for future new 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. Financial liabilities that are repayable at any time are always allocated to the earliest time band.

INTEREST RISKS

Existing short-term loans are primarily negotiated through fixed-rate loan agreements. Moreover, short-term current account credit lines are not used continuously throughout the year. The interest rate in the syndicated credit line is reset 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 increases in interest rates are expected in the short term.

As part of the IBOR (interbank offered rates) reform, certain reference interest rates were comprehensively revised by the end of 2021 and replaced by alternative, risk-free reference rates. The IBOR reform did not have any impact on the recognised variable-interest financial instruments in the CTS Group.

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates affect earnings only when the instruments 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 rate risks within the meaning of IFRS 7.

Hypothetical changes in market interest rates as at 31 December 2021 would have effects on ongoing interest payments and/or interest income and expenses in the net result. The hypothetical effect on income results from the potential effects from non-derivative other financial assets with variable interest of EUR 645 thousand (previous year: EUR 2,180 thousand) and financial liabilities of EUR 5,609 thousand (previous year: EUR 4,432 thousand), as well as of non-derivative fixed interest financial assets measured at fair value (EUR 712 thousand; previous year: EUR 672 thousand).

If the level of market interest rates had been 100 basis points higher (lower) as at 31 December 2021, the annual result would have been EUR 23 thousand lower (EUR 71 thousand higher).

If the level of market interest rates had been 100 basis points higher (lower) as at 31 December 2020, the annual result would have been EUR 11 thousand lower (EUR 4 thousand lower).

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 whom the CTS Group does business also charge negative interest rates on demand deposits when agreed limits are exceeded. The banks have further reduced the individually set limits in 2021, and thus the burdens caused by negative interest rates have increased. Despite emerging signs of rising interest rates in the eurozone, further reductions of limits are expected, which will result in higher costs from negative interest rates. The CTS Group is using active cash management of its current liquidity in an attempt to limit the burdens from the negative interest rate. Expenses for negative interest as at the balance sheet date amount to EUR 1,493 thousand (previous year: EUR 424 thousand).

FOREIGN EXCHANGE RISKS

The Group's foreign exchange risks result from investments, from financing measures and operational activities in foreign currencies. Within the Group, some contracts with artists and some licence agreements are concluded in foreign currencies.

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

Foreign exchange risks 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 foreign exchange risk exposure, the CTS Group generates sensitivity analyses in accordance with IFRS 7, showing the effects that hypothetical appreciation and devaluation of the euro in relation to all other currencies will have on annual result 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 as at the reporting date, assuming that the volume of such instruments as at the reporting date is representative for the year as a whole. Currency risks within the meaning of IFRS 7 arise in relation to financial instruments that are denominated in a currency other than the functional currency in which they are measured and that represent monetary items. Exchange rate differences arising from the translation of financial statements into the Group currency are not taken into account.

There were no hypothetical effects on equity as at 31 December 2021 and in the previous year. The effects on the net result would be as follows:

		31 Dec 2021	31 Dec 2020
		Net result	Net result
		[EUR'000]	[EUR'000]
CHF	+ 10%	-406	-322
	- 10%	406	322
USD	+ 10%	-4,640	-1,073
	- 10%	4,640	1,073
GBP	+ 10%	-567	-436
	- 10%	567	443
BRL	+ 10%	-245	-346
	- 10%	245	346
Other currencies	+ 10%	-1,307	-1,054
	- 10%	1,307	1,054
Total effects (all currencies)	**+ 10%**	**-7,166**	**-3,231**
	- 10%	**7,166**	**3,238**

In the year under review, there were no derivatives used to hedge foreign exchange risks.

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE (1)

In the reporting period, the Group generated revenue of EUR 407,821 thousand (previous year: EUR 256,840 thousand).

	2021	2020
	[EUR'000]	[EUR'000]
Ticketing		
Ticket fees	176,058	95,213
Commissions	15,432	5,048
Other service charges	7,778	7,491
Licence fees	7,133	4,294
Other	17,738	14,598
	224,139	**126,643**
Live Entertainment		
Entertainment services	156,786	112,969
Catering and merchandising	4,149	7,080
Sponsoring	3,811	2,090
Other	26,355	14,637
	191,101	**136,776**
Intersegment consolidation	-7,419	-6,580
CTS Group	**407,821**	**256,840**

Of the external revenue generated by the CTS Group, EUR 199,943 thousand was recognised over time in accordance with IFRS 15 (previous year: EUR 144,615 thousand). Of this amount, EUR 39,673 thousand was attributable to the Ticketing segment (previous year: EUR 30,387 thousand) and EUR 160,269 thousand to the Live Entertainment segment (previous year: EUR 114,228 thousand). In the Live Entertainment segment, the periods of time over which revenue is recognised are very short and amount to no more than a few days, such as in the case of festivals.

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 43,402 thousand (previous year: EUR 127,342 thousand) and was attributable to the Live Entertainment segment. The current advance payments received of EUR 634,486 thousand (previous year: EUR 400,936 thousand) as at 31 December 2021 are likely to result in revenue over the subsequent 12 months.

COST OF SALES (2)

Cost of sales (EUR 327,110 thousand; previous year: EUR 247,024 thousand) comprise all material expenses (EUR 225,097 thousand; previous year: EUR 148,120 thousand) as well as pro rata personnel expenses (EUR 60,632 thousand; previous year: EUR 59,620 thousand), depreciation and amortisation (EUR 24,340 thousand; previous year: EUR 23,568 thousand), and other operating expenses (EUR 17,041 thousand; previous year: EUR 15,715 thousand).

OTHER OPERATING INCOME (3)

	2021	2020
	[EUR'000]	[EUR'000]
Income from coronavirus-related government grants	193,021	22,050
Income from currency translation	6,814	2,506
Income from written-off liabilities / receivables	4,485	5,727
Income from insurance compensation	3,620	60,816
Income from advertising and marketing	3,522	2,370
Income from the reversal of bad debt allowances	1,800	771
Income from recharges	1,676	1,265
Other operating income	7,836	5,267
	222,774	**100,773**

Income from coronavirus-related government grants mainly refers to income from German November and December Assistance under the economic aid programmes in connection with COVID-19 pandemic in the amount of EUR 99,857 thousand, for Bridging Assistance III and III Plus aid packages in the amount of EUR 46,865 thousand, as well as other grants (EUR 46,884 thousand), such as fixed subsidies. This coronavirus support is still subject to a final review as part of the final settlement, but the relevant conditions for recognition in accordance with IAS 20 have been satisfied. Due to the cancellation and postponing of events due to the COVID-19 pandemic, income from insurance compensations was recognised mainly in the Live Entertainment segment. Income from currency translation primarily result from the translation of receivables and bank balances as at the reporting date, especially in US dollars, Israeli shekel and British pounds sterling.

OTHER OPERATING EXPENSES (4)

	2021 [EUR'000]	2020 [EUR'000]
Non-recurring items	4,899	4,175
Expenses for third-party services	3,501	2,975
Expenses from recharges	1,449	1,002
Currency translation expenses	1,368	8,000
Loss from disposal of fixed assets	183	197
Cost for the supply of goods sold	60	75
Expenses for consumer protection lawsuits	0	10,868
Donations	362	396
Other operating expenses	132	2,572
	11,954	**30,260**

Non-recurring items in the Live Entertainment segment in the amount of EUR 4,372 thousand (previous year: EUR 3,675 thousand) mainly concern expenses from allocations of purchase prices for acquisitions that are not classified as business combinations in accordance with IFRS 3 (EUR 3,380 thousand; previous year: EUR 2,921 thousand) and expenses in connection with completed and planned acquisitions (mainly legal and consulting fees from due diligence reviews). Non-recurring items recognised in the Ticketing segment amounted to EUR 527 thousand (previous year: EUR 500 thousand), primarily resulting from legal and consulting fees, among others from due diligence reviews.

FINANCIAL INCOME (5)

Financial income includes interest income of EUR 859 thousand (previous year: EUR 979 thousand) and other financial income of EUR 7,470 thousand (previous year: EUR 4,165 thousand). Other financial income includes income from updated valuations of existing contractual agreements (put options and earn-out agreements) in the amount of EUR 6,668 thousand (previous year: EUR 2,223 thousand) due to lower business developments caused by the COVID-19 pandemic. In addition, income from the valuation of the call option for the acquisition of further shares in France Billet amounting to EUR 416 thousand (previous year: EUR 771 thousand) is included.

FINANCIAL EXPENSES (6)

Financial expenses consist of interest expenses of EUR 4,573 thousand (previous year: EUR 4,060 thousand) and other financial expenses of EUR 5,445 thousand (previous year: EUR 31,800 thousand). 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 2,926 thousand (previous year: EUR 9,682 thousand), of which EUR 2,494 thousand (previous year: EUR 3,444 thousand) relate to expenses from the valuation of the put option for the acquisition of further shares in France Billet. The financial expenses had been negatively affected in the previous year above all by the impairment loss of EUR 20,712 thousand on the Barracuda Group's deposits at Commerzialbank Mattersburg im Burgenland AG.

TAXES (7)

	2021	2020
	[EUR'000]	[EUR'000]
Current income taxes	-47,002	-2,647
Deferred taxes	-833	16,602
	-47,835	**13,955**

Current income taxes for the 2021 financial year comprise income of EUR 1,479 thousand (previous year: EUR 2,836 thousand) for current income taxes for previous years.

The deferred tax expense included in the statement of comprehensive income amount to EUR 574 thousand (previous year: deferred tax income of EUR 157 thousand) for the remeasurement of the net defined benefit obligation for pension plans and amount to EUR 0 thousand (previous year: EUR -6 thousand) for derivatives in cash flow hedges.

Deferred tax income / expenses developed as follows:

	2021	2020
	[EUR'000]	[EUR'000]
Deferred taxes	-833	16,602
thereof:		
from temporary differences	5,146	6,249
from tax loss carryforwards	-5,979	10,353

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. Deferred tax expenses from loss carryforwards in the reporting year result from the ongoing utilisation of loss carryforwards. The deferred tax income due to tax loss carryforwards in the previous year mainly results from the negative net result for financial year 2020 due to the effects of the COVID-19 pandemic.

The following table shows the reconciliation of tax income/expenses expected in the respective financial year to tax income/expense actually disclosed. To determine the expected tax expense for 2021, an average tax rate of 31.9% (previous year: 31.9%) was multiplied by earnings before taxes. The average tax rate is the tax rate for CTS KGaA, which is composed of German corporation 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 16.1%).

	2021	2020
	[EUR'000]	[EUR'000]
Earnings before taxes (EBT)	141,104	-102,028
Reconciliation to effective income tax		
Expected income taxes	**-45,056**	**32,579**
Deviations from average tax rate	950	-5,459
Changes in value adjustment of deferred tax assets	-461	-3,161
Usage of not capitalised tax loss carryforward	573	435
Changes of deferred taxes due to changes in tax rates	-35	-14
Losses without recognition of deferred tax assets	-3,238	-5,605
Effects due to municipal trade tax additions and reduction	-202	-431
Actual and deferred taxes referring to previous years	100	1,031
Non-deductable expenses / Non-taxable income	-406	-5,783
Other	-60	363
Effective tax income/expense	**-47,835**	**13,955**

The current and deferred taxes for previous years include loss carrybacks in the amount of EUR 1,379 thousand (previous year: EUR 2,861 thousand).

