

Group Quarterly Statement as at 30 September 2020

eventim 

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CTS EVENTIM RIGOROUSLY REINFORCES ITS FUTURE VIABILITY DURING THE FIRST NINE MONTHS OF 2020

- + **Cost management mitigates impacts of lower revenue: normalised EBITDA at EUR -17.7 million**
- + **Solid financial foundation underpinned by around EUR 800 million in cash and cash equivalents**
- + **Focus on new technologies, partnerships and management personnel**
- + **Strategic partnerships concluded with European Handball Federation and top first- and second-division Bundesliga clubs**
- + **Powerful software solutions for combatting the coronavirus**
- + **CEO Schulenberg: 'We are banking on our strengths in technology and industry know-how'**

New technologies, robust partnerships, strong leadership – CTS EVENTIM, one of the leading international providers of ticketing services and live entertainment, has used the first nine months of 2020 to rigorously reinforce its future viability, in the midst of the coronavirus crisis. 'We have been convinced since the outbreak of the pandemic that the stresses imposed on our company must be seen as a trial of our strengths. That is the basis on which we act. There is no such thing as standstill', said Klaus-Peter Schulenberg, the CEO of CTS EVENTIM, on presentation of the performance figures for the first nine months of the 2020 financial year.

These show that Group revenue for the January to September 2020 period fell 78.7% year-on-year to EUR 228.7 million (previous year: EUR 1,074.6 million). Thanks to strict cost management and income from insurance compensation, the normalised EBITDA figure came in at EUR -17.7 million (previous year: EUR 177.0 million). Group revenue in the third quarter of 2020 was 92.0% lower year-on-year, at EUR 30.2 million (previous year: EUR 378.0 million). Normalised EBITDA amounted to EUR -15.0 million (previous year: EUR 65.2 million).

Revenue in the **Ticketing** segment for the first nine months of 2020 was 65.1% lower year-on-year, at EUR 107.2 million (previous year: EUR 306.9 million). Normalised EBITDA fell year-on-year from EUR 119.2 million to EUR -12.7 million. In the third quarter of 2020, revenue fell 82.4% from EUR 106.6 million to EUR 18.7 million, while normalised EBITDA came in at EUR -11.3 million (previous year: EUR 44.8 million).

In the **Live Entertainment** segment, revenue in the first nine months of 2020 was 83.7% lower year-on-year, at EUR 127.3 million (previous year: EUR 781.4 million). Normalised EBITDA amounted to EUR -5.1 million (previous year: EUR 57.8 million). This includes EUR 43.3 million in income from insurance compensation. In the third quarter of 2020, revenue fell 95.5% from EUR 276.9 million to EUR 12.4 million. Normalised EBITDA was EUR -3.7 million (previous year: EUR 20.4 million).

CTS EVENTIM responded promptly to the pandemic by adjusting its cost structure and boosting its efficiency to save a double-digit million figure. Investments were also reduced to a minimum. In key European markets, CTS EVENTIM is safeguarding further liquidity by implementing promoter voucher schemes. As at 30 September 2020, total cash and cash equivalents amounted to EUR 798.7 million.

In spring 2020, bans and conditions imposed by government authorities largely put a stop to live entertainment in Germany and on all international markets. It is currently unforeseeable when major events can restart to a normal degree.

'In the midst of this crisis, especially, we continue to bank on our strengths: technology and industry know-how. This is how we continue to convince our customers both new and existing', Klaus-Peter Schulenberg emphasises.

As an example, CTS EVENTIM and the European Handball Federation (EHF) concluded a far-reaching strategic partnership that makes CTS EVENTIM the official ticketing partner for the 2022 and 2024 European Handball Championships. Following Europe-wide competitive bidding, technologies, marketing strength and expertise were the decisive factors for awarding the contract. For the EHF, the partnership marks another milestone in its digitalisation strategy.

CTS Eventim Sports GmbH, the specialist for the sports market, also inked long-term partnership deals for ticketing and other services with two traditional football clubs – Werder Bremen and Hannover 96. For their ticket sales, both clubs have put their faith in EVENTIM.Tixx, the intuitive software platform that can also be used on the move. These long-term partnerships also include extensive integration of ticketing into the IT systems of the first- and second-division Bundesliga clubs.

With its powerful and efficient software solutions, CTS EVENTIM also supports event promoters and audiences in the battle against the coronavirus. Specially engineered functions help users comply with statutory requirements at events and protect the health of visitors. Maintaining minimum distancing and logging visitor data are the prime focus.

As from January 2021, Matt Schwarz, former Chief Operating Officer and Managing Director of Live Nation GSA, and CTS EVENTIM will be joining forces. Schwarz will then take command of eventimpresents (formerly: Marek Lieberberg Konzertagentur), the promoter of the long-established 'Rock am Ring' and 'Rock im Park' festivals. For EVENTIM LIVE, CTS EVENTIM's unified promoter network, Matt Schwarz will focus in particular on acquiring attractive national and international tours and shows.

