Annual Report 2022

eventim

KEY GROUP FIGURES

	2022	2021	2020	2019 [1]
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	1,925,803	407,821	256,840	1,443,125
EBITDA[2]	379,540	203,082	-7,116	284,278
EBITDA margin	19.7%	49.8%	-2.8%	19.7%
EBIT	318,958	147,581	-62,933	230,194
EBIT margin	16.6%	36.2%	-24.5%	16.0%
Normalised EBITDA	384,497	207,982	-2,940	286,489
Normalised EBIT before amortisation and impairment from purchase price allocation	333,823	164,566	-46,185	242,928
Normalised EBITDA margin	*20.0%*	*51.0%*	*-1.1%*	*19.9%*
Normalised EBIT margin before amortisation and impairment from purchase price allocation	*17.3%*	*40.4%*	*-18.0%*	*16.8%*
Non-recurring items[3]	4,957	4,899	4,175	2,211
Amortisation and impairment resulting from purchase price allocation	9,908	12,085	12,573	10,522
Earnings before taxes (EBT)	341,304	141,104	-102,028	224,018
Net result attributable to shareholders of CTS KGaA	203,802	87,909	-82,259	132,900
	[EUR]	[EUR]	[EUR]	[EUR]
Earnings per share [4], undiluted (= diluted)	2.12	0.92	-0.86	1.38
	[Qty.]	[Qty.]	[Qty.]	[Qty.]
Number of employees[5]	3,503	2,813	2,409	3,202
Of which temporary	(477)	(250)	(153)	(502)

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

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

[3] *Cf. page 39 for non-recurring items for the years 2022 and 2021*

[4] *Number of shares: 96 million*

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

CONTENT

1. LETTER TO THE SHAREHOLDERS

Klaus-Peter Schulenberg
Chief Executive Officer

Ladies and gentlemen,

The year 2022 was one of dichotomy. On the one hand, we had the financial success of the CTS Group and the resurgence of live entertainment in Germany and the rest of the world. But on the other hand, we had the Russian war of aggression on Ukraine, the humanitarian and geopolitical consequences of which we will all be dealing with for some time to come. In terms of our business, we are pleased to have posted another record year for the CTS Group in 2022. The last remaining coronavirus restrictions for organisers of events in Germany were lifted in the spring, and the public proved more than ready to return to experiencing cultural and sporting events live and connecting with others, albeit subject to regional and seasonal variations.

In combination with numerous events that had been rescheduled, this momentum was a major driver of our core business segments, Ticketing and Live Entertainment. We currently expect the positive trend to continue in 2023. Because disease control restrictions were lifted relatively late in Germany compared with other countries, the German market in particular still has catch-up potential. However, there are still uncertain factors in play, such as the consequences of inflation and energy shortages as well as uncertainty among the population. As in the past, the CTS Group continues to address these challenges by reinforcing its leading brands, introducing technical and system innovations that benefit partners and consumers alike, and especially by forging ahead with our strategy for diversifying our business units and extending our value chain.

The 2022 summer festival season was a resounding success with established classics such as Rock Am Ring and Rock Im Park, highlights such as the Hurricane, Southside and Deichbrand festivals along with Nova Rock, the number one festival in Austria, and many more. There was no evidence of any hesitation on the part of attendees.

In terms of ticket sales, artists such as Ed Sheeran, Pink, the Rolling Stones, Rammstein, Roland Kaiser, Silbermond, and Sarah Connor were able to build on their previous successes virtually seamlessly. Smaller acts found it more difficult to start anew, however. We set another milestone when we were successfully awarded the ticketing contract for the 2024 Summer Olympics in Paris. This is the best evidence of how well our systems perform and our ability to intelligently manage high and even very high user volumes. We continue to set the standard in our sector with our user-friendliness, system stability, and system reliability.

The international expansion of our business to the U.S. and Southeast Asia, among other countries, has gone according to plan and will further reinforce our position as a globally operating provider of ticketing and live entertainment services. Our most recently acquired concert promoters such as Barracuda Music in Austria and Gadget abc in Switzerland have long been a valuable addition to the entire EVENTIM LIVE network. French ticketer France Billet, a joint venture with Fnac that powers the Fnac Spectacles brand, switched over to our technology last year, and full synergy capture is expected in the future.

Not only that, but we were the host broadcaster of our own signature festivals for the first time ever, producing the live image for the Rock am Ring livestream on RTL+ completely in-house. With more than four million views, we have succeeded in further increasing the reach and thus the value of our strong brand and in advancing the future monetisation of our content beyond festival grounds. Further partnerships with TikTok and O2 have opened up additional prospects for digital distribution for us and our partners, and our increasing incorporation of add-on products (e.g. merch) and services (e.g. optional hotel bookings) into the checkout process additionally supports our strategy of representing as many facets of the live entertainment experience as possible.

Aside from its operational successes, the CTS Group again invested heavily in the future viability of its platform in the past year, with a particular focus on data security, process security and IT security. For example, we significantly increased the security levels of our applications and systems once again in order to effectively counter the growing threats posed by cybercrime. Moreover, the successful launch of the EVENTIM.Pass as a digital-only ticket already ensured even better protection from manipulation and misuse for our products, and thus above all for our partners and for consumers, in millions of cases the first time it was used for the Ed Sheeran tour.

Times remain challenging. This is all the more true for us, because we are not content to sit on our success. We want to work with you, our shareholders, and with our artists, business partners, and all fans and eventgoers to achieve even more. As an integrated live entertainment group, we will continue to consistently exploit opportunities to grow with and in the markets, to explore new lines of business, and to keep developing our product line and our technologies.

I very much look forward to continuing on this journey together with you, and to making 2023 another successful year for the Company and its shareholders.

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 of the Supervisory Board

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 2022 TO 31 DECEMBER 2022.

I. During the entire period under review, the Supervisory Board comprised Dr. Bernd Kundrun (Hamburg/Germany), Mr. Philipp Westermeyer (Hamburg/Germany) and Dr. Juliane Schulenberg (Hamburg/Germany). Prof. Jobst W. Plog (Hamburg/Germany) was a member of the Supervisory Board from 1 January to 12 May 2022. Dr. Cornelius Baur (Munich/Germany) joined the Supervisory Board on 12 May 2022.

Dr. Kundrun chaired the Supervisory Board during the entire period under review. Prof. Plog was Vice Chairman until 12 May 2022 and Dr. Baur from 12 May 2022 onwards. The Supervisory Board's Audit Committee comprised Dr. Kundrun and Mr. Westermeyer until 12 May 2022 and from 12 May 2022 Dr. Kundrun and Dr. Baur were both members. Dr. Kundrun chaired the Audit Committee until 12 May 2022 and Dr. Baur from 12 May 2022.

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 2022 (the "financial statements meeting"), 11 May 2022, 12 May 2022, 22 August 2022, and 10 November 2022. 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. Prof. Plog and Mr. Westermeyer attended on 17 March 2022 and Dr. Baur on 22 August 2022 via video conference.

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 the Group.

The Supervisory Board's Audit Committee met three times during the reporting period. All Audit Committee members took part in the meetings.

III. KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, was appointed to audit the annual financial statements as at 31 December 2022 and the consolidated financial statements as at 31 December 2022 at the Company's Annual Shareholders' Meeting, which was held on 12 May 2022 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 (GesRuaCOVBekG), 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.

At its meeting on 10 November 2022, 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 2022.

The 2022 annual financial statements, the 2022 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 2022 annual financial statements, the 2022 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 16 March 2023. At the Supervisory Board meeting held on 16 March 2023, the Supervisory Board and the Management Board held detailed discussions on the annual financial statements and the consolidated financial statements for 2022, the combined management report, and the general partner's proposal for appropriation of net profit. 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 2022 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 2022 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. The note on the audit of the remuneration report was attached to the remuneration report. The remuneration report for the financial year 2021 was approved by the Company's Annual Shareholders' Meeting on 12 May 2022 in accordance with § 120a (4) German Stock Corporation Act.

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 2022. 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 2022 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 corporate 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 corporate report is published on the Company’s website.