6 OTHER NOTES

6.1 CAPITAL MANAGEMENT

Financial management is intended to ensure solvency and 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 preserving the Company's financial independence by ensuring sufficient liquidity. The approach involves avoiding risks to a great extent or effectively counteracting risks.

The capital structure of the CTS Group comprises debt, cash and cash equivalents, and equity owed to CTS KGaA's shareholders, which comprises issued shares and retained earnings in particular.

A key metric used in capital risk management is the gearing ratio, which expresses the ratio of the Group's net consolidated debt to Group equity pursuant to IFRS. Risk management aims to achieve a balanced ratio between net debt and equity.

The **debt ratio** is as follows:

	31 Dec 2021 [EUR'000]	31 Dec 2020 [EUR'000]
Debt [1]	628,753	641,491
Cash and cash equivalents	-965,190	-741,182
Net debt	**-336,438**	**-99,691**
Equity	585,799	485,982
Net debt to equity	-57.4%	-20.5%

[1] Debt is defined as non-current and current financial liabilities (EUR 28,789 thousand; previous year: EUR 247,591 thousand), other non-current and current financial liabilities and non-current and current lease liabilites (EUR 665,102 thousand; previous year: EUR 413,378 thousand). Other financial liabilities were offset against receivables from ticket monies including factoring receivables from ticket monies (EUR 65,139 thousand; previous year: EUR 19,478 thousand).

Net debt indicates the amount of debt that would remain if a company used its cash and cash equivalents to repay all of its financial liabilities. The negative net debt level resulted essentially from an increase in cash and cash equivalents, which was largely attributable to higher ticket money liabilities and advance payments received.

In March 2022, the existing syndicated credit facility was repaid early and replaced by a new syndicated credit facility in a volume of EUR 150,000 thousand. Detailed information on the syndicated credit facility are presented in note 16 Financial liabilities.

At the time of preparation of this annual report, the Management Board assumes that the risks do not jeopardise the continued existence of CTS KGaA and the Group as a going concern. However, it cannot be ruled out that the COVID-19 pandemic or other factors that are either currently unknown or not yet classified as significant could impact the CTS Group's going concern status in the future (cf. Note 1.5 Effects of the COVID-19 pandemic).

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:

		2021	2020
Net result attributable to shareholders	[EUR]	87,908,943	-82,258,692
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]	**0.92**	**-0.86**

In financial year 2021, CTS KGaA generated net income of EUR 74,489 thousand in accordance with HGB. The Executive Board of the general partner and the Supervisory Board of the Company propose to the Annual Shareholders' Meeting to carry forward the net income for the year to new account.

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.Web), its network platform (EVENTIM.Net), the in-house ticketing product (EVENTIM.Inhouse), the sports 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 stage events as well as to operate venues.

The Group's segments are structured on the basis of the internal reports to the chief operating decision maker (Management Board) and include 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.

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

The segment-related data were determined using the significant accounting policies 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 economic substance, individual transactions are allocated to the appropriate segment, in deviation from their allocation according to the corporate structure.

Reconciliation of earnings before interest and taxes (EBIT) of the segments to the net result:

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]
Revenue	224,139	126,643	191,101	136,776	-7,419	-6,580	407,821	256,840
EBITDA	176,534	-24,135	26,548	17,019	0	0	203,082	-7,116
Depreciation, amortisation and impairment	-33,295	-33,617	-22,206	-22,201	0	0	-55,501	-55,818
EBIT	143,239	-57,752	4,342	-5,181	0	0	147,581	-62,933
Financial result							-6,477	-39,095
Earnings before taxes (EBT)							141,104	-102,028
Taxes							-47,835	13,955
Net result before non-controlling interests							93,269	-88,073
Thereof attributable to non-controlling interests							-5,360	5,815
Thereof attributable to shareholders of CTS KGaA							87,909	-82,259
Average number of employees	1,615	1,579	956	1,224			2,571	2,803
Normalised EBITDA	177,061	-23,635	30,920	20,694	0	0	207,982	-2,940
Normalised EBIT before amortisation and impairment from purchase price allocation	149,847	-50,796	14,719	4,611	0	0	164,566	-46,185

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]
EBITDA	**176,534**	**-24,135**	**26,548**	**17,019**			**203,082**	**-7,116**
Non-recurring items:	527	500	4,372	3,675			4,899	4,175
Legal and consulting fees for planned and carried out acquisitions	467	127	992	755	0	0	1,459	881
Legal and consulting fees related to infrastructure charge	61	373	0	0	0	0	61	373
Expenses from allocations of purchase prices for acquisitions that are not classified as business combinations according to IFRS 3	0	0	3,380	2,921	0	0	3,380	2,921
Normalised EBITDA	**177,061**	**-23,635**	**30,920**	**20,694**	**0**	**0**	**207,982**	**-2,940**
Depreciation, amortisation and impairment	-33,295	-33,617	-22,206	-22,201			-55,501	-55,818
thereof amortisation and impairment resulting from purchase price allocation	6,080	6,456	6,005	6,117			12,085	12,573
Normalised EBIT before amortisation and impairment from purchase price allocation	**149,847**	**-50,796**	**14,719**	**4,611**	**0**	**0**	**164,566**	**-46,185**

The key criteria (key financial figures) for assessing the performance of the operating business at Group level and for each segment are sustained increase in revenue, EBITDA (Earnings before interest, taxes, depreciation and amortisation; for the CTS Group: Earnings before financial result, taxes, depreciation and amortisation, impairments, reversals), normalised EBITDA, EBIT (Earnings before interest and taxes; operating result), normalised EBIT before amortisation and impairment from purchase price allocation, and earnings per share (EPS).

Non-recurring items are removed from normalised EBITDA based on a defined catalogue of parameters. These items mainly relate to legal and consulting fees for the performance of due diligence reviews for completed and planned acquisitions. 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 EMC Presents LLC. These expenses are comparable with amortisation and impairment, and similar expenses arising from purchase price allocations, but are reported in EBITDA. Therefore, these expenses have been adjusted as non-recurring items to be normalised in EBITDA since the 2020 financial year. For the 2020 financial year, the Management Board has adjusted the guideline regarding the scope of non-recurring items accordingly, so that the key figures normalised EBITDA and normalised EBIT before amortisation and impairment from purchase price allocation will continue to be the basis for assessing operating earnings performance.

In the period under review, the CTS Group's earnings were negatively affected by non-recurring items in the Live Entertainment segment in the amount of EUR 4,372 thousand (previous year: EUR 3,675 thousand), mainly in relation to expenses from allocations of purchase prices for acquisitions that are not classified as business combinations in accordance with IFRS 3 (EUR 3,380 thousand; previous year: EUR 2,921 thousand) and other non-recurring items in connection with completed and planned acquisitions (mainly legal and consulting fees from due diligence reviews). Non-recurring items recognised in the Ticketing segment amounted to EUR 527 thousand (previous year: EUR 500 thousand), primarily resulting from legal and consulting fees, including those incurred for due diligence reviews).

The external and internal revenues of the segments break down as follows:

	Ticketing		Live Entertainment		Total segments	
	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]	2021 [EUR'000]	2020 [EUR'000]
External revenue	218,592	121,415	189,229	135,425	407,821	256,840
Internal revenue	5,547	5,228	1,872	1,351	7,419	6,580
Revenue after consolidation within the segment	**224,139**	**126,643**	**191,101**	**136,776**	**415,240**	**263,420**

GEOGRAPHICAL DISCLOSURES

The following table shows the **external revenue** for the financial year 2021, broken down by geographical distribution:

	2021	2020
	[EUR'000]	[EUR'000]
Germany	189,398	153,038
Italy	68,449	36,861
USA	47,811	0
Switzerland	34,822	20,579
Austria	16,008	17,481
Finland	12,226	8,110
Spain	4,616	2,045
Netherlands	4,466	6,879
Other countries	30,025	11,847
	407,821	**256,840**

The **non-current non-financial assets** are shown in the following table according to geographical distribution:

	2021	2020
	[EUR'000]	[EUR'000]
Germany	568,660	571,998
Switzerland	88,392	85,886
Italy	66,941	59,979
Israel	31,191	28,779
USA	27,475	10,327
Denmark	8,355	9,868
Austria	4,950	7,350
United Kingdom	1,105	873
Other countries	13,236	11,168
	810,304	**786,228**

The non-current non-financial assets include goodwill, property, plant and equipment, intangible assets, right-of-use assets from leases, investments in associated companies and non-current other non-financial assets.

6.4 EMPLOYEES

Personnel expenses	2021	2020
	[EUR'000]	[EUR'000]
Wages and salaries	120,705	116,065
Social security contributions and expenses for pension and employee support	24,214	26,369
Income from refunded social security contributions	-7,165	-10,549
	137,755	**131,886**

Personnel expenses are mainly included in cost of sales (EUR 60,632 thousand; previous year EUR 59,620 thousand), in selling expenses (EUR 37,954 thousand; previous year: EUR 35,499 thousand), and in general administrative expenses (EUR 38,482 thousand; previous year: EUR 36,464 thousand).

The employer's contribution to the statutory pension insurance classified as a defined contribution pension scheme amounted to EUR 12,497 thousand (previous year: EUR 10,938 thousand). It is included in social security contributions and expenses for pension and employee support.

On average over the year, 2,571 salaried staff (previous year: 2,803) were employed by the Group, of which 1,492 (previous year: 1,659) were employed in Germany, and 1,079 (previous year: 1,144) abroad.

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 inappropriate extent and puts market partners at a disadvantage, as well as the content of specific regional cooperation agreements.

Administrative proceedings in Switzerland are 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 require, or 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 filed a claim against various government authorities in Austria, amongst others the FMA. In this context, the Austrian Constitutional Court ruled in December 2021 that the FMA could not be held liable. A decision in the civil proceedings regarding the other defendants is not expected to be made until summer 2022.

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 reasons of 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 therefore have lodged an appeal with the competent administrative court and, taking into consideration the previous jurisprudence with respect to rulings made by the AGCM, are confident that this ruling, which they deem unlawful, will be dismissed by the court and that the fine imposed will be refunded, among other things. The administrative court in Rome held initial hearings in January and March 2022; the court is now expected to reach a decision by June 2022.

CTS KGaA holds 50% of the shares in autoTicket GmbH, Berlin, which is accounted for at equity. At the end of December 2018, the operating company was contracted by the German Federal Motor Transport Authority (Kraftfahrzeug-Bundesamt) to construct an infrastructure survey system and to collect an infrastructure charge for a minimum duration of 12 years. In June 2019, the Federal Ministry for Transport and Digital Infrastructure (Bundesministerium für Verkehr und ditigale Infrastruktur) terminated the agreement, effective 30 September 2019, between the Federal Motor Transport Authority and the operating company on the collection of the German infrastructure charge. 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 to claim damages in the amount of the loss of profit over the term of the agreement (i.e. the gross enterprise value less expenses saved due to termination). Furthermore, the operating agreement provides for the compensation of termination costs, including claims for damages filed by subcontractors. The operating agreement provides for an efficient dispute resolution procedure. The independent arbitral tribunal started its work in spring 2020; oral hearings including the collection of evidence took place in August 2021 in Berlin. The court currently plans to rule on the merits of the claims (and not yet the amount of the claims) not until mid/end of March 2022.