OVERVIEW OF KEY GROUP FIGURES

CTS GROUP	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	228,715	1,074,573	-845,858	-78.7
EBITDA	-18,748	174,548	-193,296	-110.7
<i>EBITDA margin</i>	-8.2%	16.2%		-24.4 pp
Normalised EBITDA	-17,721	176,981	-194,702	-110.0
<i>Normalised EBITDA margin</i>	-7.7%	16.5%		-24.2 pp
Depreciation and amortisation	-42,318	-40,189	-2,129	5.3
EBIT	-61,066	134,359	-195,425	-145.4
<i>EBIT margin</i>	-26.7%	12.5%		-39.2 pp
Normalised EBIT before amortisation from purchase price allocation	-50,270	144,766	-195,036	-134.7
<i>Normalised EBIT margin</i>	-22.0%	13.5%		-35.5 pp
Financial result	-27,314	-7,035	-20,279	288.3
Earnings before tax (EBT)	-88,380	127,324	-215,704	-169.4
Net result attributable to shareholders	-61,836	72,278	-134,114	-185.6
	[EUR]	[EUR]	[EUR]	
Earnings per share ¹ , undiluted (= diluted)	-0.64	0.75	-1.39	-185.6
	[Qty.]	[Qty.]	[Qty.]	
Internet ticket volume (in million)	14.9	36.8	-21.9	-59.6
Employees ²	2,612	2,882	-270	-9.4

¹ Number of shares: 96 million

² Number of employees at end of period (active workforce)

TICKETING	01.01.2020	01.01.2019	Change	
	- 30.09.2020	- 30.09.2019	[EUR'000]	[in %]
	[EUR'000]	[EUR'000]		
Revenue	107,163	306,859	-199,696	-65.1
EBITDA	-13,093	117,507	-130,600	-111.1
<i>EBITDA margin</i>	-12.2%	38.3%		-50.5 pp
Normalised EBITDA	-12,650	119,189	-131,840	-110.6
<i>Normalised EBITDA margin</i>	-11.8%	38.8%		-50.6 pp
EBIT	-38,894	91,917	-130,811	-142.3
<i>EBIT margin</i>	-36.3%	30.0%		-66.2 pp
Normalised EBIT before amortisation from purchase price allocation	-33,105	98,887	-131,992	-133.5
<i>Normalised EBIT margin</i>	-30.9%	32.2%		-63.1 pp

LIVE ENTERTAINMENT	01.01.2020	01.01.2019	Change	
	- 30.09.2020	- 30.09.2019	[EUR'000]	[in %]
	[EUR'000]	[EUR'000]		
Revenue	127,276	781,397	-654,122	-83.7
EBITDA	-5,655	57,042	-62,697	-109.9
<i>EBITDA margin</i>	-4.4%	7.3%		-11.7 pp
Normalised EBITDA	-5,071	57,792	-62,863	-108.8
<i>Normalised EBITDA margin</i>	-4.0%	7.4%		-11.4 pp
EBIT	-22,172	42,442	-64,615	-152.2
<i>EBIT margin</i>	-17.4%	5.4%		-22.9 pp
Normalised EBIT before amortisation from purchase price allocation	-17,165	45,879	-63,044	-137.4
<i>Normalised EBIT margin</i>	-13.5%	5.9%		-19.4 pp

EARNINGS PERFORMANCE

REVENUE PERFORMANCE

The decline in revenue in the **Ticketing segment** in the first nine months of 2020 by 65.1% from EUR 306,859 thousand to EUR 107,163 thousand was characterised by lower presales of events due to the COVID-19 pandemic. The internet ticket volume decreased therefore compared to the previous year from 36.8 million tickets by around 60% to 14.9 million. The share of revenue generated by foreign subsidiaries was at 43.4% (previous year: 45.4%).

In the **Live Entertainment segment** revenue fell from EUR 781,397 thousand by 83.7% to EUR 127,276 thousand. The decrease was primarily due to the ongoing impact of the COVID-19 pandemic and the associated official bans and restrictions on the performance of events.

In the **CTS Group**, this resulted in a decrease in revenue in both segments by EUR 845,858 thousand (-78.7%) to EUR 228,715 thousand.

NON-RECURRING ITEMS

In the period under review, CTS Group earnings were negatively impacted due to non-recurring items in the Ticketing segment amounting to EUR 443 thousand (previous year: EUR 1,683 thousand) primarily from legal and consulting fees in connection with the terminated contracts for the collection of the German infrastructure charge and in the Live Entertainment segment amounting to EUR 584 thousand (previous year: EUR 750 thousand) due to implemented and planned acquisitions (primarily legal and consulting fees for the performance of due diligence).