In December 2022, the Supervisory Board engaged KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, to perform a limited assurance audit of the Group’s non-financial corporate 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 corporate statement for the period from 1 January to 31 December 2022 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 corporate 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 16 March 2023, the Supervisory Board examined the Group’s non-financial corporate report, discussed it in detail, and approved it. It found no indications of any grounds for objecting to the non-financial corporate 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 and was adequately supported by the Company. No conflicts of interest as defined in the German Corporate Governance Code arose between members of the Supervisory Board during the reporting year. On 10 November 2022, 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 https://corporate.eventim.de/en/investor-relations/corporate-governance/ on the same day.

The Supervisory Board would like to thank the management and all employees worldwide for their great personal commitment, their ongoing commitment and their achievements in the 2022 financial year.

16 March 2023

Bernd Kundrun

Dr. Bernd Kundrun
Chairman

Cornelius Baur

Dr. Cornelius Baur
Vice Chairman

Juliane Schulenberg

Dr. Juliane Schulenberg

Ph. W

Philipp Westermeyer

3. CTS EVENTIM SHARES

Following 2020 and 2021, the beginning of financial year 2022 was also marked by the COVID-19 pandemic until mid-March 2022 due to continuing restrictions and protective measures. Only with the relaxation of those measures at the end of the first quarter did CTS KGaA begin to recover from the pandemic. Nevertheless, the capital market environment remained volatile due to the Russian-Ukraine war and rising inflation rates for the remainder of financial year 2022.

Owing to the start of the Russia-Ukraine war and the associated geopolitical tensions, macroeconomic challenges and rising interest rates, there has been great uncertainty on the global capital markets. As a result, the MDAX benchmark index suffered a loss in value of 28.5% during the course of 2022. In contrast, CTS EVENTIM shares were better able to hold their own in the challenging stock market environment. Declining by only 7.5%, CTS EVENTIM shares performed significantly better than the benchmark index. The trend illustrates shareholder confidence in CTS KGaA's business model and the positive expectations for its business development after coming to terms with the impact of the COVID-19 pandemic. In particular from November 2022, the CTS EVENTIM share was clearly able to settle from the development of the MDAX due to strong figures for the first nine months of the 2022 financial year and the forecast published by CTS Management for the 2022 financial year.

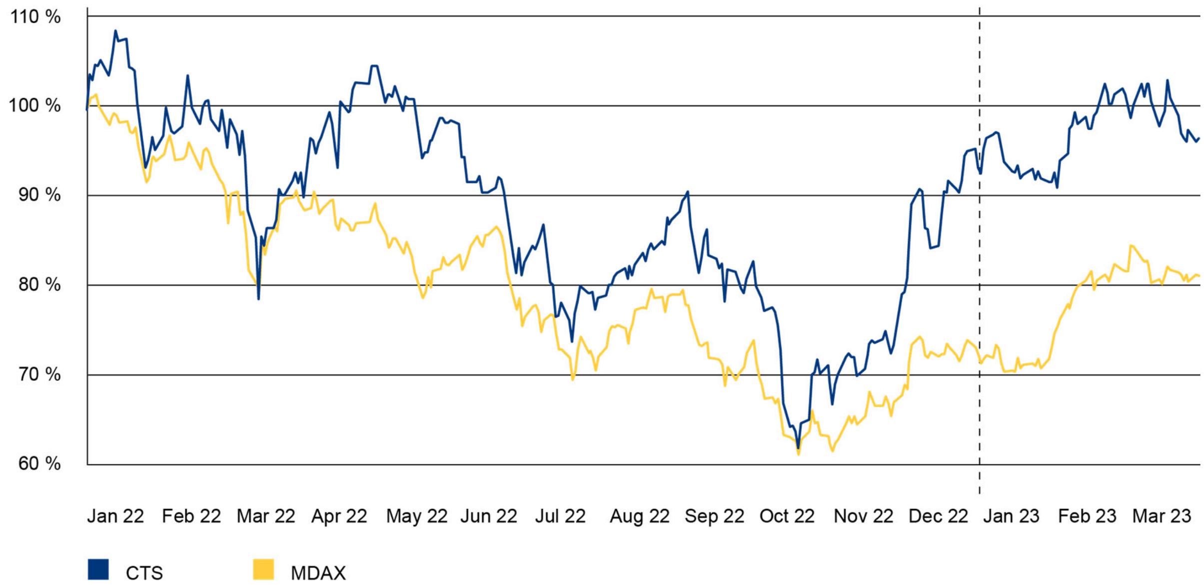
CTS KGaA enjoys a high level of interest among investment banks in the capital markets. Various analysts follow CTS EVENTIM shares on an ongoing basis and give their investment recommendations. Current ‘buy’ recommendations have been issued by Baader Helvea, BNP Paribas, Bank of America, Berenberg, DZ Bank, Jefferies, Kepler Cheuvreux, Oddo BHF, Redburn, and NordLB.

During financial year 2022, CTS KGaA continued to present itself to a large number of international and domestic investors, focusing both on virtual presentations and once again also on in-person presentations. In the future, CTS KGaA will continue to maintain and expand its direct dialogue with all capital market participants. In particular, the demonstrated resilience of the Company and of CTS KGaA's business model over the past years have further increased the awareness of and interest in CTS KGaA among national and international investors. The objective of CTS KGaA's investor relations strategy is to further intensify those good relations in the future.

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

	2022	2021
	EUR	EUR
Earnings per share	2.12	0.92
High (Xetra)	70.20	71.60
Low (Xetra)	40.32	47.92
Year-end-price (Xetra)	64.94	64.36
Market capitalisation (based on year-end-price)	6,234,240,000	6,178,560,000
Shares outstanding on 31.12.	96,000,000	96,000,000
Share capital after IPO	12,000,000	12,000,000

THE CTS SHARE PRICE (1 JANUARY 2022 TO 28 FEBRUARY 2023 – INDEXED)



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 2022 by members of CTS KGaA's corporate bodies:

Name	Position	Transaction	Date	Number of shares
Prof Jobst W. Plog	Member of Supervisory Board	Sale	15 Feb 2022	370
Dr Cornelius Baur	Vice Chairman of the Supervisory Board	Purchase	23 May 2022	7,900

4. COMBINED MANAGEMENT REPORT

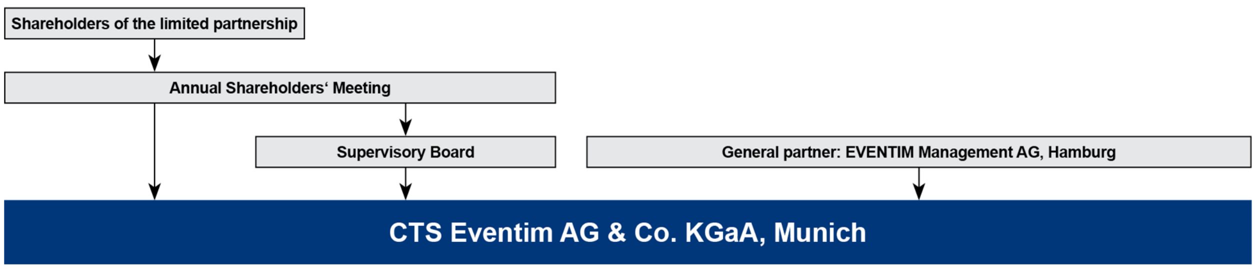
1. PRELIMINARY STATEMENTS

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, as general partner, is responsible for the management of CTS KGaA. EVENTIM Management AG is represented by its legal representatives.

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 comprehensive and multilayered distribution network, the Group enables promoters to sell tickets through a high-performance system. The CTS Group offers ticket buyers a wide range of options for purchasing event tickets. In the area of live entertainment, the CTS Group also plans, organises and implements live events itself and thus also provides content for ticketing.

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

The Group companies are assigned to two segments, Ticketing and Live Entertainment. CTS KGaA, the parent Company of the Group, is itself operationally active in ticketing and, as the company with the highest turnover, is the most important company in this segment. Statements made in respect of the Ticketing segment therefore apply specifically to CTS KGaA as well.

SEGMENT TICKETING

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 via stationary and online distribution (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 possibility of offering across all platforms 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 Apps,
- additional social media activities, especially Facebook, Instagram, WhatsApp, Twitter and Tiktok.

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 in the market. The CTS Group's powerful **ticketing systems**, which are constantly optimised and further developed in accordance with the state of the art, are the foundation for the Ticketing segment's success.