The Group is involved in pending procedures and litigation as they arise in the ordinary course of business. In the opinion of the legal representatives, the settlement of these matters will not have a significant impact on the earnings performance, financial position and cash flow of the Group. Provisions of EUR 3,285 thousand (previous year: EUR 1,279 thousand) were recognised for litigation costs at the balance sheet date.

6.6 CONTINGENT LIABILITIES

In the context of the operating agreement of autoTicket, the shareholders provided a temporary declaration of joint and several liability to the Federal Republic of Germany, represented by the Federal Motor Transport Authority, in the amount of EUR 300,000 thousand. No claims are expected to arise from the joint and several liability due to the current state of proceedings (arbitration proceedings) and the legal assessment.

The shareholders each granted capital commitments of EUR 42,500 thousand in December 2018 to finance the operating company. In the financial year 2019, each of 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 reclassification of the shareholder loans existing as at 31 December 2019 (EUR 14,500 thousand plus accrued interest of EUR 107 thousand in each case) to 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 24,400 thousand was agreed upon, borne equally by both shareholders.

EVENTIM LIVE GmbH, Bremen, issued a letter of comfort to secure rental payments of up to EUR 1,100 thousand. This amount is reduced by the monthly rent payment. This letter of comfort not only covers the claims arising from the rental contracts but also all claims for damages that may arise from a culpable breach of duty by the tenant.

CTS KGaA has issued letters of comfort in favour of a payment service provider for Ticket Online Sales & Service Center GmbH, Parchim, Billetlugen A/S, Copenhagen, Denmark, Eventim Sverige AB, Malmö, Sweden, and Eventim Norge AS, Oslo, Norway. No claims are expected to arise from the letter of comfort because the payment service providers withhold the fees continuously from the processed payments.

CTS KGaA has issued two letters of comfort to secure ticket monies of up to EUR 1,500 thousand each for the subsidiary HOI Productions France SAS, Paris, France. In addition, CTS KGaA has issued a temporary guarantee in favour of the company for the liabilities arising from a service agreement. The guarantee ends on 30 June 2022.

CTS KGaA has issued a letter of comfort in the amount of EUR 35,000 thousand for the liabilities of EVD Milan S.r.l., Milan, Italy.

CTS KGaA has provided the Italian tax authorities with a temporary guarantee in favour of Vertigo S.r.l., Milan, Italy in the amount of EUR 2,461 thousand. The guarantee ends on 25 November 2025.

CTS KGaA has provided TicketOne S.p.A., Milan, Italy, with a guarantee in the amount of EUR 561 thousand related to the participation in a tender procedure.

The other financial obligations of EUR 10,640 thousand (previous year: EUR 12,119 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 6,421 thousand (previous year: EUR 7,042 thousand), and a term of more than one year in the amount of EUR 4,220 thousand (previous year: EUR 5,077 thousand).

6.7 EVENTS AFTER THE BALANCE SHEET DATE

Russia has been at war with Ukraine since 24 February 2022 (“Russia-Ukrainian war”). The impact of the Russia-Ukrainian war represents a non-adjusting event and therefore has no effect on the recognition and measurement of assets and liabilities as at the reporting date. For CTS KGaA, we expect that the Russia-Ukrainian war and the associated effects will have a significant impact on our operating business in Russia. Due to the insignificant involvement of the CTS Group in Russia, we do not expect this war to have any significant impact on the Group’s earnings performance, financial position and cash flow.

No further reportable events occurred after the balance sheet date.

6.8 DECLARATION OF COMPLIANCE

On 11 November 2021, 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 at the same date (https://corporate.eventim.de/en/investor-relations/corporate-governance/).

6.9 UTILISATION OF § 264 (3) HGB AND § 264b HGB

Some corporations and business partnerships that are affiliated consolidated companies of CTS KGaA elected to exercise the exemption option provided for under Section 264 (3) HGB and Section 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, Bremen
- JUG Jet Air GmbH & Co. KG, Bremen
- getgo consulting GmbH, Hamburg
- 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 2021 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
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	23.04.2021	370

6.11 RELATED PARTY DISCLOSURES

In accordance with IAS 24, companies or persons that exercise control over, or are controlled by the Group must be disclosed unless they have already been included as consolidated companies in the consolidated financial statements of the Group.

The transactions of the CTS Group with related parties (companies and persons) pertain to reciprocal services and were concluded exclusively 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 in CTS KGaA and his shares in EVENTIM Management AG to KPS Stiftung, Hamburg, Germany. Mr. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG were merely converted from a direct to an indirect holding. Therefore, Mr. Klaus-Peter Schulenberg has to be classified as a controlling person. He is also the controlling shareholder of other KPS Group companies that are related parties.

The contractual relationships with related parties resulted in the following goods and services being sold to related parties in the 2021 reporting period:

Goods and services supplied by the Group	2021 [EUR'000]	2020 [EUR'000]
Services related to events	455	691
Recharging operating costs	1,212	814
Supply of ticketing software	1,021	79
Other	416	280
	3,104	**1,864**

EUR 700 thousand (previous year: EUR 364 thousand) in goods and services were supplied by the Group to companies not consolidated due to insignificance, EUR 1,561 thousand (previous year: EUR 749 thousand) to associates accounted for at equity, EUR 662 thousand (previous year: EUR 598 thousand) to other related parties (KPS Group), and EUR 181 thousand (previous year: EUR 152) to joint ventures.

The contractual relationships with related parties resulted in the following goods and services being received from related parties in the 2021 reporting period:

Goods and services received by the Group	2021 [EUR'000]	2020 [EUR'000]
Fulfillment and customer services, recharging postage	10,340	7,517
Production costs for events	623	688
Call center operations	1,053	706
Tenancy agreements	1,408	1,428
Agency agreements	249	256
Payment services	1,632	1,876
Other	166	11
	15,471	**12,483**

EUR 27 thousand (previous year: EUR 0 thousand) in goods and services were received by the Group from companies not consolidated due to insignificance, EUR 294 thousand (previous year: EUR 7 thousand) from associates accounted for at equity, and EUR 15,150 thousand (previous year: EUR 12,476 thousand) by other related parties (KPS Group).

Receivables from related parties can be broken down as follows as at 31 December 2021:

	31 Dec 2021 [EUR'000]	31 Dec 2020 [EUR'000]
Receivables from		
Companies not included in consolidation due to insignificance	3,024	2,085
Associates accounted for at equity	4,950	4,624
Joint Venture	9,020	5,437
Other related parties	376	93
	17,370	**12,239**

Liabilities to related companies and persons break down as follows as at 31 December 2021:

	31 Dec 2021 [EUR'000]	31 Dec 2020 [EUR'000]
Liabilities to		
Companies not included in consolidation due to insignificance	3,393	6
Associates accounted for at equity	822	729
Other related parties	2,205	775
	6,420	**1,510**

Liabilities to related parties are unsecured.

Remuneration 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 2021, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg (hereinafter: KPMG), was elected as the auditor for the 2021 financial year.

In financial year 2021, the expenses for audit fees amounted to EUR 387 thousand (previous year: EUR 424 thousand); of that amount, EUR 45 thousand was charged for the previous year. Expenses for tax advisory services amounted to EUR 154 thousand, for other services EUR 2 thousand (previous year: EUR 58 thousand), and for other assurance services EUR 31 thousand (previous year: EUR 12 thousand). Tax advisory services mainly referred to preparing and submitting the application for the November and December Assistance, while the assurance services were provided mainly in connection with the audit of the non-financial Group report.

6.13 MANDATES AND REMUNERATION OF MEMBERS OF MANAGEMENT IN KEY POSITIONS

Members of management in key positions within the CTS Group include members of the Management Board and the Supervisory Board.

The remuneration of the Executive Board, entirely short-term benefits within the meaning of IAS 19, totalled EUR 5,856 thousand (previous year: EUR 6,187 thousand). This includes performance-related components in the amount of EUR 1,550 thousand (previous year: EUR 2,573 thousand), of which EUR 2,283 thousand (previous year: EUR 1,498 thousand) had not yet been paid as at the balance sheet date. The total Executive Board renumeration pursuant to HGB also came to EUR 5,856 thousand (previous year: EUR 6,187 thousand).

During the reporting year, the members of the Executive Board of EVENTIM Management AG, Hamburg, did not hold any supervisory board positions requiring disclosure.

The remuneration for the members of the Supervisory Board of CTS KGaA, entirely short-term benefits within the meaning of IAS 19, totalled EUR 208 thousand for the financial year 2021 (previous year: EUR 198 thousand). As in the previous year, there was no reimbursement of expenses. An amount of EUR 217 thousand (previous year: EUR 158 thousand) had not been paid as at the balance sheet date. This partially refers to remuneration from previous years. 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 financial year 2019. The total Supervisory Board compensation pursuant to HGB also came to EUR 208 thousand (previous year: EUR 198 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 Supervisory Board)
- NZZ AG, Zurich, Switzerland
- gut.org gemeinnützige Aktiengesellschaft, Berlin, Germany (Honorary Chairman)
- Gilde Buy Out Partners AG, Zurich, Switzerland
- TonerPartner GmbH, Hattingen, Germany

Prof. Jobst W. Plog, Lawyer, Hamburg/Germany – Vice Chairman –
Other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany

Dr. Juliane Thümmel, Government Director at the Commission for Culture and Media, Hamburg/Germany
Other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany

Philipp Westermeyer, Managing Partner of ramp106 GmbH, Hamburg/Germany (since 21 May 2021)
Other supervisory board positions and comparable regulatory bodies:

- EVENTIM Management AG, Hamburg, Germany
- Member of the Advisory Board of HASPA Finanzholding
- Hamburg Media School Stiftung (Member of the Supervisory Board)

Individualised information on the remuneration of the Executive Board and the Supervisory Board is presented in the remuneration report, which is part of the combined management report.

6.14 PARTICIPATING PERSONS

The Company received notifications under § 33 of the German Securities Trading Act (WpHG) concerning shareholdings reaching or exceeding 3% or 5% of the voting rights, and shareholdings exceeding or falling below 3% or 5% of the voting rights.