NORMALISED EBITDA / EBITDA

CTS GROUP	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
EBITDA	-18,748	174,548	-193,296	-110.7
Non-recurring items	1,027	2,433	-1,406	-57.8
Normalised EBITDA	-17,721	176,981	-194,702	-110.0
Depreciation and amortisation	-42,318	-40,189	-2,129	5.3
<i>Thereof amortisation from purchase price allocation</i>	<i>9,769</i>	<i>7,974</i>	<i>1,796</i>	<i>22.5</i>
Normalised EBIT before amortisation from purchase price allocation	-50,270	144,766	-195,036	-134.7

Normalised EBITDA in the **Ticketing segment** decreased by EUR 131,840 thousand (-110.6%) to EUR -12,650 thousand. Compared to the same period last year, earnings contributions from presales of events were lacking due to the COVID-19 pandemic. Normalised EBITDA margin fell to -11.8% compared to 38.8% in the previous year. EBITDA decreased from EUR 117,507 thousand by EUR 130,600 thousand to EUR -13,093 thousand. The EBITDA margin was -12.2% (previous year: 38.3%).

Normalised EBITDA in the **Live Entertainment segment** fell by EUR 62,863 thousand (-108.8%) to EUR -5,071 thousand. The lack of earnings contributions from major events in the same period of the previous year and the cancellation and postponement of events in the reporting period due to the COVID-19 pandemic are offset by income from insurance compensations (EUR 43,269 thousand) for cancelled and postponed events. Normalised EBITDA margin decreased to -4.0% (previous year: 7.4%). EBITDA declined from EUR 57,042 thousand by EUR 62,697 thousand to EUR -5,655 thousand. The EBITDA margin fell to -4.4% (previous year: 7.3%).

Normalised **CTS Group** EBITDA decreased by EUR 194,702 thousand or 110.0% to EUR -17,721 thousand. The normalised EBITDA margin declined to -7.7% (previous year: 16.5%). EBITDA fell from EUR 174,548 thousand by EUR 193,296 thousand to EUR -18,748 thousand. The EBITDA margin was -8.2% (previous year: 16.2%).

FINANCIAL RESULT

The financial result changed from EUR -7,035 thousand by EUR -20,279 thousand to EUR -27,314 thousand. It was negatively affected by the impairment loss of Barracuda Group deposits at Commerzialbank Mattersburg im Burgenland AG of EUR 21,212 thousand. Income from investments in associated companies decreased from EUR 362 thousand by EUR 5,222 thousand to EUR -4,859 thousand. In the previous year, the financial result was burdened due to an updated fair value measurement of variable purchase price obligations from share purchase agreements already concluded (EUR -2,533 thousand).

EARNINGS BEFORE TAX (EBT) / NET RESULT ATTRIBUTABLE TO SHAREHOLDERS OF CTS KGaA / EARNINGS PER SHARE (EPS)

In the reporting period, EBT decreased from EUR 127,324 thousand by EUR 215,704 thousand to EUR -88,380 thousand.

After taxes on income and non-controlling interests, net result attributable to the shareholders of CTS KGaA amounted to EUR -61,836 thousand (previous year: EUR 72,278 thousand). EPS was below previous year's level at EUR -0.64 (previous year: EUR 0.75).

PERSONNEL

Compared to the previous year, personnel expenses in the CTS Group decreased from EUR 122,960 thousand by EUR 21,015 thousand to EUR 101,945 thousand. The decrease in personnel expenses relates to the Live Entertainment segment with EUR 5,023 thousand and the Ticketing segment with EUR 15,993 thousand. The decline is mainly due to personnel cost savings and government grants in connection with the COVID-19 pandemic, which reduce personnel expenses.

On average, the companies in the CTS Group had a total of 2,850 employees including part-time workers on their payroll (previous year: 2,977). Of that total, 1,605 are employed in the Ticketing segment (previous year: 1,698 employees) and 1,245 in the Live Entertainment segment (previous year: 1,279 employees).

FINANCIAL POSITION

CHANGES IN ASSETS

Cash and cash equivalents increased by EUR 8,170 thousand compared to the balance sheet date as at 31 December 2019. The change in cash and cash equivalents mainly comprises the use of a syndicated credit line (Revolving Credit Facility), which was utilised in full in April 2020 to increase the CTS Group's financial flexibility during the COVID-19 pandemic. Furthermore, cash and cash equivalents increased thanks to advance payments received in the Live Entertainment segment, among other things due to the expansion of the scope of consolidation, the reclassification from marketable securities and other investments and the reduction of receivables relating to ticket monies from presales in the Ticketing segment. On the other hand, cash and cash equivalents decreased due to paid out ticket monies in the Ticketing segment, payments for the acquisition of consolidated subsidiaries, the negative net result due to the COVID-19 pandemic and impairment losses on deposits of the Barracuda Group.

In July 2020, the Austrian Financial Market Authority (FMA) has 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 Barracuda Group no longer had access to the existing deposits of EUR 34.3 million, so that these deposits were completely written off as at 30 June 2020.