Furthermore, a wide-ranging distribution structure with a nationwide network of box offices and sales via call centres from various online ticket shops ensure the strong market position in ticketing. In addition to ongoing ticket sales, the CTS Group is also a regular ticketing partner for major national and international sports events.

The focus of **online ticket distribution** remains on maximum reach, constant availability and 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 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 **box office network** offers numerous points of contact to meet customers' various purchasing patterns. In addition to growing e-commerce, the high number of physical points of sale around the world continues to remain 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 many different events of all sizes 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 individualised EVENTIM.Inhouse and JetTicket ticketing solutions for the optimal organisation of ticketing operations and visitor management for theatres, opera and concert houses as well as festival halls. Amongst them are the Zurich Opera House, the Berlin Philharmonic, the Montreux Jazz Festival and the Elbe Philharmonic Hall in Hamburg.

The CTS Group offers its partners 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, an access control service, rounds off the EVENTIM ticketing platform portfolio. The acquisition of a majority interest in the software and hardware developer simply-X GmbH, Bad Gandersheim, in October 2021 extended the existing offering. The control, payment, ordering and customer loyalty solutions as well as hardware such as scanners with stands and turnstiles 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).

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

SEGMENT LIVE ENTERTAINMENT

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 three of the most successful venues in Europe — the Waldbühne in Berlin, the Eventim Apollo in London and the LANXESS arena in Cologne.

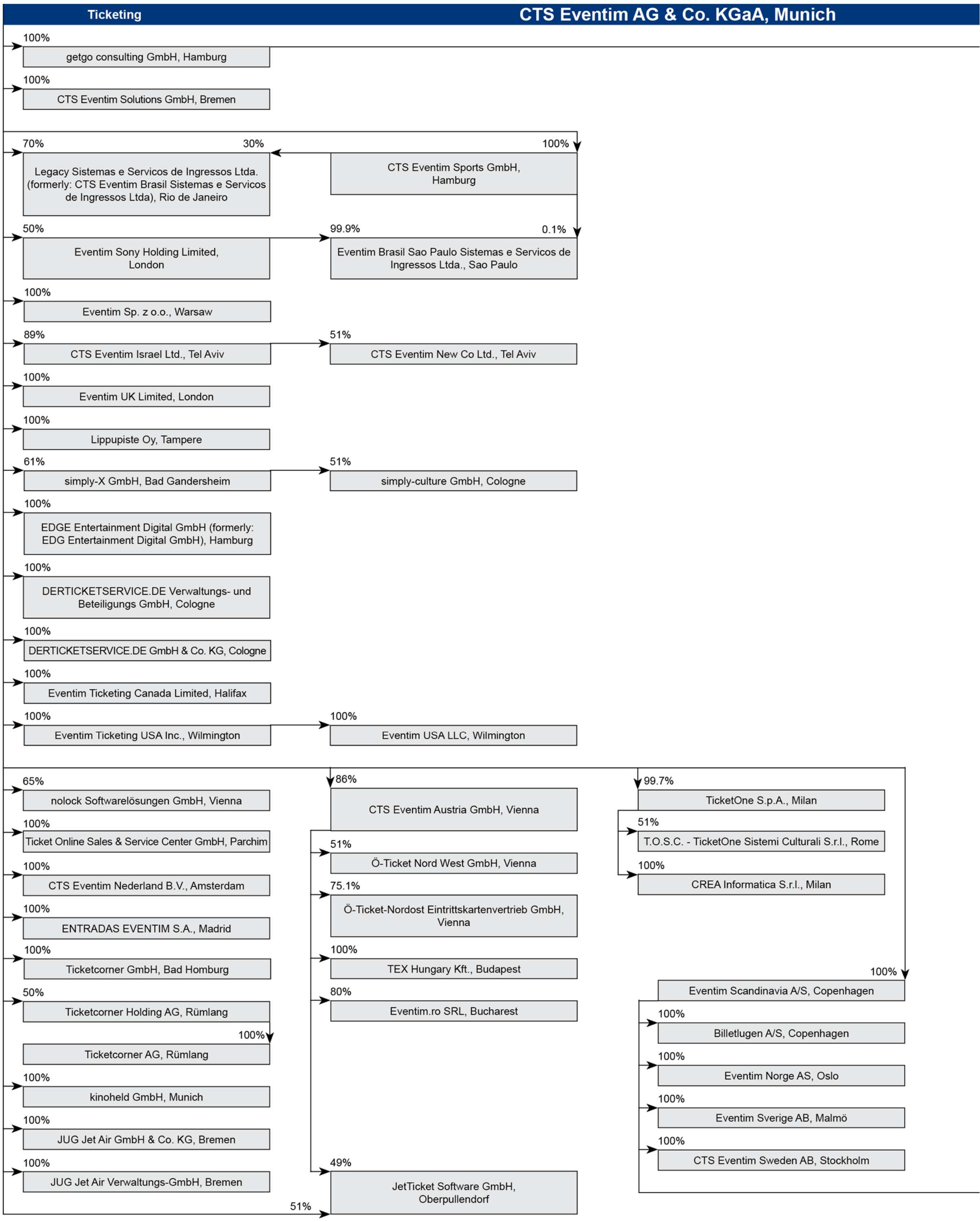
The offering of attractive events and an exclusive portfolio of prestigious venues are the key factors for success in the segment. The Group will continue to pursue the national and international expansion of this business area to grow a global promoter network and to acquire additional market share.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

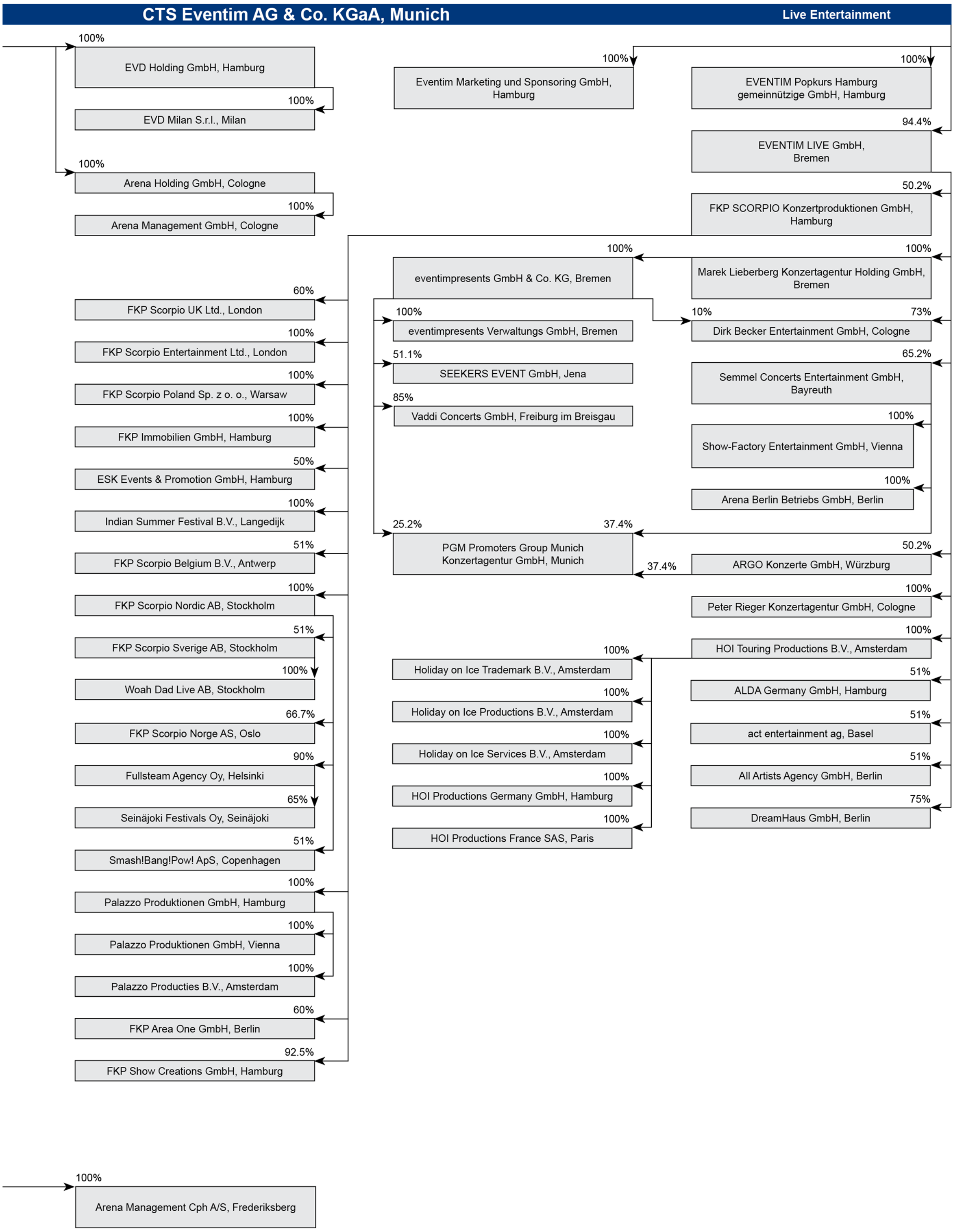
In the Live Entertainment segment, the Group operates in addition to the German market in Belgium, Denmark, Finland, France, the United Kingdom, Italy, the Netherlands, Norway, Austria, Poland, Sweden, Switzerland, Spain, North America and Asia.