NN Group N.V., Amsterdam, Netherlands, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA fell below the threshold of 3% on 5 March 2021 and amounted to 2.94% (2,821,853 voting rights) at that date, and that 2.94% (2,821,853 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 fell below the threshold of 3% on 22 March 2021 and amounted to 2.99% (2,878,647 voting rights) at that date, and that 2.99% (2,878,647 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 6 April 2021 and amounted to 3.00% (2,880,085 voting rights) at that date, and that 3.00% (2,880,085 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 19 April 2021 and amounted to 4.10% (3,938,059 voting rights) at that date, and that 4.10% (3,938,059 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 20 April 2021 and amounted to 4.21% (4,045,820 voting rights) at that date, and that 4.21% (4,045,820 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 fell below the threshold of 3% on 20 April 2021 and amounted to 2.99% (2,879,023 voting rights) at that date, and that 2.99% (2,879,023 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 23 April 2021 and amounted to 4.12% (3,956,986 voting rights) at that date, and that 4.12% (3,956,986 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 27 April 2021 and amounted to 4.15% (3,983,061 voting rights) at that date, and that 4.15% (3,983,061 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 12 May 2021 and amounted to 4.75% (4,559,668 voting rights) at that date, and that 4.75% (4,559,668 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 17 May 2021 and amounted to 3.00% (2,880,058 voting rights) at that date, and that 3.00% (2,880,058 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 20 May 2021 and amounted to 4.94% (4,737,636 voting rights) at that date, and that 4.94% (4,737,636 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 21 May 2021 and amounted to 4.95% (4,748,074 voting rights) at that date, and that 4.95% (4,748,074 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 5% on 2 June 2021 and amounted to 5.02% (4,818,604 voting rights) at that date, and that 5.02% (4,818,604 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 fell below the threshold of 5% on 8 June 2021 and amounted to 4.94% (4,744,684 voting rights) at that date, and that 4.94% (4,744,684 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 5% on 9 June 2021 and amounted to 5.08% (4,874,281 voting rights) at that date, and that 5.08% (4,874,281 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 21 June 2021 and amounted to 2.21% (2,124,836 voting rights) at that date, and that 2.21% (2,124,836 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 17 September 2021 and amounted to 3.11% (2,989,824 voting rights) at that date, and that 3.11% (2,989,824 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 5% on 20 September 2021 and amounted to 5.23% (5,017,318 voting rights) at that date, and that 5.23% (5,017,318 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

George Loening has notified us pursuant to § 33 WpHG that his percentage of voting rights in CTS KGaA fell below the threshold of 3% on 4 October 2021 and amounted to 2.83% (2,718,150 voting rights) at that date, and that 2.83% (2,718,150 voting rights) thereof are attributed to him pursuant to § 33 and § 34 WpHG.

AIM International Mutual Funds, 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 20 October 2021 and amounted to 3.08% (2,956,500 voting rights) at that date, and that 3.08% (2,956,500 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 5% on 28 October 2021 and amounted to 5.34% (5,125,722 voting rights) at that date, and that 5.34% (5,125,722 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

George Loening has notified us pursuant to § 33 WpHG that his percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 14 December 2021 and amounted to 3.02% (2,902,653 voting rights) at that date, and that 3.02% (2,902,653 voting rights) thereof are attributed to him 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 5% on 20 January 2022 and amounted to 5.10% (4,898,061 voting rights) at that date, and that 5.10% (4,898,061 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 24 January 2022 and amounted to 3.21% (3,085,255 voting rights) at that date, and that 3.21% (3,085,255 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 17 February 2022 and amounted to 2.99% (2,870,491 voting rights) at that date, and that 2.99% (2,870,491 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

On 28 December 2015, Mr Klaus-Peter Schulenberg transferred his shares in CTS KGaA and his shares in EVENTIM Management AG to KPS Stiftung, Hamburg, Germany. Klaus-Peter Schulenberg’s shareholdings in CTS KGaA and EVENTIM Management AG were merely converted from a direct into an indirect holding and amount to 38.8% of the voting rights in the Company as at 31 December 2021.

7. ASSURANCE BY LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the Group's earnings performance, financial position and cash flow, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the Group's expected development.

Bremen, 10 March 2022

CTS Eventim AG & Co. KGaA

represented by:

EVENTIM Management AG, general partner

Klaus-Peter Schulenberg Andreas Grandinger Alexander Ruoff

6. 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, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2021, 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (hereinafter: "combined management report") of CTS Eventim AG & Co. KGaA, including the remuneration report in section "12. - Remuneration report" of the combined management report, including the related disclosures, for the financial year from January 1 to December 31, 2021.

In accordance with the German legal requirements, we have not audited the content of those components of the combined management report specified in the appendix to the independent 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, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, 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 appendix to the independent 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 the 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)(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, 2021. 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.

IMPAIRMENT TESTING OF GOODWILL IN THE LIVE ENTERTAINMENT SEGMENT

Please refer to note 1.6 and 3.9 in the notes 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 3.9 in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

The goodwill in the Live Entertainment segment amounts to EUR 105.1 million as of December 31, 2021, representing approx. 26% of the consolidated equity.

The impairment of goodwill in the Live Entertainment segment is tested at least annually at the level of the Live Entertainment operating segment. If objective evidence of impairment arises in the course of the year, an event-driven impairment test is also performed during the year. For the purposes of the impairment test, the carrying amount of the cash-generating unit, which includes the carrying amount of goodwill allocated to the segment, is primarily compared with the fair value less costs to sell of the operating segment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The reporting date for the impairment test is December 31, 2021. Due to the impact of the COVID-19 pandemic on the Group's business performance, the impairment of goodwill in the Live Entertainment segment was tested on an event-driven basis on June 30, 2021.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgment. This includes the assumption of when the event restrictions issued in the wake of the COVID-19 pandemic are likely to be lifted and the Group will be able to conduct business activities in the Live Entertainment segment, particularly concert events and festivals, to the extent planned. In this regard, the Group assumes that restrictions for hosting events are likely to be eased starting in spring 2022.

A further key assumption relates to the expected EBITDA margin of the Live Entertainment segment during the detailed planning period after the COVID-19 pandemic has been overcome. In addition to this, the assumed long-term growth rate and the applied discount rate for the Live Entertainment segment represent significant measurement assumptions.

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 the Live Entertainment segment would also not result in impairment.

There is the risk for the financial statements that an existing impairment of goodwill in the Live Entertainment segment was not identified. 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, among other things, for both the event-driven and the annual impairment test.

With regard to the assumption of when the event restrictions issued in the wake of the COVID-19 pandemic are likely to be lifted, the Group assumes that restrictions for hosting events are likely to be eased starting in spring 2022. We assessed the consistency of this assumption with publicly available expectations and data. In our assessment of the Group's planning, we also included the Group's assumptions regarding the implications of the expiry of the voucher solution for event promoters in Germany as of December 31, 2021.

Furthermore, we discussed the expected business and earnings performance of the Live Entertainment segment (including the EBITDA margin) as well as the assumed long-term growth rates with the staff responsible for planning. We also reconciled this information with the five-year planning prepared by management and the budget approved by management. Furthermore, we evaluated the consistency of assumptions with external market assessments.

We also verified 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. In addition, the fair value of the Live Entertainment segment was checked for plausibility with the reconciliation of the Group's market capitalization, taking into account the fair value of the Ticketing segment determined in the impairment test for goodwill.

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 of the Live Entertainment segment's goodwill (sensitivity analysis) by calculating alternative scenarios and comparing them with the Company's value.

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill in the Live Entertainment segment are appropriate.

OUR OBSERVATIONS

The valuation method used for both the event-driven and the annual impairment testing of the Live Entertainment segment's goodwill is appropriate and in line with the applicable accounting policies.

The Company's assumptions and data used for measurement are appropriate.

The related disclosures in the notes are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the components of the combined management report specified in the appendix to the independent auditor's report, whose content was not audited.

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 assets, liabilities, financial position and financial performance of the Group. 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.

Furthermore, management and the Supervisory Board are responsible for the preparation of the remuneration report contained in a separate section of the combined management report, including the related disclosures, in accordance with the requirements of Section 162 AktG. They are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

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 misstatement 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 on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the “ESEF documents”) contained in the electronic file „ctseventimkgaa-Konzern_2021-12-31-de.zip“ (SHA256 hash value: 6bb53a1f37d5075a2f33231dcafa9a080df08210f4b32f65aad676ce3c0cb665) made available 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 work extends only 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 these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this 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 to December 31, 2021, contained in the “Report on the Audit of the Consolidated Financial Statements and the Combined Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies 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 rendering 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 such internal control that they have considered 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 Supervisory Board is responsible for overseeing the process of preparing 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 assurance on 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 file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended on the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering 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) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on May 7, 2021. We were engaged by the Supervisory Board on November 11, 2021. 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).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Haiko Schmidt.

Hamburg, March 16, 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

Schmidt Wirtschaftsprüfer [German public auditor]	Rienecker Wirtschaftsprüferin [German public auditor]

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT: COMBINED MANAGEMENT REPORT COMPONENTS NOT AUDITED FOR CONTENT

We did not audit the following components of the combined management report for content:

- the Group's corporate governance statement referred to in the combined management report,
- and the Group's separate non-financial report, which is referred to in the combined management report

7. FINANCIAL STATEMENTS OF CTS KGaA 2021

BALANCE SHEET OF CTS KGaA AS AT 31 DECEMBER 2021 (HGB)

ASSETS	31 Dec 2021 [EUR]	31 Dec 2020 [EUR]
A. FIXED ASSETS		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and assets	65,916	168,898
2. Aquired concessions, industrial property rights and similar rights and assets, and licences in such right and assets	43,628,535	49,615,937
3. Goodwill	3,824,656	11,473,972
4. Advances paid	11,149,169	6,242,944
	58,668,275	**67,501,751**
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	1,353,953	1,425,708
2. Technical equipment and machinery	1	1
3. Other equipment, operating and office equipment	2,582,735	3,068,102
	3,936,689	**4,493,812**
III. Investments		
1. Shares in affiliated companies	228,934,901	224,232,695
2. Participations	88,479,086	88,479,086
	317,413,988	**312,711,782**
B. CURRENT ASSETS		
I. Inventories		
Finished goods and merchandise	154,129	120,242
II. Receivables and other assets		
1. Trade receivables	6,410,109	1,380,995
2. Receivables from affiliated companies	240,771,356	143,129,311
3. Receivables from participations	10,110,696	5,437,293
4. Other assets	39,766,217	24,379,785
	297,058,377	**174,327,383**
III. Cheques, cash in hand and bank balances	**289,096,466**	**302,751,953**
C. PREPAID EXPENSES	**2,081,915**	**2,081,656**
D. DEFERRED TAX ASSETS	**2,448,076**	**7,238,499**
Total assets	**970,857,914**	**871,227,078**

SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2021	31 Dec 2020
	[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	355,206,699	280,717,397
	460,797,999	**386,308,697**
B. PROVISIONS		
1. Tax provisions	38,237,021	23,031,007
2. Other provisions	27,503,519	21,263,312
	65,740,539	**44,294,318**
C. LIABILITIES		
1. Liabilities to banks	70,875	200,257,340
2. Advance payments received on orders	60,829	3,957
3. Trade payables	3,896,581	2,621,956
4. Liabilities to affiliated companies	136,440,342	37,527,615
5. Other liabilities	302,862,115	199,549,429
	443,330,742	**439,960,297**
D. DEFERRED INCOME	**83,330**	**249,998**
E. DEFERRED TAX LIABILITIES	**905,304**	**413,768**
Total shareholders' equity and liabilities	**970,857,914**	**871,227,078**

INCOME STATEMENT OF CTS KGaA FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021 (HGB)

		1 Jan - 31 Dec 2021 [EUR]	1 Jan - 31 Dec 2020 [EUR]
1.	Revenue	113,783,825	67,000,172
2.	Cost of sales	-56,650,657	-45,093,682
3.	**Gross profit**	**57,133,168**	**21,906,490**
4.	Selling expenses	-34,199,057	-34,119,046
5.	General administrative expenses	-19,090,152	-18,256,594
6.	Other operating income thereof from currency translation EUR 3,846,957 (2020: EUR 211,254)	96,395,986	17,151,805
7.	Other operating expenses thereof from currency translation EUR 485,277 (2020: EUR 3,229,280	-4,402,359	-7,784,581
8.	Income from participations	0	2,421,304
9.	Income from profit transfer agreements	26,218,529	2,259,502
10.	Other interest and similar income	1,706,810	1,356,542
11.	Depreciation of financial assets	-4,017,799	-1,950,000
12.	Expenses from loss transfer	0	-9,273,401
13.	Interest and similar expenses	-3,370,744	-2,412,512
14.	Income taxes thereof from deferred taxes EUR -5,281,960 (2020: EUR 7,186,116)	-41,880,857	7,401,658
15.	**Profit/loss after taxes**	**74,493,526**	**-21,298,834**
16.	Other taxes	-4,224	-4,530
17.	**Net income/loss for the year**	**74,489,302**	**-21,303,364**
18.	Profit carried forward from the previous year	280,717,397	302,020,761
19.	Balance sheet profit	355,206,699	280,717,397

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2021 FINANCIAL YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of CTS KGaA, Munich (registered with the commercial register at the Munich local court under no. HRB 212700) for the 2021 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) for large corporations and the supplementary regulations of the Stock Corporation Act (Aktiengesetz). The financial year is the calendar year. The annual financial statements are prepared 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 may mean that the individual figures do not add up to the totals shown.