Cash and cash equivalents include ticket monies from presales for events in subsequent quarters (ticket monies not yet invoiced, primarily in the Ticketing segment), which are reported under other financial liabilities at EUR 262,629 thousand (31.12.2019: EUR 429,052 thousand). Other financial assets also include receivables relating to ticket monies from presales mainly in the Ticketing segment (EUR 19,041 thousand; 31.12.2019: EUR 83,993 thousand) and factoring receivables from ticket money (EUR 2,190 thousand; 31.12.2019: EUR 30,201 thousand).

The decrease in current **trade receivables** (EUR -46,028 thousand) mainly results from operating activities.

The increase in **payments on account** (EUR +29,872 thousand) relates to already paid production costs (e.g. artist fees) for future events in the Live Entertainment segment amongst others due to the expansion of the scope of consolidation. Payments on account for future events are expected to be realised after more than 12 months in the amount of EUR 19,820 thousand.

The decline in current **other financial assets** (EUR -97,281 thousand) mainly results from the decrease in receivables relating to ticket monies from presales (EUR -64,952 thousand) and factoring receivables (EUR -28,011 thousand) mainly in the Ticketing segment.

The increase in current **other non-financial assets** (EUR +17,647 thousand) is mainly due to higher VAT receivables and the acquisition of individual assets in the Live Entertainment segment, which are connected to the transaction with the US promoter Michael Cohl and will be dissolved over the agreed contract period.

The increase in **goodwill** (EUR +22,345 thousand) results from the expansion in the scope of consolidation due to acquisitions in Austria and Switzerland in the Live Entertainment segment as well as currency translation effects in Swiss francs as at the closing date of 30 September 2020, mainly in the Ticketing segment.

The increase in **investments in associates accounted for at equity** (EUR +15,839 thousand) is primarily due to the conversion of loan receivables into capital reserve at autoTicket GmbH, Berlin (operating company for the collection of the Germany infrastructure charge 'car toll').

Non-current **other financial assets** mainly decreased by EUR 7,856 thousand due to the conversion of loan receivables into capital reserves at autoTicket GmbH, Berlin.

The increase in non-current **other non-financial assets** (EUR +11,961 thousand) is mainly the result from the acquisition of individual assets related to the transaction with US promoter Michael Cohl.

Deferred tax assets mainly increased by EUR 16,838 thousand as a result of deferred taxes on losses carried forward due to the negative result for the period due to the COVID-19 pandemic.

CHANGES ON THE EQUITY AND LIABILITY SIDE

Current **financial liabilities** increased by EUR 170,422 thousand due to the syndicated credit line (Revolving Credit Facility), which was utilised in April 2020 in the amount of EUR 200 million to increase the CTS Group's financial flexibility during the COVID-19 pandemic. The utilisation has an agreed term of 12 months. The syndicated credit line is subject to 'financial covenants' (equity ratio and adjusted net debt). The consequence of the COVID-19 pandemic and the associated almost Europe-wide ban on major events (e.g. in Germany currently until the end of November 2020) is that it is highly probable that the debt covenant cannot be complied with as of the reporting date 31 December 2020. For this reason, the corporate management applied to the lending banks in June 2020 for the suspension of the debt covenant as a precautionary measure. The lending banks agreed to the suspension of the debt covenant for the period from 31 December 2020 to and including 30 June 2021 in June 2020. On the other hand, there is a decline due to the repayment of financial loans and purchase price liabilities for the acquisition of shares in already consolidated subsidiaries from put option rights granted in the Live Entertainment segment.

Trade payables decreased by EUR 59,061 thousand, primarily from the CTS Group's operating activities.

The increase of current **advance payments received** (EUR +53,996 thousand) was mainly due to the expansion in the scope of consolidation in the Live Entertainment segment.

Other provisions increased by EUR 21,280 thousand. In order to improve the company's liquidity situation, the legislator has introduced a voucher solution for tour promoter in individual markets such as Germany, Austria and Italy. Holders of an admission ticket for an event which they were unable to attend due to the COVID-19 pandemic or which they are unable or unwilling to attend at a later date, should receive a voucher instead of a refund of the ticket price. Accordingly, advance payments received of EUR 19,677 thousand were reclassified to provisions for vouchers.

Tax debts decreased by EUR 26,439 thousand, mainly due to the decline in the CTS Group's net result from operating activities.

The decline in current **other financial liabilities** (EUR -198,234 thousand) is mainly attributable to the reduction of liabilities from ticket monies not yet invoiced in the Ticketing segment.

Non-current **financial liabilities** increased by EUR 11,796 thousand mainly due to purchase price liabilities from the acquisition of shares in companies in the Live Entertainment segment and taking out COVID-19 loans in the Live Entertainment segment in Switzerland.

The increase in non-current **advance payments received** (EUR +34,191 thousand) in the Live Entertainment segment results from ticket monies from presales of future events, which were mainly postponed to the fourth quarter of 2021 and the first half of 2022 due to the COVID-19 pandemic.