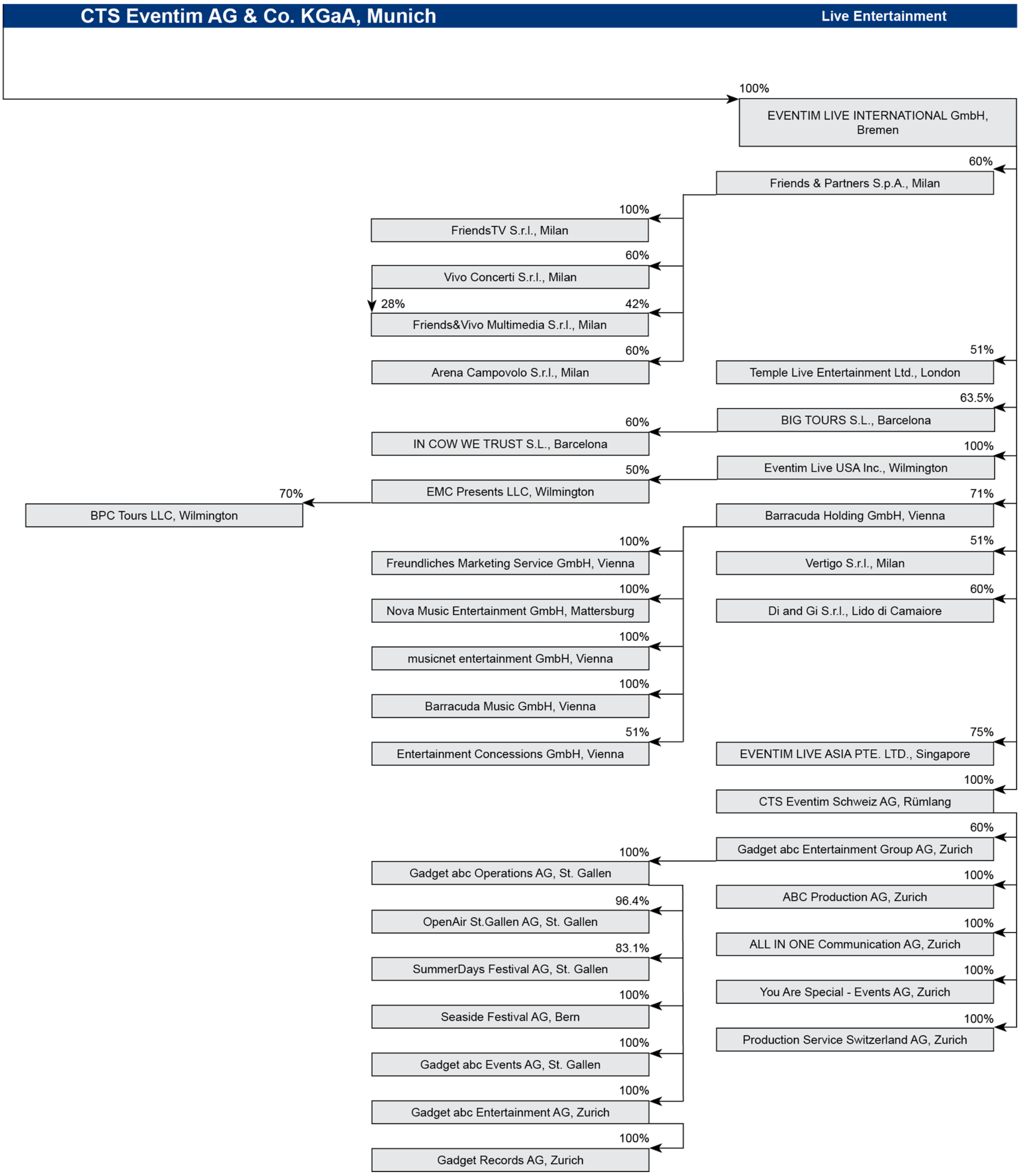
3.1.2 CORPORATE STRUCTURE

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 proximity to the market 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 managed centrally by CTS KGaA.

The following overview includes all companies comprises in the consolidated financial statements by means of full consolidation as at 31 December 2022:




CTS Eventim AG & Co. KGaA, Munich
Live Entertainment
100%
EVD Holding GmbH, Hamburg
100%
EVD Milan S.r.l., Milan
100%
Arena Holding GmbH, Cologne
100%
Arena Management GmbH, Cologne
60%
FKP Scorpio UK Ltd., London
100%
FKP Scorpio Entertainment Ltd., London
100%
FKP Scorpio Poland Sp. z o. o., Warsaw
100%
FKP Immobilien GmbH, Hamburg
50%
ESK Events & Promotion GmbH, Hamburg
100%
Indian Summer Festival B.V., Langedijk
51%
FKP Scorpio Belgium B.V., Antwerp
100%
FKP Scorpio Nordic AB, Stockholm
51%
FKP Scorpio Sverige AB, Stockholm
100%
Woah Dad Live AB, Stockholm
66.7%
FKP Scorpio Norge AS, Oslo
90%
Fullsteam Agency Oy, Helsinki
65%
Seinäjoki Festivals Oy, Seinäjoki
51%
Smash!Bang!Pow! ApS, Copenhagen
100%
Palazzo Produktionen GmbH, Hamburg
100%
Palazzo Produktionen GmbH, Vienna
100%
Palazzo Producties B.V., Amsterdam
60%
FKP Area One GmbH, Berlin
92.5%
FKP Show Creations GmbH, Hamburg
100%
Arena Management Cph A/S, Frederiksberg
100%
Eventim Marketing und Sponsoring GmbH, Hamburg
100%
eventimpresents GmbH & Co. KG, Bremen
100%
eventimpresents Verwaltungs GmbH, Bremen
51.1%
SEEKERS EVENT GmbH, Jena
85%
Vaddi Concerts GmbH, Freiburg im Breisgau
25.2%
37.4%
PGM Promoters Group Munich Konzertagentur GmbH, Munich
37.4%
100%
Holiday on Ice Trademark B.V., Amsterdam
100%
Holiday on Ice Productions B.V., Amsterdam
100%
Holiday on Ice Services B.V., Amsterdam
100%
HOI Productions Germany GmbH, Hamburg
100%
HOI Productions France SAS, Paris
100%
EVENTIM Popkurs Hamburg gemeinnützige GmbH, Hamburg
94.4%
EVENTIM LIVE GmbH, Bremen
50.2%
FKP SCORPIO Konzertproduktionen GmbH, Hamburg
100%
Marek Lieberberg Konzertagentur Holding GmbH, Bremen
10%
73%
Dirk Becker Entertainment GmbH, Cologne
65.2%
Semmel Concerts Entertainment GmbH, Bayreuth
100%
Show-Factory Entertainment GmbH, Vienna
100%
Arena Berlin Betriebs GmbH, Berlin
50.2%
ARGO Konzerte GmbH, Würzburg
100%
Peter Rieger Konzertagentur GmbH, Cologne
100%
HOI Touring Productions B.V., Amsterdam
51%
ALDA Germany GmbH, Hamburg
51%
act entertainment ag, Basel
51%
All Artists Agency GmbH, Berlin
75%
DreamHaus GmbH, Berlin