CTS KGaA as the ultimate parent company prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements are published in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*). In addition, the consolidated financial statements are available on the Internet at https://corporate.eventim.de/en/investor-relations/financial-reports/.

The 2021 financial year continued to be affected by the COVID-19 pandemic and the associated official bans and restrictions on the performance of events. Official restrictions continued to apply because of the pandemic, which means that no major events took in the financial year under review. This is compensated for by government grants related to the COVID-19 pandemic for personnel costs in the amount of EUR 582 thousand (previous year: EUR 1,492 thousand) which were recorded as expense reductions in the corresponding functional area costs. In addition, income from the economic aid programme introduced in Germany in connection with coronavirus in the amount of EUR 84,863 thousand in the financial year 2021 (previous year: EUR 1,000 thousand).

In October 2015, CTS KGaA agreed on a syndicated credit facility (Revolving Credit Facility) of EUR 200 million. The syndicated credit facility had an agreed term until October 2022. As at 31 December 2020, the full amount (EUR 200 million) of the syndicated credit facility was drawn down; the facility was fully redeemed in the course of 2021. Due to the ongoing COVID 19 pandemic and the associated ban on major events in almost all European countries, the Management Board applied for the suspension of the debt covenant with the lending banks as a precautionary measure in February 2021; the debt covenant is determined based on Group figures. In March 2021, the lending banks agreed to the suspension of the debt covenant up to and including 31 March 2022. Due to the positive business performance in the third quarter of 2021, the covenant regarding adjusted net debt has been complied with since the reporting date of 30 September 2021. In March 2022, the existing syndicated credit facility was repaid early and replaced by a new syndicated credit facility with a term of at least three years and a volume of EUR 150,000 thousand. The financial covenants continue to comprise the equity ratio and adjusted net debt. A waiver for the adjusted net debt covenant also continues to apply until the end of the first quarter of financial year 2022.

As a result of the ongoing global COVID-19 pandemic, there is a high level of uncertainty as regards future business performance. Based on current knowledge, the Management Board expects that the staging of major events will continue to be affected by significant restrictions or bans until spring 2022. Based on the assumption that, from spring 2022 onwards, events can generally be held again or without any significant restrictions in terms of available capacities and that there will thus be planning certainty for concert goers, event organisers and artists, the Management Board expects considerably higher revenue for CTS KGaA than in 2021 and considerably higher earnings compared to the 2021 figure, adjusted for the economic aid programme in connection with COVID-19 pandemic. At the time of the preparation of these annual financial statements, the Management Board assumes that liquidity is secured and that the risks do not jeopardise CTS KGaA as a going concern. However, it cannot be ruled out that the COVID-19 pandemic or other factors that are currently unknown or not yet classified as significant could influence the continued existence of CTS KGaA as a going concern in the future.

2. ACCOUNTING POLICIES

2.1 GENERAL DISCLOSURES

The structure of the balance sheet complies with that specified in § 266 HGB in conjunction with § 152 AktG; the income statement is presented under the cost of sales format, 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 initially prepared under the total cost method and, via a conversion key method of, the cost elements to be assigned, the expense items are reclassified to the functional costs under the cost of sales method. The allocation 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, amortisation, and other operating expenses under the total cost method are allocated to cost of sales, selling expenses, general administrative expenses, and other operating expenses.

To enhance clarity and transparency of presentation, the comments to be made in accordance with legal requirements in respect of items in the balance sheet and the income statement, and the comments which may be stated either 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 a consideration are recognised at cost. Internally generated intangible assets are recognised at cost pursuant to the election option provided for under § 248 (2) HGB. No development costs were capitalised as cost of production in the reporting year. Intangible assets are amortised on a straight-line basis, and on a pro rata temporis basis in the year of acquisition. A useful life of 10 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 between 2 and 10 years. Trademark rights 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 straight-line amortisation over a useful life of 9.5 years until 30 June 2022. The useful life of the goodwill capitalised in connection with the chain merger is defined on the basis of a material 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 applicable. Depreciation is charged on a straight-line basis using standard useful lives. Depreciation is charged pro rata temporis. Depreciation of other equipment,operating and office equipment is mainly based on useful lives of between 3 and 13 years. Write-downs to the lower fair value are also recognised if necessary. Independently usable, movable items of fixed assets that are subject to depreciation and have been 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 or 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 fair value measurement have been taken into account.

Receivables and other assets are measured at their nominal value under consideration of all discernible risks. Specific valuation allowances are recorded to account for any discernible risk exposures due to insolvencies or creditworthiness. General valuation allowances are recognised for 1% of the net amount of receivables. 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 sold receivables. Other assets comprise receivables from funds from the Bridging Assistance III and Bridging Assistance III Plus programmes. These receivables were recognised at their full amount, less any discounts received, since there is no doubt regarding the conditions of entitlement for granting them. The applications were reviewed and submitted in due time by a third-party reviewer. The funds received from Bridging Assistance III and Bridging Assistance III Plus constitute a non-repayable grant that is recognised in the income statement through profit or loss.

Cheques, 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 reporting date.

Share capital is measured at nominal value. Treasury shares are deducted from share capital and are reported in a separate line item.

Provisions are recognised at the settlement amount and are measured at an appropriate amount that is sufficient to cover discernible risks and contingencies, in accordance with the principles of prudent business judgement. Any future increases in prices and costs were taken into account when determining provisions.

Liabilities are reported at their settlement amount.

Deferred income includes payments made before the reporting date that represent income for a specific period after the reporting date.

Deferred taxes are recognised for temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income, and their respective tax bases, or due to tax loss carryforwards. These deferred taxes are measured at the company-specific tax rates at the time the differences are released. The resulting tax charges and tax benefits are not discounted. Deferred tax assets and liabilities are not offset against each other.

Assets and liabilities denominated in foreign currencies were recognised in principle with the average spot exchange rate converted at the 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) were observed. The notes on currency translation presented in the income statement include both realised and unrealised exchange rate differences.

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 2021

	Historical cost				
	Status 1 Jan 2021	**Addition**	**Disposal**	**Reclassifi-cation**	**Status 31 Dec 2021**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
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	139,085	2,788	5,652	563	136,784
3. Goodwill	77,575	0	0	0	77,575
4. Advances paid	6,243	5,469	0	-563	11,149
	223,965	**8,257**	**5,652**	**0**	**226,570**
II. Property, plant and equipment					
1. Other real estate, land rights and buildings, including buildings on third-party properties	2,608	232	0	0	2,840
2. Technical equipment and machinery	572	0	3	0	570
3. Other equipment, operating and office equipment	18,786	809	9,943	0	9,652
	21,966	**1,041**	**9,946**	**0**	**13,061**
III. Investments					
1. Shares in affiliated companies	227,316	15,037	6,317	0	236,036
2. Participations	89,049	0	0	0	89,049
	316,364	**15,037**	**6,317**	**0**	**325,084**
Total	**562,295**	**24,335**	**21,915**	**0**	**564,715**

Accumulative depreciation and amortisation				Carrying value	
Status 1 Jan 2021	Addition	Disposal	Status 31 Dec 2021	Status 31 Dec 2021	Status 31 Dec 2020
[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
893	103	0	996	66	169
89,469	9,338	5,652	93,155	43,629	49,616
66,101	7,649	0	73,750	3,825	11,474
0	0	0	0	11,149	6,243
156,463	**17,090**	**5,652**	**167,901**	**58,668**	**67,502**
1,182	303	0	1,486	1,354	1,426
572	0	3	570	0	0
15,718	1,269	9,917	7,069	2,583	3,068
17,473	**1,572**	**9,920**	**9,126**	**3,937**	**4,494**
3,083	4,018	0	7,101	228,935	224,233
569	0	0	569	88,479	88,479
3,652	**4,018**	**0**	**7,670**	**317,414**	**312,712**
177,589	**22,680**	**15,572**	**184,697**	**380,019**	**384,707**

The additions to **fixed assets** in the amount of EUR 24,335 thousand (previous year: EUR 12,583 thousand) comprise additions to intangible assets (EUR 8,257 thousand; previous year: EUR 6,876 thousand), property, plant and equipment (EUR 1,041 thousand; previous year: EUR 319 thousand), and investments (EUR 15,037 thousand; previous year: EUR 5,388 thousand). Additions to intangible assets advances paid mainly relate to the further development of the Global Ticketing System (EUR 8,093 thousand; previous year: EUR 6,623 thousand). Additions to property, plant and equipment mainly comprise IT hardware for the operation of the Global Ticketing System (EUR 488 thousand; previous year: EUR 136 thousand) and the connection of ticket agencies to the Global Ticketing System (EUR 115 thousand; previous year: EUR 19 thousand). Additions to investments refer to the acquisitions of shares in affiliated companies (EUR 15,037 thousand).

Disposals of fixed assets of EUR 21,915 thousand (previous year: EUR 368 thousand) comprise amortised software included in intangible assets (EUR 5,652 thousand), depreciated hardware included in property, plant and equipment (EUR 9,943 thousand), as well as a capital reduction at an affiliated company (EUR 6,292 thousand) and the sale of shares in one company (EUR 25 thousand), both included in investments.

Reclassifications within the intangible assets comprise, in particular, software development services put into operation in relation to the Global Ticketing System.

All **trade receivables** are payable within one year.

Receivables from affiliated companies include trade receivables totalling EUR 7,620 thousand (previous year: EUR 6,629 thousand) and loan receivables of EUR 213,641 thousand (previous year: EUR 122,845 thousand) as well as cash pooling receivables from certain subsidiaries of CTS KGaA of EUR 12,340 thousand (previous year: EUR 8,840 thousand). Receivables of EUR 127,020 thousand (previous year: EUR 10,725 thousand) have a remaining term of more than one year.