The non-current **other financial liabilities** increased by EUR 27,231 thousand in particular due to the reclassification of current liabilities from not yet invoiced ticket monies in the Ticketing segment into non-current financial liabilities, since events have been postponed to the fourth quarter of 2021 and the first half of 2022 due to the COVID-19 pandemic.

Equity decreased by EUR 68,217 thousand to EUR 481,775 thousand due to the negative result for the period and lower non-controlling interests. The equity ratio (equity divided by the balance sheet total) fell to 25.9% (31.12.2019: 29.0%).

CASH FLOW

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 the closing date of 31 December 2019, cash and cash equivalents increased by EUR 8,170 thousand to EUR 798,681 thousand.

In comparison to the closing date at 30 September 2019 cash and cash equivalents increased from EUR 566,725 thousand by EUR 231,957 thousand to EUR 798,681 thousand.

The decrease in negative **cash flow from operating activities** compared to the same period in the prior year (01.01.-30.09.2019) from EUR -169,510 thousand by EUR 44,913 thousand to EUR -124,597 thousand mainly resulted from changes in receivables and others assets and liabilities. The higher reduction of receivables from ticket monies in the Ticketing segment and trade receivables as well as the increase in advance payments received in the Live Entertainment segment led to a positive cash flow effect. In contrast, a decrease in liabilities from ticket monies in the Ticketing segment and trade liabilities as well as the COVID-19 pandemic influenced negative net result for the period led to negative cash flow effects.

The negative **cash flow from investing activities** decreased from EUR -46,529 thousand by EUR 30,342 thousand to EUR -16,187 thousand. This positive change mainly resulted from the lack of cash outflows for payments into the capital reserve of a company accounted for at equity (autoTicket GmbH, Berlin, operating company for the collection of the infrastructure charge). Furthermore, the cash flow was positively influenced by lower payments for investments in intangible assets and property, plant and equipment.

The **cash flow from financing activities** increased from EUR -92,401 thousand by EUR 243,492 thousand to EUR 151,091 thousand. In a year-on-year comparison, the utilisation of the existing syndicated credit line (Revolving Credit Facility) in the amount of EUR 200 million led to a positive cash flow effect. This was offset by negative cash flow effects from the repayment of financial liabilities and the payment of purchase price liabilities for the acquisition of shares in already consolidated subsidiaries from granted put options. In the prior-year period, cash flow from financing activities was negatively influenced by the dividend distribution to shareholders.

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

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Beginning of January 2020 the CTS Group has acquired 71% of the shares in the Austrian concert promoter Barracuda Holding GmbH, Vienna, and its subsidiaries (hereinafter: Barracuda Group) at a transferred consideration of EUR 14.9 million. With this transaction the CTS Group expanded its European-wide event portfolio to include some of the most popular concerts and festivals in Austria. Barracuda Group became part of the promoter network EVENTIM LIVE. The transaction was approved by the responsible cartel offices in December 2019.

At the end of January 2020, the CTS Group has acquired 60% of the shares in the Swiss Gadget Entertainment AG, Zurich, and within this process as well 60% of the shares of wepromote Entertainment Group Switzerland AG, St. Gallen, at a transferred consideration of EUR 8.3 million. By this acquisition the CTS Group intensifies its commitment and is expanding its business activities in the Swiss Live Entertainment market. Simultaneously the CTS Group reorganises its business activity in Switzerland. After the transaction Gadget Entertainment AG and wepromote Entertainment Group Switzerland AG joined forces and merged with ABC Production AG, Opfikon, which is already belonging to the CTS Group, to jointly utilise existing synergy effects in the future. The new founded company operates under the name 'Gadget abc Entertainment Group AG' and has its main office in Zurich.

At the end of January 2020, the CTS Group acquired 66.7% of the shares in the Norwegian agency Nordic Live AS, Oslo, Norway (hereinafter: Nordic Live) for a consideration transferred of EUR 2.8 million through its subsidiary FKP Scorpio. This gives FKP Scorpio access to the portfolio of Nordic Live, which boasts around 60 national and international artists.

In February 2020, the CTS Group has acquired 50% of the shares in a newly established company by US promoter Michael Cohl, based in New York City, USA, at a purchase price of USD 20 million. The partnership, which has been arranged for five years, offers a broad global platform for Live Entertainment, involving concept development as well as producing and promoting worldclass content. While Michael Cohl brings in his concert business and extensive network, the CTS Group will provide full access to the EVENTIM LIVE network, its ticketing platform and entire portfolio of products and services regarding Live Entertainment. The company will be fully consolidated in the CTS Group due to the existing possibility of determining the relevant activities. The purchase price is recognised as a long-term non-financial asset, since the transaction does not represent a business combination in accordance with IFRS 3 and is released as an expense over the term of the contract.