CTS Eventim AG & Co. KGaA, Munich
Live Entertainment
100%
EVENTIM LIVE INTERNATIONAL GmbH, Bremen
60%
Friends & Partners S.p.A., Milan
100%
FriendsTV S.r.l., Milan
60%
Vivo Concerti S.r.l., Milan
28%
42%
Friends&Vivo Multimedia S.r.l., Milan
60%
Arena Campovolo S.r.l., Milan
51%
Temple Live Entertainment Ltd., London
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, Wilmington
70%
BPC Tours LLC, Wilmington
71%
Barracuda Holding GmbH, Vienna
100%
Freundliches Marketing Service GmbH, Vienna
51%
Vertigo S.r.l., Milan
100%
Nova Music Entertainment GmbH, Mattersburg
60%
Di and Gi S.r.l., Lido di Camaiore
100%
musicnet entertainment GmbH, Vienna
100%
Barracuda Music GmbH, Vienna
51%
Entertainment Concessions GmbH, Vienna
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, St. Gallen
100%
ABC Production AG, Zurich
96.4%
OpenAir St.Gallen AG, St. Gallen
100%
ALL IN ONE Communication AG, Zurich
83.1%
SummerDays Festival AG, St. Gallen
100%
You Are Special - Events AG, Zurich
100%
Seaside Festival AG, Bern
100%
Production Service Switzerland AG, Zurich
100%
Gadget abc Events AG, St. Gallen
100%
Gadget abc Entertainment AG, Zurich
100%
Gadget Records AG, Zurich

CHANGES TO THE GROUP STRUCTURE

In the 2022 reporting period, the following changes in the structure of the Group occurred:

TICKETING

On 10 August 2022, the shares in CTS Eventim RU o.o.o., Moscow, Russia (hereinafter: CTS Eventim RU) were sold and the company was deconsolidated. The deconsolidation effect of EUR -3,746 thousand is reported in the financial result.

LIVE ENTERTAINMENT

By contract dated 5 July 2022, the CTS Group acquired 60% of the shares in S&Z S.r.l., Milan, Italy, via the subsidiary Vivo Concerti S.r.l., Milan, Italy. The purpose of the company is the organisation and execution of concerts, the production and distribution of sound carriers as well as activities in the music publishing business. Upon entry in the commercial register on 13 December 2022, the company was merged into Vivo Concerti S.r.l., Milan, Italy.

As a result of contractual changes dated 4 August 2022, EMC Presents LLC, Wilmington, USA, (hereinafter: EMC Presents) obtained control of BPC Tours LLC, Wilmington, USA, (hereinafter: BPC) without paying a purchase price. This marked the transition from the at-equity method to the full consolidation of BPC. EMC Presents holds 70% of the shares in BPC. BPC's field of activity includes the organization of live events, in particular concerts and other live music events in North America.

3.1.3 SUSTAINABILITY INFORMATION

The Supervisory Board, Executive Board, and employees of the CTS Group share the conviction that sustainable, responsible behaviour is an important prerequisite for long-term economic success. As an international corporation in the ticketing and live entertainment industry, the Company maintains a wide variety of contacts with various stakeholders. These include artists, promoters, ticket vendors, and existing and potential employees, as well as stakeholders in civil society and the environment as such.[1]

The CTS Group believes that providing information to the public about activities and progress in its most important areas of activity is not only a particular responsiblity, but also an opportunity. It allows the Company to derive valuable insights about the risks and opportunities associated with entrepreneurial value creation within the Group. Following the pandemic’s initial effects on live entertainment in the CTS Group’s core markets during the reporting year, the Company was able to continue its involvement in the area of sustainability in environmental initiatives, for example, relating to live events such as festivals beginning in the second quarter of 2022. Such initiatives include measures aimed at avoiding waste by encouraging the use of recyclable cups and drinking water stations, separating waste and using dry toilets to reduce water consumption.[1]

[1]This paragraph is not subject of the group audit.

For the non-financial corporate report 2022, the materiality analysis was reassessed and auditable due to the restart of the business after the pandemic-related measures were lifted. The topic overview of the forthcoming Corporate Sustainability Reporting Directive/European Sustainability Reporting Standards (CSRD/ESRS) has already been integrated as a starting point. The reassessment was carried out using a materiality analysis. After a kick-off to coordinate the list of topics and an environment analysis, which topics are important for competitors, peers, environmental social governance (ESG) ratings and industry associations, there was an education and online survey of the relevant colleagues in the management of the CTS Group, using a validation workshop, to finalise the topics, to set the limit value and to arrive at a final matrix in a concerted manner. The reason and purpose of the associated workshop was to have an analysis that includes all perspectives of the most diverse areas of the company. The materiality topics according to the CSR Directive Implementation Act/Non-Financial Reporting Directive (CSR-RUG/NFRD) are the topics relevant to the CTS Group: consumers and end users, governance, ethical business practices, data protection and information security.[1]

The individual results are presented in the combined non-financial corporate report. On 23 March 2023, CTS KGaA will publish sustainability information in a separate report for the Group for the 2022 financial year on the Company website at https://corporate.eventim.de/en/investor-relations/corporate-governance/.

[1] This paragraph is not subject of the group audit.

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. Since 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 in companies. 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 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 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.

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

During the year under review, investments of EUR 14,519 thousand were made in further developing the ticket distribution systems (previous year: EUR 14,769 thousand) and these were capitalised. During the year under review, the amortisation of capitalised development costs amounted to EUR 14,332 thousand (previous year: EUR 13,129 thousand). The number of employees in software development, operations, and professional services (e.g. IT Consulting and Technical Services) is 354 (previous year: 343).

In the first quarters of 2022, the CTS Group also supported promoters with its powerful solutions to combat the COVID-19 pandemic. Among other things, the EVENTIM.CheckIn visitor data collection system was used for this purpose. 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. The need for pandemic-related software solutions has decreased over the year.

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 (EVENTIM.DataWarehouse), 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 or marketing automation (EVENTIM.Campaign for optimising ticket sales Business-to-Consumers (B2C)), business intelligence (EVENTIM.BusinessIntelligence with reporting and extensive web analytics) and analytical services for Business-to-Business (B2B) partners (EVENTIM.Analytics).

In so doing, the focus is on flexible analysis of the data for tailor-made offers to the end customer 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.Evita) at all relevant touchpoints. Another focus topic is yield management, in order to design optimal price categories, initial price points and dynamic price development in the course of sales based on past sales data for an event venue.

A further focus is 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.

The need for digital tickets reinforces the trend towards completely mobile solutions that was already clearly discernible in previous years. The EVENTIM.MobileApp is being consistently expanded for this purpose. Special opportunities provide personalised offers, e.g. on the basis of geo-information or recognising the interests of the user, but also the integration of event-specific communication channels and the systems and processes required for this.

The use of data generated by EVENTIM.Pass also enables new marketing and service formats, which also use the EVENTIM.MobileApp as a centralised news hub. Therefore, various concepts and technologies are being tested for this and then used in a standardised way.

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 an advanced and performant ticketing platforms, the further advancement of specific seat reservations, mobile ticketing and electronic access control systems. Furthermore, additional developments, such as solutions and services for mapping the value chains at the event locations with powerful POS systems, as well as extended functions for personalising tickets are in focus. Along with the further functional development of the ticketing platform, the CTS Group is also planning 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 THE BUSINESS
3.4.1 MACROECONOMIC CONDITIONS

Highlighting the resilience and adaptability of the European economy in the face of the Russian war in Ukraine, the energy crisis and rising inflation, the International Monetary Fund (IMF) currently sees the prospect of a recession in the Eurozone fading. The IMF has slightly improved its economic forecast for the eurozone and recently raised its forecast for global gross domestic product (GDP) growth in 2023, which is now 0.2 percentage points higher than forecast in the World Economic Outlook (WEO) of October 2022. For the global economy, the IMF expects growth of 2.9% in 2023 and 3.1% in 2024. For the world's largest economies, the IMF has also raised its forecast for real GDP growth. For the eurozone, growth of 0.7% is now forecast for 2023 – compared to 0.5% in the previous forecast – and 1.6% for 2024. For Germany, for example, IMF experts now expect growth of 0.1% – 0.4 percentage points higher than in their October forecast.