The **receivables from participations** include trade receivables of EUR 255 thousand (previous year: none). Receivables of EUR 9,020 thousand (previous year: EUR 5,438 thousand) have a remaining term of more than one year.

Other assets include EUR 1,351 thousand in receivables with a remaining term of between one and five years (previous year: EUR 124 thousand). Other assets include receivables in connection with the coronavirus aid packages of Bridging Assistance III and Bridging Assistance III Plus in the amount of EUR 19,249 thousand concerning the previous year.

Prepaid expenses mainly comprise prepaid licence fees for services provided over time in the amount of EUR 1,375 thousand (previous year: EUR 881 thousand), maintenance expenses in the amount of EUR 418 thousand (previous year: EUR 726 thousand), and financing costs of EUR 244 thousand.

Deferred tax assets (EUR 2,448 thousand; previous year: EUR 7,239 thousand) resulted from differences between the carrying amounts on the balance sheet under commercial law and the related tax base (EUR 2,448 thousand; previous year: EUR 2,015 thousand), and deferred taxes on loss carryforwards (EUR 0 thousand; previous year: EUR 5,223 thousand).

SHAREHOLDERS’ EQUITY AND LIABILITIES

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 grants a voting right and presents an arithmetic share in the share capital of EUR 1.00. All shares are fully paid in. The CTS KGaA holds 8,700 own shares, 95,991,300 shares were outstanding during the entire financial year.

Treasury shares of EUR 8.700 originally result from 2,175 shares that were purchased on 31 July 2007 at a price of EUR 28.99 per share due to a shareholder resolution pursuant to § 71 (1) No. 8 AktG. As a result of share capital increases 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 share capital.

There are no shares with special rights that grant power of control. The Executive Board of EVENTIM Management AG, Hamburg, is not aware of any restrictions on voting rights or the transfer of shares.

As at 31 December 2021, the capital reserve pursuant to § 272 (2) No. 1 HGB amounts to EUR 2,400 thousand and is subject to a distribution restriction.

In accordance with § 150 AktG, corporations must establish a **statutory reserve** if the capital reserve does not constitute 10% of the share capital. The statutory reserve and the capital reserve combined amount to 10% of share capital since 31 December 2015. The statutory reserve amounts to up to EUR 7,200 thousand as at 31 December 2021 and is locked for distributions.

The **balance sheet profit** of the previous year in the amount of EUR 280,717 was entirely carried forward to new account.

Since the election to recognise internally generated intangible assets pursuant to § 248 (2) HGB and the election to capitalise deferred tax assets pursuant to § 274 (1) sentence 2 HGB were both exercised, the amount subject to a distribution restriction in principle is EUR 1,609 thousand (previous year: EUR 6,994 thousand). Internally generated intangible assets in the amount of EUR 66 thousand (previous year: EUR 169 thousand) were capitalised, while deferred tax liabilities of EUR 21 thousand (previous year: EUR 54 thousand) were recognised on this amount. The deferred tax assets of EUR 2,448 thousand (previous year: EUR 7,238 thousand) less the additional deferred tax liabilities of EUR 884 thousand (previous year: EUR 360 thousand) result in an excess of deferred tax assets over deferred tax liabilities, subject to a distribution restriction, in the amount of EUR 1,564 thousand (previous year: EUR 6,879 thousand).

Resolutions of the Annual Shareholders' Meeting:

The **share capital** of the Company will be conditionally increased by up to EUR 1,440,000.00 through the issuance of up to 1,440,000 new no-par-value bearer shares (contingent capital 2021). The contingent capital increase serves solely to grant pre-emption rights on shares (stock options) to members of the Executive Board of the Company's general partner, to members of the management bodies of affiliated companies in Germany and abroad and to selected managers and employees of the Company and its affiliated companies in Germany and abroad that are granted on the basis of the above authorisation.

§ 4 (5) of the articles of association was reworded: In accordance with the authorisation from the Annual Shareholders' Meeting on 7 May 2021, the Company's share capital has been conditionally increased by up to EUR 1,440,000.00 by issuing up to 1,440,000 new no-par-value bearer shares in the Company representing an arithmetic share of the share capital of EUR 1.00 per share (contingent capital 2021). The contingent capital 2021 serves to secure pre-emption rights attaching to stock options that are issued by the Company in the period from entry of the contingent capital 2021 in the commercial register until 6 May 2026 under the 2021 Stock Option Programme on the basis of the authorisation from the Annual Shareholders' Meeting on 7 May 2021. The contingent capital increase will be implemented only if stock options are issued and the holders of these stock options exercise their pre-emption right on shares in the Company. Shares will be issued from the contingent capital 2021 at the exercise price specified in accordance with the authorisation from the Annual Shareholders' Meeting on 7 May 2021. The new shares participate in the profits of the Company from the beginning of the financial year for which, at the time that the pre-emption rights are exercised, the Shareholders' Meeting has not yet adopted a resolution on the appropriation of accumulated profit. The general partner and, where members of the Executive Board of the Company's general partner are concerned, the Supervisory Board are authorised to specify the further details of the contingent capital increase and its implementation.

The authorisation to purchase and use **treasury shares** pursuant to § 71 (1) No. 8 AktG, which was granted by resolution of the virtual Annual Shareholders' Meeting on 19 June 2020, will be cancelled. No use has been made of this authorisation so far. By resolution of the Annual Shareholders' Meeting on 7 May 2021, the general partner was authorised until 6 May 2026 to purchase treasury shares of CTS KGaA equating to up to 10% of the share capital as at the time this authorisation took effect or as at the time this authorisation is used. The consideration for the purchase of these shares may not exceed the share price by more than 10% and may not be more than 20% below the share price. 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 offer may be limited.

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 to issue bonds, contingent on Supervisory Board approval, 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, 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.

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 such 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).

With the aim of increasing the loyalty of the managers and employees of the Company and its affiliated companies in Germany and abroad by providing a variable remuneration component with a long-term incentive effect, it was made possible to issue pre-emption rights attaching to the Company's shares to members of the Executive Board of the general partner of CTS KGaA, to members of the management bodies of affiliated companies in Germany and abroad and to selected managers and employees of the Company and its affiliated companies in Germany and abroad ("beneficiaries") under a stock option programme ("stock option programme 2021").

With effect from the time that the new § 4 (5) of the articles of association is entered in the commercial register, the as yet unused authorisation for the 2000/I Stock Option Programme, which was approved by the Company's Annual Shareholders' Meeting on 21 January 2000, and the related unused contingent capital 2000/I will be cancelled.

Subject to the consent of the Supervisory Board, the general partner was authorised up to and including 6 May 2026 ("authorisation period") to grant pre-emption rights ("stock options") on up to 1,440,000 no-par-value bearer shares of the Company on one or more occasions to members of the management bodies of affiliated companies in Germany and abroad and to selected managers and employees of the Company and its affiliated companies in Germany and abroad.

The Supervisory Board was authorised up to and including 6 May 2026 ("authorisation period") to grant pre-emption rights ("stock options") on up to 500,000 no-par-value bearer shares of the Company on one or more occasions to members of the Executive Board of the Company's general partner.

One stock option grants one pre-emption right to one share of the Company. The Company's shareholders do not have a pre-emption right. When stock options expire owing to the ending of the service/employment contract with the Company or an affiliated company due to an affiliated company leaving the CTS Group, or if they expire for other reasons during the authorisation period, the equivalent number of stock options can be issued again to beneficiaries. The exercised pre-emption rights can be settled, at the Company's discretion, by using the contingent capital 2021 or by using the Company's treasury shares. The Company is also entitled to settle the rights in cash.

Among other things, the **other provisions** include outstanding supplier invoices in the amount of EUR 8,727 thousand (previous year: EUR 6,314 thousand), personnel-related provisions of EUR 6,840 thousand (previous year: EUR 5,780 thousand), outstanding commissions of EUR 3,738 thousand (previous year: EUR 3,683 thousand), financial statement preparation and audit costs of EUR 186 thousand (previous year: EUR 194 thousand), and Supervisory Board remuneration of EUR 217 thousand (previous year: EUR 158 thousand).

Liabilities to banks included commitment fees deferred in the current year. In the previous year, the item mainly included the syndicated credit facility (Revolving Credit Facility).

The **liabilities to affiliated companies** include trade payables of EUR 2,033 thousand (previous year: EUR 2,123 thousand), cash pooling liabilities to certain subsidiaries of CTS KGaA in the amount of EUR 113,418 thousand (previous year: EUR 25,829 thousand), and loans of EUR 18,622 thousand (previous year: EUR 0 thousand).

The residual terms of the liabilities as at 31 December 2021 are shown in the following statement of liabilities:

2021	Carrying value	Remaining term	
	31 Dec 2021	Due within 1 year	Due between 1 year and 5 years
	[EUR'000]	[EUR'000]	[EUR'000]
Liabilities to banks	71	71	0
Advance payments received on orders	61	61	0
Trade payables	3,897	3,897	0
Liabilities to affiliated companies	136,440	136,440	0
Other liabilities	302,862	288,197	14,665
Liabilities, total	**443,331**	**428,665**	**14,665**

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 Dec 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
Liabilities to affiliated companies	37,528	37,528	0
Other liabilities	199,549	185,958	13,591
Liabilities, total	**439,960**	**426,369**	**13,591**

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 received that have not yet been settled with promoters, totalling EUR 274,359 thousand (previous year: EUR 177,322 thousand). The liabilities for ticket monies received that have not yet been settled with promoters result primarily from presales for future events and tours. The liabilities for ticket monies received that have not yet been settled with promoters are offset by corresponding bank balances and receivables for outstanding ticket monies included in other assets, in the amount of EUR 12,037 thousand (previous year: EUR 4,200 thousand) and factoring receivables from ticket monies in the amount of EUR 3,615 thousand (previous year: EUR 2,264 thousand). Other liabilities include EUR 21,498 thousand in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (previous year: EUR 5,628 thousand). The non-current other liabilities (EUR 14,665 thousand; previous year: EUR 13,591 thousand) are comprised of ticket monies that have not yet been settled with promoters for events that, for the most part, will only take place after 31 December 2022 due to the COVID-19 pandemic.

Other liabilities include liabilities from taxes in the amount of EUR 3,588 thousand (previous year: EUR 432 thousand). Social security liabilities as at the balance sheet date amount to EUR 0 thousand (previous year: EUR 3 thousand).

Deferred tax liabilities primarily relate to different measurements of intangible assets in the balance sheet under commercial law and the tax base in connection with the chain merger of See Tickets Germany GmbH, Hamburg, and Ticket Online Software GmbH, Hamburg in 2013 (EUR 92 thousand; previous year: EUR 276 thousand) and the capitalisation of internally generated intangible assets (EUR 21 thousand; previous year: EUR 54 thousand). Deferred tax liabilities were also recognised on differences in the measurement of investments in affiliated companies (EUR 77 thousand; previous year: EUR 78 thousand) and for differences in the measurement of foreign currency receivables as at the reporting date (EUR 705 thousand; previous year: EUR 0 thousand).