EVENTS AFTER THE BALANCE SHEET DATE

No events requiring disclosure took place after the balance sheet date.

RISK AND OPPORTUNITIES REPORT

In the Annual Report 2019 the company stated in section 8.2.6 social/political/legal risks that it was not possible to assess the effects of the spread of the COVID-19 pandemic on the development of ticket volume and on the performance of events. Key uncertainties relate to the duration of the pandemic and its overall negative impact on the Ticketing and Live Entertainment industry. As a result, market uncertainties can have a negative impact on business activities, the financial position and earnings performance, cash flows and revenue and earnings targets in both segments. The risk was therefore reclassified from medium to high.

The syndicated credit line (Revolving Credit Facility) in the amount of EUR 200 million, which was utilised in April 2020 to increase the CTS Group's financial flexibility during the COVID-19 pandemic, is subject to 'financial covenants' (equity ratio and adjusted net debt). The consequences of the COVID-19 pandemic and the associated ban on major events across most of Europe mean that it is highly unlikely that the debt covenant will be met by the cut-off date as at 31 December 2020. For this reason, the corporate management applied to the lending banks for the suspension of the debt covenant as a precaution in June 2020. In the same month, the lending banks agreed to the suspension of the debt covenant for the period from 31 December 2020 to 30 June 2021 inclusive. The risk that the 'financial covenants' cannot be met was added, allocated to financial risks (point 8.2.5 Financial risks in the 2019 Annual Report) and classified as low.

The corporate management has taken extensive measures, particularly with regard to personnel and material costs, to reduce the the impact of these risks. To safeguard liquidity, the CTS Group is implementing promoter voucher schemes, backed by law, in key European markets.

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

Following the scandal surrounding the Austrian Commercialbank Mattersburg im Burgenland AG, CTS KGaA secured the business operations of its subsidiary Barracuda with a comprehensive financing plan in July. The Austrian Financial Market Authority FMA had previously prohibited on suspicion of balance sheet fraud and misappropriation of customer deposits the continuation of entire business operations of the commercial bank Mattersburg im Burgenland AG. As a result, the Barracuda Group no longer had access to the deposits of EUR 34.3 million so that these deposits were completely written off as at 30 June 2020. Both CTS KGaA and Barracuda took all necessary measures to protect their rights.

Beyond that, the statements made in the risk and opportunities report of the Annual Report 2019 remain valid.

OUTLOOK

In the summer, smaller events were allowed to take place in Germany and other parts of Europe after the corona measures were relaxed. On a trial basis, somewhat larger events were organised, such as at the Berlin Waldbühne with 5,000 people. As a result of the sharp increase in the number of infections, the authorities across Europe tightened the requirements significantly again in autumn. In Germany it is still unclear whether the additional contact restrictions imposed by the federal government at the beginning of November will not be extended beyond the end of the month, contrary to the original announcement. It is therefore still not foreseeable when there will be events in the usual scope again.

Against this background, the Federal Association of the Concert and Event Industry (Bundesverband der Konzert- und Veranstaltungswirtschaft) BDKV has repeatedly warned of serious consequences for the industry. The Federal Government's plans to compensate for financial losses due to the imminent company closings as a result of official requirements should, in the opinion of the association, be more specific and comprehensive.

The CTS Group reacted immediately to the pandemic with an adjusted cost structure and increased efficiency, thereby relieving the burden in the double-digit millions. In addition, investments have been reduced to a minimum. In important European core markets, the CTS Group secures additional liquidity with promoter voucher solutions. Overall, cash and cash equivalents as at 30 September 2020 amounted to EUR 798.7 million.

Due to the continuing uncertainties surrounding the future course of the coronavirus crisis and its impact on the 2020 financial year, corporate management still considers it is impossible to make a sufficiently reliable forecast for the year as a whole and therefore withdrew the forecast for 2020 on 3 April 2020. As already communicated at this point in time, corporate management expects a significant decline in revenue and earnings in 2020 compared to the previous year for the Ticketing and Live Entertainment segments.

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2020

ASSETS	30.09.2020	31.12.2019
	[EUR'000]	[EUR'000]
Current assets		
Cash and cash equivalents	798,681	790,511
Marketable securities and other investments	2,925	13,062
Trade receivables	23,657	69,685
Receivables from affiliated and associated companies accounted for at equity	1,291	3,700
Inventories	4,875	5,623
Payments on account	100,592	70,721
Receivables from income tax	7,879	4,843
Other financial assets	42,717	139,997
Other non-financial assets	54,114	36,468
Non-current assets held for sale	6,746	6,746
Total current assets	1,043,478	1,141,356
Non-current assets		
Goodwill	349,547	327,202
Other intangible assets	126,985	124,429
Property, plant and equipment	37,611	40,462
Right-of-use assets from leases	138,146	138,571
Investments	3,030	2,966
Investments in associates accounted for at equity	104,197	88,358
Trade receivables	64	45
Other financial assets	11,563	19,419
Other non-financial assets	13,200	1,239
Deferred tax assets	31,665	14,827
Total non-current assets	816,009	757,519
Total assets	1,859,487	1,898,874