According to the Ifo Institute for Economic Research, the German government's assessment of the economic situation for 2023 is also more positive than many expected towards the end of 2022. The Nuremberg market research company Gfk has also stated that falling energy prices, among other things, have ensured that consumer sentiment is less clouded and that the desire to buy is slowly returning. The GfK consumer barometer rose for the fourth time in a row in January 2023. Although the level is still very low, pessimism has eased recently and fears of a recession have evaporated for the time being. Instead, according to the Nuremberg market researchers, economic expectations are climbing back to the level seen before the escalation of Russian aggression against Ukraine.

3.4.2 INDUSTRY CONDITIONS

According to an analysis issued by the auditing company PricewaterhouseCoopers (hereinafter: PwC), 2022 was a decisive year for the entertainment and media industry, as recovery from the effects of the pandemic has now begun on a global scale. According to PwC's forecast, the German entertainment and media industry will grow by an average of 3.4% per year between 2021 and 2026, with total revenues rising to EUR 75.0 billion in 2026. While non-digital revenues are expected to account for the majority of revenues in 2026 as well, it is the digital segments that are driving the industry's growth. Digital revenues will grow by an average of 6.4% per year between 2021 and 2026 to EUR 31.2 billion, while non-digital revenues will only grow by 1.5% per year over the same period, to EUR 43.8 billion in 2026. According to the study, non-digital revenues will not reach the pre-crisis 2019 level of EUR 45.9 billion during the entire forecast period to 2026, and are even expected to decline from 2026 onwards.

This makes the future significance of digital sales all the more clear. Over the period under consideration from 2019 to 2026, digital sales will even record an average increase of 9.6% per year, while non-digital sales will actually decline by an average of 0.7% per year.

With regard to live entertainment, the use of artificial intelligence (AI), virtual reality (VR) technologies and blockchain or distributed ledger technology (DLT) offers new potential – especially considering the increasing availability of mobile high-speed internet. 5G, the new standard for mobile internet and mobile telephony, will, among other things, simplify and accelerate access to media content. In addition, 5G will further intensify the trend towards the personalisation of offers and content. In general, personalisation in the live entertainment segment is one of the big topics of the future.

The above 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 changing consumer habits of their end customers as a result of digitalisation. This includes, for example, announcing relevant events, providing additional offers surrounding event visits, using data for new business areas in compliance with data protection regulations, increasing user-friendliness and direct communication with existing and potential users, and much more. The ability to evaluate and utilise large amounts of data (‘big data’) will thus have particular potential in the future.

Even if it remains open at this point in time which sectors in particular will benefit from general and pandemic-induced behavioural changes and technological trends, the fundamental trend is very clear according to the analysis of the study sales are increasing in digital segments.

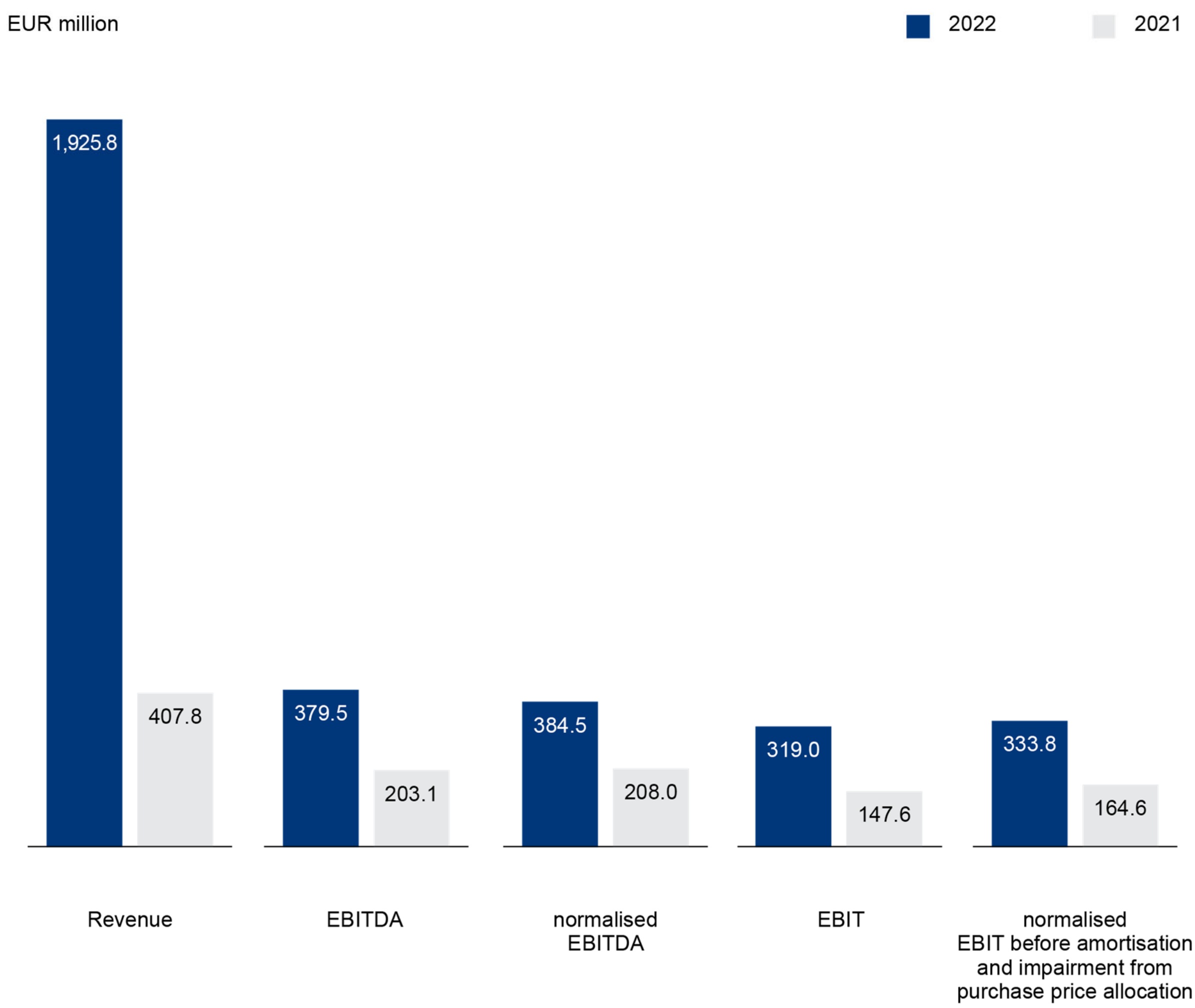
The impact of the war in Ukraine on the industry worldwide can be classified as ‘low’. According to the results of the study, the Western entertainment industry was early and proactive in isolating the Russian market from Western entertainment, and the West is not at all dependent on the Russian entertainment and media industry.

3.4.3 BUSINESS PERFORMANCE OF THE CTS GROUP

The effects of the COVID-19 pandemic continued to have a negative impact on the operating activities of the CTS Group at the beginning of the 2022 financial year. However, after the official requirements were initially relaxed and finally lifted in the course of the first months of 2022, major events could be held again without regulatory restrictions, especially from the second quarter of 2022 onwards.

KEY GROUP FIGURES

Key financial Group figures are shown in the table below:



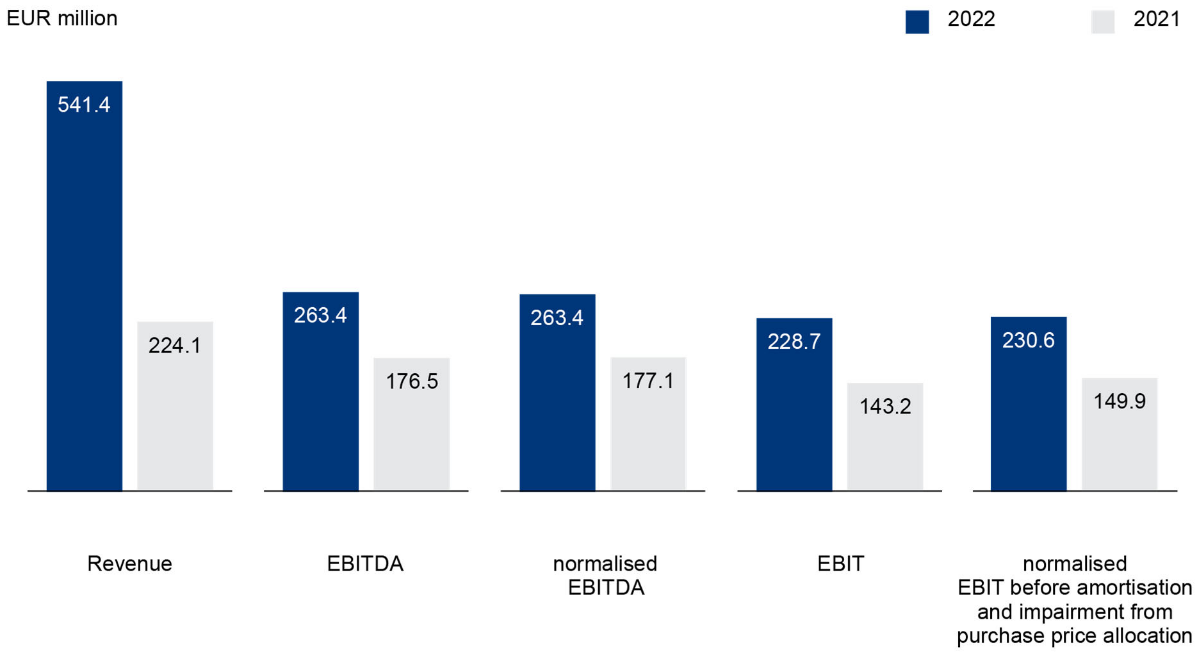
Group earnings per share (EPS) increased from EUR 0.92 to EUR 2.12 during the year under review.

SEGMENT KEY FIGURES

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

In the **Ticketing segment** revenue improved in the reporting period particularly due to a significant increase in the number of tickets sold online.

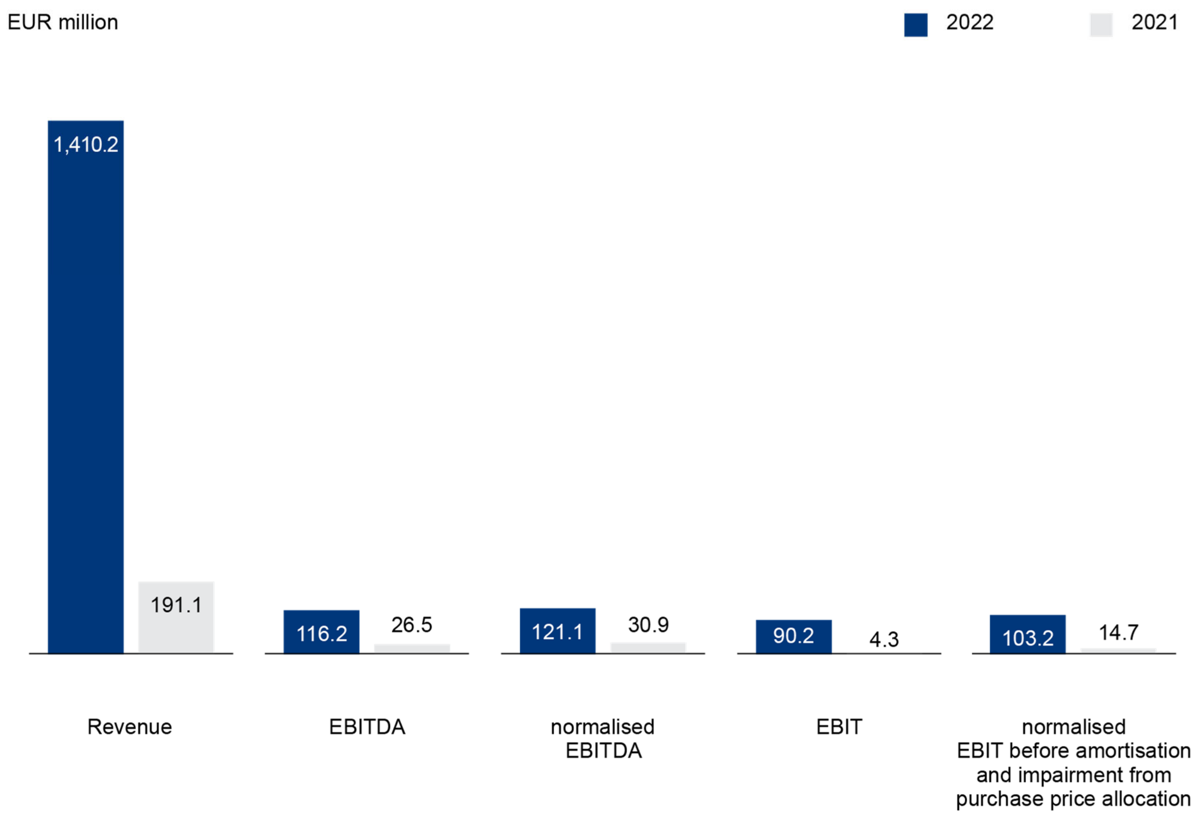
Key financial figures in the Ticketing segment are shown in the table below:



The internet ticket volume (non-financial key figure) increased by 116.0% to 69.3 million tickets, up from 32 million tickets in the previous year. The increase in internet ticket volume was in particular the result of presales for concerts given by top international artists.

Business performance in the **Live Entertainment segment** was impacted by the increase in the number of events due to the return to unrestricted business operations from spring 2022 and the first-time holding of festivals after two years of cancellation due to the pandemic. The segment benefited greatly from catch-up effects.

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



3.4.4 GENERAL ASSESSMENT OF THE GROUP'S BUSINESS SITUATION

While the situation with regard to cultural events was still characterised by restrictions at the beginning of 2022, live events and concerts took place again under normalised conditions in all core markets of the CTS Group, particularly from the second quarter of 2022 onwards, after the official COVID-19 restrictions were lifted. Those conditions had not changed by the end of the year and are positive for the future. These framework conditions have not changed by the end of the year and bode well for the future. The majority of the live events that were postponed due to the pandemic during the previous two years were held in 2022. No limitations to the ability to plan event operations for the future are expected at the present time.

In addition, the CTS Group is monitoring possible negative effects resulting from cost inflation. However, the Company does not expect any significant acceleration of inflationary effects compared to the current situation. Furthermore, the CTS Group is keeping an eye on the increased costs for promoters in all areas, which can only be passed on to the buyer in part.

The forecast published in the 2022 annual report was based on the assumption that from spring 2022 onwards events would be feasible in principle, or rather without significant restrictions in terms of usable capacities, and that there would thus be planning certainty for concertgoers, promoters and artists.

The forecast was adjusted and substantiated during the year based on the latest available information in conjunction with the publication of the interim group report as of 30 June 2022, the preliminary nine-month figures in the ad hoc announcement of 7 November 2022, and the Group Quarterly Statement as of 30 September 2022.

Target/actual comparison for the forecast for financial year 2022:

	Forecast (Annual Report 2021)	**Group interim report 30 Jun 2022**	**Ad hoc Announcement**	**Group Quarterly Statement 30 Sept 2022**	**Actual 2022 vs 2021**
CTS Group					
Revenue	Considerably higher	./.	Revenue at least 1.700 EUR Mio.	Revenue at least 1.700 EUR Mio.	+372%
Earnings figures	Moderately higher	Significantly higher	Normalised EBITDA at least 330 EUR Mio.	Normalised EBITDA at least 330 EUR Mio. normalised EBIT considerably higher	+169 to +176 EUR Mio.
Earnings figures excl. Corona aid	Considerably higher	./.	./.	./.	+313 to +320 EUR Mio.
Segment Ticketing					
Revenue	Significantly higher	Considerably higher	./.	Considerably higher	+142%
Earnings figures	On previous year level	Significantly higher	./.	Significantly higher	+81 to +86 EUR Mio.
Earnings figures excl. Corona aid	Considerably higher	./.	./.	./.	+193 to +198 EUR Mio.
Internet ticket volume	Significantly higher	./.	./.	Considerably higher	+116%
Segment Live Entertainment					
Revenue	Considerably higher	Considerably higher	./.	Considerably higher	+638%
Earnings figures	Moderately higher	Moderately higher	./.	Significantly higher	+88 to +90 EUR Mio.
Earnings figures excl. Corona aid	Considerably higher	./.	./.	./.	+120 to +122 EUR Mio.