The calculation of deferred taxes is based on an effective taxation rate of 31.9%, derived from a corporation 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:

	2021	2020	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Ticket fees	80,417	47,304	33,113
Licence fees	8,310	4,389	3,922
Other revenues			
Other service charges	4,492	6,266	-1,774
Commissions	8,007	2,458	5,550
Recharged services	3,361	2,160	1,201
Others	9,196	4,424	4,772
	113,784	**67,000**	**46,784**

EUR 10,171 thousand (previous year: EUR 7,068 thousand) of revenue was generated abroad.

Cost of materials comprise the following items pursuant to § 275 (2) No. 5 HGB:

Cost of materials (according to total cost method)	2021	2020	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of purchased merchandise	855	575	279
Cost of purchased services	44,286	33,344	10,943
	45,141	**33,919**	**11,222**

Personnel expenses comprise the following items, pursuant to § 275 (2) No. 6 HGB:

Personnel expenses (according to total cost method)	2021	2020	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	24,633	25,208	-575
Social security contributions and expenses for pension and employee support thereof expenses for pension EUR 0 (2020: EUR 0)	2,768	2,452	316
	27,401	**27,660**	**-258**

The personnel expenses include government subsidies, recognised as reductions in revenue, due to the COVID-19 pandemic in the amount of EUR 582 thousand (previous year: EUR 1,492 thousand).

Other operating income includes prior-period income, primarily from the release of provisions in the amount of EUR 2,792 thousand (previous year: EUR 1,834 thousand), from the reversal of impairments on receivables in the amount of EUR 442 thousand (previous year: EUR 329 thousand) and subsequent cost reimbursements in the amount of EUR 9 thousand (previous year: EUR 28 thousand) as well as proceeds of asset disposals in the amount of EUR 38 thousand (previous year: EUR 26 thousand). The German November and December Assistance under the economic aid programme in connection with the coronavirus pandemic in the amount of EUR 64,093 thousand (previous year: EUR 1,000 thousand) also has to be regarded as prior-period item as it relates to the year 2020. Moreover, other operating income in the current year comprises funds from Bridging Assistance III and Bridging Assistance III Plus in the amount of EUR 20,769 thousand.

Other operating expenses include prior-period expenses due to subsequent invoices and credit notes issued in the amount of EUR 36 thousand (previous year: EUR 45 thousand) as well as losses on the disposal of assets in the amount of EUR 26 thousand (previous year: EUR 0 thousand).

The **income from participations** of EUR 2,421 thousand in the previous year entirely result from income from affiliated companies.

Income from profit transfer agreements (EUR 26,219 thousand; previous year: EUR 2,260) results entirely from affiliated companies.

Other interest and similar income includes EUR 1,661 thousand in income from affiliated companies (previous year: EUR 1,014 thousand).

The **depreciation of financial assets** (EUR 4.018 thousand) result from the remeasurement of investments in affiliated companies (previous year: EUR 1,950 thousand).

The **expenses from loss transfers** of EUR 9,273 thousand in the previous year entirely result from affiliated companies.

Interest and similar expenses include expenses of affiliated companies amounting to EUR 470 thousand (previous year: EUR 176 thousand).

Income taxes include municipal trade tax in the amount of EUR 18,400 thousand (previous year: EUR -4 thousand), corporation tax of EUR 17,228 thousand (previous year: EUR 3 thousand) and the solidarity surcharge on corporation tax for financial year 2021 in the amount of EUR 948 thousand (previous year: EUR 0 thousand). Income taxes also include expenses for foreign withholding tax in the amount of EUR 36 thousand (previous year: EUR 40 thousand), prior-period expenses for back taxes of previous years in the amount of EUR 0 thousand (previous year: EUR 1,656 thousand), and prior-period income for tax refunds of previous years in the amount of EUR 14 thousand (previous year: EUR 1,911 thousand).

In addition, taxes on income include deferred tax expenses in the amount of EUR 5,282 thousand (previous year: EUR 7,186 thousand).

Other taxes of EUR 4 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 19,982 thousand (previous year: EUR 6,012 thousand). As at the reporting date, the utilisation of guarantee facilities amounted to EUR 16,919 thousand (previous year: EUR 5,057 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 financial performance and earnings performance 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 expected to arise under the arrangement because the payment service providers withheld the fees continuously withhold th fees from the payments processed.

The Company has issued a guarantee in the amount of EUR 4,034 thousand (DKK 30,000) for Billetlugen A/S, Copenhagen, Denmark, Eventim Sverige AG, Malmö, Sweden, and Eventim Norge AS, Oslo, Norway. A claim is not expected to arise under guarantee, even considering the effects of the COVID-19 pandemic, based on the companies' positive corporate planning at the time of preparing the annual financial statements.

In addition, CTS KGaA has provided TicketOne S.p.A., Milan, Italy, with a guarantee in the amount of EUR 561 thousand related to the participation in a tender procedure.

The Company has issued a temporary letter of comfort for Entradas Eventim S.A., Madrid, Spain, in favour of the company. This letter of comfort is applicable until 30 June 2022. A claim is not expected to arise under the letter of comfort, even considering the effects of the COVID-19 pandemic, based on the companies' positive corporate planning at the time of preparing the annual financial statements.

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 2021 and at the latest upon submission of the local commercial annual accounts for financial year 2021. It is limited to EUR 2,958 thousand (DKK 22,000 thousand). A claim is not expected to arise under the letter of comfort, even considering the effects of the COVID-19 pandemic, based on the companies' positive corporate planning at the time of preparing the annual financial statements. A claim is not expected to arise under the letter of comfort, even considering the effects of the COVID-19 pandemic, based on the companies' positive corporate planning at the time of preparing the annual financial statements.

CTS KGaA has issued letters of comfort in favour of a payment service provider for Ticket Online Sales & Service Center GmbH, Parchim, Billetlugen A/S, Copenhagen, Denmark, Eventim Sverige AB, Malmö, Sweden, and Eventim Norge AS, Oslo, Norway. A claim is not expected to arise under those letters of comfort because the payment service providers continuously withold the fees from the payments processed. A claim is not expected to arise under the letter of comfort, even considering the effects of the COVID-19 pandemic, based on the companies' positive corporate planning at the time of preparing the annual financial statements.

CTS KGaA has issued two letters of comfort to secure ticket monies of up to EUR 1,500 thousand each for the subsidiary HOI Productions France SAS, Paris, France. In addition, CTS KGaA has issued a temporary guarantee in favour of the Company for the liabilities arising from a service agreement. The guarantee ends on 30 June 2022. A claim is not expected to arise under the letter of comfort, even considering the effects of the COVID-19 pandemic, based on the companies' positive corporate planning at the time of preparing the annual financial statements.

CTS KGaA has issued a letter of comfort in the amount of EUR 35,000 thousand for the liabilities of EVD Milan S.r.L., Milan, Italy. A claim is not expected to arise under the letter of comfort, even considering the effects of the COVID-19 pandemic, based on the companies' positive corporate planning at the time of preparing the annual financial statements.

The Company has provided the Italian tax authorities with a temporary guarantee in favour of Vertigo S.r.l., Milan, Italy in the amount of EUR 2,461 thousand. The guarantee ends on 25 November 2025. A claim is not expected to arise under the letter of comfort, even considering the effects of the COVID-19 pandemic, based on the companies' positive corporate 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 originally EUR 10.900 thousand was imposed on CTS KGaA and five Italian Group companies for reasons of abuse of a dominant market position. A down payment made by the Italian companies has already reduced the obligation by EUR 3,260 thousand. 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 therefore have lodged an appeal with the competent administrative court and, taking into consideration the previous jurisprudence with respect to rulings made by the AGCM, are confident that this ruling, which they deem unlawful, will be dismissed by the court.

On the level of the Italian companies, a provision in the still outstanding amount of EUR 7,640 thousand was recognised. 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 contracted by the German Federal Motor Transport Authority (*Kraftfahrzeug-Bundesamt*) to construct an infrastructure survey system and to collect an infrastructure charge for a minimum duration of 12 years. In June 2019, the Federal Ministry for Transport and Digital Infrastructure terminated the agreement, effective 30 September 2019, between the Federal Motor Transport Authority and the operating company concerning the collection of the German infrastructure charge. In the context of the operating agreement, the shareholders provided a temporary declaration of joint and several liability to the Federal Republic of Germany, represented by the Federal Motor Transport Authority, in the amount of EUR 300,000 thousand. A claim is not expected to arise under the joint and several liability due to the current state of the proceedings (arbitration proceedings) and the legal assessment.

The shareholders each granted capital commitments of EUR 42,500 thousand in December 2018 to finance the operating company. In financial year 2019, each of 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 reclassification of the shareholder loans existing as at 31 December 2019 (EUR 14,500 thousand and accrued interest of EUR 107 thousand in each case) to 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 24,000 thousand was agreed upon, borne equally by both shareholders.

In the financial year 2023, CTS KGaA may exercise a call option (based on a multiple of average EBITDA figures) for a further 17% of the shares in France Billet, which is the prerequisite for accepting a put option (based on a multiple of average EBITDA figures) for the remaining 35% of the shares in France Billet not earlier than in financial year 2026. Since CTS KGaA can withdraw from the put option by exercisind the call option, an obligation does not have to be recognised as of 31 December 2021.

As at the reporting date, other financial obligations relating to short and medium-term rental, leasing and other contractual agreements amounted to EUR 12,225 thousand (previous year: EUR 10,774 thousand). Thereof, EUR 3,684 thousand (previous year: EUR 3,394 thousand) is due within one year. Future rental obligations account for EUR 11,674 thousand (previous year: EUR 10,126 thousand), lease obligations for EUR 287 thousand (previous year: EUR 320 thousand), and other obligations for EUR 264 thousand (previous year: EUR 328 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 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 the receivables management including credit checks, payment reminders and collection proceedings of receivables on account for CTS KGaA.

For the service function carried out in the financial year 2021, appropriate compensation of EUR 1,207 thousand (previous year: EUR 500 thousand) was included in the cost of sales.

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 2021, the carrying amount and the fair value of the trade receivables transferred to the factoring company is EUR 3,615 thousand (previous year: EUR 2,264 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. When so-called ‘peak times’ (transaction per second) are reported and exceeded, the factoring company can bill the resulting payment defaults of end customers to CTS KGaA. There was no billing of payment defaults in the 2021 reporting period since no unreported ‘peak times’ occurred.

4.3 APPROPRIATION OF EARNINGS

In financial year 2021, CTS KGaA generated net income of EUR 74,489 thousand in accordance with HGB. The Executive Board of the general partner and the Supervisory Board of the Company propose to the Annual Shareholders’ Meeting to carry forward the net income for the year to new account.

4.4 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/.