EQUITY AND LIABILITIES	30.09.2020	31.12.2019
	[EUR'000]	[EUR'000]
Current liabilities		
Financial liabilities	256,265	85,843
Trade payables	80,560	139,620
Payables to affiliated and associated companies accounted for at equity	3,658	1,040
Advance payments received	387,336	333,340
Other provisions	28,113	6,834
Tax debts	40,202	66,641
Other financial liabilities	250,544	448,778
Lease liabilities	17,236	16,978
Other non-financial liabilities	62,977	77,040
Total current liabilities	1,126,891	1,176,115
Non-current liabilities		
Financial liabilities	26,070	14,273
Advance payments received	37,902	3,710
Other provisions	4,549	4,131
Other financial liabilities	27,242	11
Lease liabilities	122,290	122,178
Pension provisions	13,763	11,815
Deferred tax liabilities	19,006	16,648
Total non-current liabilities	250,821	172,767
Equity		
Share capital	96,000	96,000
Capital reserve	1,890	1,890
Statutory reserve	7,200	7,200
Retained earnings	346,827	408,663
Other reserves	-1,798	-1,931
Treasury stock	-52	-52
Total equity attributable to shareholders of CTS KGaA	450,067	511,770
Non-controlling interests	31,708	38,223
Total equity	481,775	549,992
Total equity and liabilities	1,859,487	1,898,874

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2020

	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
	[EUR'000]	[EUR'000]
Revenue	228,715	1,074,573
Cost of sales	-221,303	-810,394
Gross profit	7,412	264,179
Selling expenses	-66,409	-76,695
General administrative expenses	-45,986	-53,634
Other operating income	55,124	20,158
Other operating expenses	-11,207	-19,649
Operating result (EBIT)	-61,066	134,359
Income / expenses from participations	0	342
Income / expenses from investments in associates accounted for at equity	-4,859	362
Financial income	3,171	687
Financial expenses	-25,626	-8,427
Earnings before tax (EBT)	-88,380	127,324
Taxes	13,282	-46,419
Net result	-75,097	80,905
Net result attributable to		
Shareholders of CTS KGaA	-61,836	72,278
Non-controlling interests	-13,262	8,627
Earnings per share (in EUR), undiluted (= diluted)	-0.64	0.75
Average number of shares in circulation, undiluted (= diluted)	96 million	96 million

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2020

	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
	[EUR'000]	[EUR'000]
Net result	-75,097	80,905
Remeasurement of the net defined benefit obligation for pension plans	177	-2,460
Items that will not be reclassified to profit or loss	177	-2,460
Exchange differences on translating foreign subsidiaries	3,303	1,992
Change in the fair value of derivatives in cash flow hedges	12	-27
Share of other comprehensive income (exchange differences) of investments accounted for at equity	-1,198	167
Items that will be reclassified subsequently to profit or loss when specific conditions are met	2,117	2,131
Other results (net)	2,294	-329
Total comprehensive income	-72,803	80,576
Total comprehensive income attributable to		
Shareholders of CTS KGaA	-61,703	71,033
Non-controlling interests	-11,100	9,543

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2020

	01.07.2020 - 30.09.2020	01.07.2019 - 30.09.2019
	[EUR'000]	[EUR'000]
Revenue	30,241	378,010
Cost of sales	-29,992	-284,102
Gross profit	249	93,908
Selling expenses	-18,719	-26,233
General administrative expenses	-12,651	-17,886
Other operating income	4,293	10,960
Other operating expenses	-2,887	-9,554
Operating result (EBIT)	-29,715	51,195
Income / expenses from participations	0	317
Income / expenses from investments in associates accounted for at equity	-416	-2,036
Financial income	233	184
Financial expenses	-890	-4,853
Earnings before tax (EBT)	-30,787	44,807
Taxes	7,393	-16,474
Net result	-23,394	28,333
Net result attributable to		
Shareholders of CTS KGaA	-21,520	24,041
Non-controlling interests	-1,874	4,292
Earnings per share (in EUR), undiluted (= diluted)	-0.22	0.25
Average number of shares in circulation, undiluted (= diluted)	96 million	96 million

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2020

	01.07.2020 - 30.09.2020	01.07.2019 - 30.09.2019
	[EUR'000]	[EUR'000]
Net result	-23,394	28,333
Remeasurement of the net defined benefit obligation for pension plans	-70	-1,269
Items that will not be reclassified to profit or loss	-70	-1,269
Exchange differences on translating foreign subsidiaries	-325	1,341
Change in the fair value of derivatives in cash flow hedges	0	-20
Share of other comprehensive income (exchange differences) of investments accounted for at equity	3	212
Items that will be reclassified subsequently to profit or loss when specific conditions are met	-323	1,533
Other results (net)	-392	264
Total comprehensive income	-23,786	28,597
Total comprehensive income attributable to		
Shareholders of CTS KGaA	-21,818	23,657
Non-controlling interests	-1,969	4,940