4.5 EXECUTIVE BODIES OF CTS KGaA

The Excecutive 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.-Kaufmann Andreas Grandinger, Bremen, Germany
– Chief Financial Officer –

Dipl.-Betriebswirt Alexander Ruoff, Bremen, Germany
– Chief Operative Officer –

The total Management Board compensation was EUR 5,856 thousand (previous year: EUR 6,187 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 Supervisory Board)
- NZZ AG, Zurich, Switzerland
- gut.org gemeinnützige Aktiengesellschaft, Berlin, Germany (Honorary Chairman)
- Gilde Buy Out Partners AG, Zurich, Switzerland
- TonerPartner GmbH, Hattingen, Germany

Prof. Jobst W. Plog, Lawyer, Hamburg/Germany – Vice Chairman –
Other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany

Dr. Juliane Thümmel, Government Director at the Commission for Culture and Media, Hamburg/Germany
Other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany

Philipp Westermeyer, Managing Partner of ramp106 GmbH, Hamburg/Germany (since 21 May 2021)
Other supervisory board positions and comparable regulatory bodies:

- EVENTIM Management AG, Hamburg, Germany
- Member of the Advisory Board of HASPA Finanzholding
- Hamburg Media School Stiftung (Member of the Supervisory Board)

The members of the Supervisory Board of CTS KGaA received emoluments of EUR 208 thousand for financial year 2021 (previous year: EUR 198 thousand) as well as EUR 0 thousand for the reimbursement of expenses (previous year: EUR 0 thousand). Individualised information on the compensation of the Management Board and the Supervisory Board is presented in the renumeration report, which is part of the combined management report.

4.6 EMPLOYEES

On average, 312 persons were employed by the Company during the year (previous year: 346). These were all salaried employees.

4.7 DECLARATION CONCERNING THE CORPORATE GOVERNANCE CODE

On 11 November 2021, the Executive Board of the general partner and the Supervisory Board of CTS KGaA released an updated statement of compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 AktG, which was made available on the CTS KGaA website on the same day (https://corporate.eventim.de/en/investor-relations/corporate-governance/).

4.8 PARTICIPATING PERSONS

The Company received notifications under § 33 of the German Securities Trading Act (WpHG) concerning shareholdings reaching or exceeding 3% or 5% of the voting rights, and shareholdings exceeding or falling below 3% or 5% of the voting rights.

NN Group N.V., Amsterdam, Netherlands, has notified us pursuant to § 33 WpHG that its percentage of voting rights in CTS KGaA fell below the threshold of 3% on 5 March 2021 and amounted to 2.94% (2,821,853 voting rights) at that date, and that 2.94% (2,821,853 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 fell below the threshold of 3% on 22 March 2021 and amounted to 2.99% (2,878,647 voting rights) at that date, and that 2.99% (2,878,647 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 6 April 2021 and amounted to 3.00% (2,880,085 voting rights) at that date, and that 3.00% (2,880,085 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 19 April 2021 and amounted to 4.10% (3,938,059 voting rights) at that date, and that 4.10% (3,938,059 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 20 April 2021 and amounted to 4.21% (4,045,820 voting rights) at that date, and that 4.21% (4,045,820 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 fell below the threshold of 3% on 20 April 2021 and amounted to 2.99% (2,879,023 voting rights) at that date, and that 2.99% (2,879,023 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 23 April 2021 and amounted to 4.12% (3,956,986 voting rights) at that date, and that 4.12% (3,956,986 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 27 April 2021 and amounted to 4.15% (3,938,059 voting rights) at that date, and that 4.15% (3,983,061 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 12 May 2021 and amounted to 4.75% (4,559,668 voting rights) at that date, and that 4.75% (4,559,668 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 17 May 2021 and amounted to 3.00% (2,880,058 voting rights) at that date, and that 3.00% (2,880,058 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 20 May 2021 and amounted to 4.94% (4,737,636 voting rights) at that date, and that 4.94% (4,737,636 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 21 May 2021 and amounted to 4.95% (4,748,074 voting rights) at that date, and that 4.95% (4,748,074 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 5% on 2 June 2021 and amounted to 5.02% (4,818,604 voting rights) at that date, and that 5.02% (4,818,604 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 fell below the threshold of 5% on 8 June 2021 and amounted to 4.94% (4,744,684 voting rights) at that date, and that 4.94% (4,744,684 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 5% on 9 June 2021 and amounted to 5.08% (4,874,281 voting rights) at that date, and that 5.08% (4,874,281 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 21 June 2021 and amounted to 2.21% (2,124,836 voting rights) at that date, and that 2.21% (2,124,836 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 17 September 2021 and amounted to 3.11% (2,989,824 voting rights) at that date, and that 3.11% (2,989,824 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 5% on 20 September 2021 and amounted to 5.23% (5,017,318 voting rights) at that date, and that 5.23% (5,017,318 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

George Loening has notified us pursuant to § 33 WpHG that his percentage of voting rights in CTS KGaA fell below the threshold of 3% on 4 October 2021 and amounted to 2.83% (2,718,150 voting rights) at that date, and that 2.83% (2,718,150 voting rights) thereof are attributed to him pursuant to § 33 and § 34 WpHG.

AIM International Mutual Funds, 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 20 October 2021 and amounted to 3.08% (2,956,500 voting rights) at that date, and that 3.08% (2,956,500 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 5% on 28 October 2021 and amounted to 5.34% (5,125,722 voting rights) at that date, and that 5.34% (5,125,722 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

George Loening has notified us pursuant to § 33 WpHG that his percentage of voting rights in CTS KGaA exceeded the threshold of 3% on 14 December 2021 and amounted to 3.02% (2,902,653 voting rights) at that date, and that 3.02% (2,902,653 voting rights) thereof are attributed to him 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 5% on 20 January 2022 and amounted to 5.10% (4,898,061 voting rights) at that date, and that 5.10% (4,898,061 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 24 January 2022 and amounted to 3.21% (3,085,255 voting rights) at that date, and that 3.21% (3,085,255 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 17 February 2022 and amounted to 2.99% (2,870,491 voting rights) at that date, and that 2.99% (2,870,491 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

On 28 December 2015, Mr Klaus-Peter Schulenberg transferred his shares in CTS KGaA and his shares in EVENTIM Management AG to KPS Stiftung, Hamburg, Germany. Klaus-Peter Schulenberg's shareholdings in CTS KGaA and EVENTIM Management AG were merely converted from a direct into an indirect holding and amount to 38.8% of the voting rights in the Company as at 31 December 2021.

4.9 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 2021.

4.10 EVENTS AFTER THE BALANCE SHEET DATE

Russia has been at war with Ukraine since 24 February 2022 ("Russia-Ukrainian war"). The impact of the Russia-Ukrainian war represents a non-adjusting event and therefore has no effect on the recognition and measurement of assets and liabilities as at the reporting date. For CTS KGaA, we expect that the Russia-Ukrainian war and the associated effects will have a significant impact on our operating business in Russia. Due to the insignificant involvement in Russia, we do not expect this war to have any significant impact on the company's earnings performance, financial position and cash flow.

After the balance sheet date, there were no other significant changes in the economic environment or our industry situation.

4.11 RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the Company's earnings performance, financial performance and cash flow, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development.

Bremen, 10 March 2022

CTS EVENTIM AG & Co. KGaA

represented by:

EVENTIM Management AG, general partner

Klaus-Peter Schulenberg	Andreas Grandinger	Alexander Ruoff

8. 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, 2021, the income statement for the financial year from January 1 to December 31, 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of the Company and the Group (hereinafter: "combined management report") of CTS Eventim AG & Co. KGaA, including the remuneration report in section "12. - Remuneration report" of the combined management report, including the related disclosures, for the financial year from January 1 to December 31, 2021.

In accordance with the German legal requirements, we have not audited the content of those components of the combined management report specified in the appendix to the independent 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 business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2021, and of its financial performance for the financial year from January 1, to December 31, 2021, 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 appendix to the independent 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 the 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)(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 judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2021. 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.

Recoverability 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, 2021, shares in affiliated companies of KEUR 228,935 are recognized under financial assets. Shares in affiliated companies account for approx. 24% 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 recoverable amount. The Company determines the recoverable amount 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 capitalization rate is derived from the return on a risk-adjusted alternative investment.

Impairment testing including the measurement of recoverable amount 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 restrictions issued in the wake of the COVID-19 pandemic are likely to be lifted. The Company assumes that restrictions for holding events are likely to be eased starting in spring 2022. Further, the estimates of future cash flows and long-term growth rates and the determination of discount rates require the use of judgment.

The Company recognized impairment losses on shares in affiliated companies in the amount of KEUR 4,018 in financial year 2021.

There is a risk for the financial statements that impairment of shares in affiliated companies has been recognized in an insufficient amount in the financial statements.

OUR AUDIT APPROACH

First, we gained an understanding of the Company's process for impairment testing investments held in affiliated companies through explanations from employees of investment controlling and through an appraisal of the documentation. 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 restrictions 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, the Company assumes that restrictions for holding events are likely to be eased starting in spring 2022. We assessed the consistency of this assumption with publicly available estimates and information.

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.

Based on the information obtained and with the involvement of our valuation specialists, we then evaluated investments in affiliated companies selected according to risk criteria and assessed the appropriateness of the significant assumptions and the valuation methods of the Company with respect to these investments. 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. In addition, we assessed the consistency of assumptions with external market assessments.

We also verified 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 evaluate the methodically and mathematically correct implementation of the valuation method, we verified the measurement made by the Company using our own calculations and analyzed deviations.

OUR OBSERVATIONS

The approach used for impairment testing 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 components of the combined management report specified in the appendix to the independent auditor's report, whose content was not audited.

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 opinions 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 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.

Furthermore, management and the Supervisory Board are responsible for the preparation of the remuneration report contained in a separate section of the combined management report, including the related disclosures, in accordance with the requirements of Section 162 AktG. They are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

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 MATTER – FORMAL EXAMINATION OF THE REMUNERATION REPORT

The audit of the combined management report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the combined management report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file „CTS 2021_EA_220311_2.zip" (SHA256 hash value: 2cdda2c7f3df47e92c6f980738421d425434e42c8fa61a6d1b5ea923989ca70b) 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 work extends only 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 within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the combined management report contained in the electronic file made available identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion 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, 2021, contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the annual financial statements and the combined management report, contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies 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 renderings 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 such internal control as they have considered 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 Supervisory Board is responsible for overseeing the process of preparing 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 assurance on 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 file made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended on the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering 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 May 7, 2021. We were engaged by the Supervisory Board on November 11, 2021. 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).

In addition to the financial statement audit, we have provided to the Company or its subsidiaries the following services that are not disclosed in the annual financial statements or in the combined management report:

- We provided services in connection with the application for relief payments from the German federal government which were granted within the framework of an exceptional economic aid program in November and December 2020. According to the applicable eligibility conditions, an application for exceptional economic aid from the federal government for November and/or December can only be submitted by a so-called third-party auditor. As such, we were responsible for submitting the application, which included verifying the eligibility of the application.

- Furthermore, we performed the review of the non-financial consolidated report with limited assurance.

- We also provided confirmation of compliance with credit terms and conditions.

- Furthermore, we examined the migration of an IT system.

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the examined ESEF documents. The annual financial statements and the combined management report converted into ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Haiko Schmidt.

Hamburg, March 16, 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

Schmidt Wirtschaftsprüfer [German Public Auditor]	Rienecker Wirtschaftsprüferin [German Public Auditor]

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT: COMBINED MANAGEMENT REPORT COMPONENTS NOT AUDITED FOR CONTENT

We did not audit the following components of the combined management report for content:

- the Group's corporate governance statement referred to in the combined management report, and
- the Group's separate non-financial report, which is referred to in the combined management report.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forecasts based on assumptions and estimates by the Management Board 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 and the like. Even though The Management Board 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 corporate.eventim.de.

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Annual Report **2021**