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders of CTS KGaA

	Share capital [EUR'000]	Capital reserve [EUR'000]	Statutory reserve [EUR'000]	Retained earnings [EUR'000]	Other reserves				Treasury stock [EUR'000]	Total equity attributable to shareholders of CTS KGaA [EUR'000]	Non-con- trolling interests [EUR'000]	Total equity [EUR'000]
					Currency translation [EUR'000]	Hedging instruments [EUR'000]	Associated companies accounted for at equity [EUR'000]	Remeasurement of the net defined benefit obligation for pension plans [EUR'000]				
Status 01.01.2019	96,000	1,890	7,200	335,098	1,465	-14	-1,923	-1,181	-52	438,483	32,805	471,289
Net result	0	0	0	72,278	0	0	0	0	0	72,278	8,627	80,905
Other income	0	0	0	0	54	-27	167	-1,438	0	-1,245	916	-329
Total comprehen- sive income										71,033	9,543	80,576
Dividends	0	0	0	-59,515	0	0	0	0	0	-59,515	-4,788	-64,302
Changes in the scope of consolidation	0	0	0	0	0	0	0	0	0	0	1,075	1,075
Other changes	0	0	0	-46	0	0	0	0	0	-46	0	-46
Status 30.09.2019	96,000	1,890	7,200	347,814	1,519	-41	-1,756	-2,619	-52	449,955	38,636	488,591
Status 01.01.2020	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	-61,836	0	0	0	0	0	-61,836	-13,262	-75,097
Other income	0	0	0	0	1,177	12	-1,198	142	0	133	2,161	2,294
Total comprehen- sive income										-61,703	-11,100	-72,803
Dividends	0	0	0	0	0	0	0	0	0	0	-2,412	-2,412
Changes in the scope of consolidation	0	0	0	0	0	0	0	0	0	0	6,998	6,998
Status 30.09.2020	96,000	1,890	7,200	346,827	2,764	0	-2,252	-2,310	-52	450,067	31,708	481,775

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2020 (SHORT-FORM)

	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
	[EUR'000]	[EUR'000]
Net result	-75,097	80,905
Depreciation and amortisation on fixed assets	42,318	40,189
Changes in pension provisions	605	2,760
Deferred tax expenses / income	-15,763	-1,950
Other non-cash transactions	15,463	4,717
Profit / loss from disposal of fixed assets	-44	125
Interest expenses / Interest income	1,823	2,651
Income tax expenses	2,481	48,369
Interest received	950	581
Interest paid	-493	-1,265
Income tax paid	-29,435	-52,789
Increase (-) / decrease (+) in inventories	1,990	647
Increase (-) / decrease (+) in payments on account	-24,910	21,666
Increase (-) / decrease (+) in marketable securities and other investments	11,152	-872
Increase (-) / decrease (+) in receivables and other assets	108,753	11,153
Increase (+) / decrease (-) in provisions	21,625	-3,546
Increase (+) / decrease (-) in liabilities	-186,015	-322,851
Cash flow from operating activities	-124,597	-169,510
Cash flow from investing activities	-16,187	-46,529
Cash flow from financing activities	151,091	-92,401
Net increase / decrease in cash and cash equivalents	10,307	-308,440
Net increase / decrease in cash and cash equivalents due to currency translation	-2,137	1,959
Cash and cash equivalents at beginning of period	790,511	873,206
Cash and cash equivalents at end of period	798,681	566,725
Composition of cash and cash equivalents		
Cash and cash equivalents	798,681	566,725
Cash and cash equivalents at end of period	798,681	566,725

FORWARD-LOOKING STATEMENTS

This Group quarterly statement contains forecasts based on assumptions and estimates by the corporate management of CTS KGaA. These statements based on assumptions and estimates are in the form of forward-looking statements using terms such as 'believe', 'assume', 'expect' and the like. Even though corporate management believes that these assumptions and estimates are correct, it is possible that actual results in the future may deviate materially from such assumptions and estimates due to a variety of factors. The latter may include changes in the macroeconomic environment, in the statutory and regulatory framework in Germany and the EU, and changes within the industry. CTS KGaA does not provide any guarantee or accept any liability or responsibility for any divergence between future developments and actual results, on the one hand, and the assumptions and estimates expressed in this Group quarterly statement. 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 consolidated financial statements are denominated in Euro. All amounts in the Group quarterly statement are rounded to thousand Euros. This may lead to minor deviations on addition.

The Group Quarterly statement is also available in German. The German version of the Group quarterly statement 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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The logo for delta design, with the word "delta" in a lowercase, rounded sans-serif font above the word "design" in a similar font.

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