./. no information

Target/actual comparison for the forecast of CTS KGaA for financial year 2022:

	Forecast (Annual Report 2021)	Group interim report 30 Jun 2022	Ad hoc Announcement	Group Quarterly Statement 30 Sept 2022	Actual 2022 vs 2021
CTS KGaA					
Revenue	Considerably higher	Considerably higher	./.	Considerably higher	+134%
Earnings figures	On previous year level	On previous year level	./.	On previous year level	+8 to +11 EUR Mio.
Earnings figures excl. Corona aid	Considerably higher	./.	./.	./.	+91 to +94 EUR Mio.

./. no information

3.4.5 CTS EVENTIM SHARES PERFORMANCE

Following 2020 and 2021, the beginning of financial year 2022 was also marked by the COVID-19 pandemic until mid-March 2022 due to continuing restrictions and protective measures. Only with the relaxation of those measures at the end of the first quarter did CTS KGaA begin to recover from the pandemic. Nevertheless, the capital market environment remained volatile due to the Russian-Ukraine war and rising inflation rates for the remainder of financial year 2022.

Owing to the start of the Russia-Ukraine war and the associated geopolitical tensions, macroeconomic challenges and rising interest rates, there has been great uncertainty on the global capital markets. As a result, the MDAX benchmark index suffered a loss in value of 28.5% during the course of 2022. In contrast, CTS EVENTIM shares were better able to hold their own in the challenging stock market environment. Declining by only 7.5%, CTS EVENTIM shares performed significantly better than the benchmark index. The trend illustrates shareholder confidence in CTS KGaA's business model and the positive expectations for its business development after coming to terms with the impact of the COVID-19 pandemic. In particular from November 2022, the CTS EVENTIM share was clearly able to settle from the development of the MDAX due to strong figures for the first nine months of the 2022 financial year and the forecast published by CTS Management for the 2022 financial year.

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, BNP Paribas, Bank of America, Berenberg, DZ Bank, Jeffries, Kepler Cheuvreux, Oddo BHF, Redburn and NordLB.

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

The 2022 financial year was characterised by the restart of live entertainment and the performance of events after the Corona requirements were lifted in the second quarter of 2022 and an accompanying increase in ticket presales. Accordingly, consolidated revenue rose to EUR 1,925,803 thousand. Group EBITDA increased to EUR 379,540 thousand, primarily due to earnings contributions from presales and the staging of events.

The earnings performance of the CTS Group is as follows:

	2022	2021	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**1,925,803**	**407,821**	**1,517,982**	**>100.0**
EBITDA	**379,540**	**203,082**	**176,458**	**86.9**
Depreciation, amortisation and impairment	**-60,582**	**-55,501**	**-5,081**	**9.2**
EBIT	**318,958**	**147,581**	**171,377**	**>100.0**
Financial result	22,346	-6,477	28,823	>100.0
Earnings before taxes (EBT)	**341,304**	**141,104**	**200,200**	**>100.0**
Taxes	-87,526	-47,835	-39,690	83.0
Net result attributable to shareholders of CTS KGaA	**203,802**	**87,909**	**115,893**	**>100.0**
Net result attributable to non-controlling interests	49,977	5,360	44,617	>100.0

4.1.1 REVENUE PERFORMANCE

Group revenue[1] development is shown in the following table:

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
2022 [EUR'000]	**1,925,803**

During the period under review, consolidated revenue increased by EUR 1,517,982 thousand, to EUR 1,925,803 thousand (previous year: EUR 407,821 thousand). Revenue (before consolidation between segments) breaks down into EUR 541,408 thousand (previous year: EUR 224,139 thousand) in the Ticketing segment and EUR 1,410,228 thousand (previous year: EUR 191,101 thousand) in the Live Entertainment segment.

[1] *Revenue 2012-2016 was not part of the audit of the consolidated financial statements.*

The following table shows revenue by geographic distribution:

	2022	2021
	[EUR'000]	[EUR'000]
Germany	893,342	189,398
Italy	395,818	68,449
Switzerland	149,762	34,822
Austria	145,228	16,008
UK	63,302	4,956
Sweden	48,976	1,622
USA	48,617	47,811
Finland	42,029	12,226
Spain	27,838	4,616
Denmark	23,087	4,304
Netherlands	14,385	4,466
Other countries	73,419	19,143
	1,925,803	**407,821**

Revenue growth in Germany, Italy, Switzerland, Austria, UK, Sweden, Finland and Denmark resulted primarily from the Live Entertainment segment. While the increase in revenue in Germany, Austria, Switzerland, Italy and Finland in the Ticketing segment have also risen sharply.

In the **Ticketing segment**, revenue increased by EUR 317,269 thousand, or 141.6% to EUR 541,408 thousand (previous year: EUR 224,139 thousand). This was primarily driven by the jump of 37.3 million in the numbers of tickets sold online, to 69.3 million tickets, up from 32.0 million tickets in the previous year.

In the **Live Entertainment segment**, revenue increased by EUR 1,219,127 thousand to EUR 1,410,228 thousand (previous year: EUR 191,101 thousand). Revenue growth resulted from an increase in the number of events and tours due to the return to unrestricted business operations from spring 2022 onwards and the fact that festivals can now be held again after two years of cancellation due to the pandemic.

4.1.2 EARNINGS PERFORMANCE

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.

	2022	2021	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
EBITDA	**379,540**	**203,082**	**176,458**	**86.9**
Non-recurring items:	4,957	4,899	58	1.2
Legal and consulting fees for planned and completed acquisitions	911	1,459	-547	-37.5
Legal and consulting fees related to infrastructure charge	19	61	-42	-69.2
Expenses from allocations of purchase prices for acquisitions that are not classified as business combinations according to IFRS 3	4,027	3,380	647	19.2
Normalised EBITDA	**384,497**	**207,982**	**176,516**	**84.9**
Depreciation, amortisation and impairment	-60,582	-55,501	-5,081	9.2
thereof amortisation and impairment from purchase price allocation	-9,908	-12,085	2,177	-18.0
Normalised EBIT before amortisation and impairment from purchase price allocation	**333,823**	**164,566**	**169,257**	**>100.0**

The **CTS Group's** normalised EBITDA increased by EUR 176,516 thousand to EUR 384,497 thousand (previous year: EUR 207,982 thousand). The increase is mainly due to the earnings contributions from presales and the staging of events. This was offset by lower income for Corona economic aid programmes in Germany and abroad, which is primarily a compensation for expenses incurred due to events cancelled or held with reduced capacity due to COVID-19 from EUR 193,021 thousand by EUR 135,866 thousand to EUR 57,155 thousand. Income from refunded social security contributions of EUR 154 thousand (previous year: EUR 7,165 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 86,371 thousand in the Ticketing segment and EUR 90,134 thousand in the Live Entertainment segment. The normalised EBITDA margin increased to 20.0% (previous year: 51.0%).

Group EBITDA increased by EUR 176,458 thousand to EUR 379,540 thousand (previous year: EUR 203,082 thousand). The change in EBITDA breaks down into EUR 86,821 thousand in the Ticketing segment and EUR 89,627 thousand in the Live Entertainment segment. The Group EBITDA margin amounts up to 19.7% (previous year: 49.8%).

Normalised EBITDA in the **Ticketing segment** increased by EUR 86,371 thousand to EUR 263,432 thousand, up from EUR 177,061 thousand. The normalised EBITDA margin amounted to 48.7% (previous year: 79.0%). The main reason for the year-on-year improvement in earnings was the growth in the number of tickets sold online, both in Germany and abroad. This was offset by lower income for Corona economic aid programmes in Germany and abroad (EUR -110,032 thousand). Income from refunded social security contributions of EUR 30 thousand (previous year: EUR 2,732 thousand) was recognised as a reduction in personnel expenses and thus in the corresponding functional area costs.

EBITDA in the Ticketing segment increased by EUR 86,821 thousand to EUR 263,355 thousand, up from EUR 176,534 thousand during the previous year. The EBITDA margin amounted to 48.6% (previous year: 78.8%).

In the **Live Entertainment segment**, normalised EBITDA increased by EUR 90,134 thousand to EUR 121,055 thousand, up from EUR 30,920 thousand in the previous year. The normalised EBITDA margin decreased to 8.6% (previous year: 16.2%). The rise of normalised EBITDA is mainly due to earnings contributions from a large number of events, tours and festivals that were able to be held again after two years of being cancelled due to the pandemic. Income from Corona economic aid programmes provided in Germany and abroad amounting to EUR 55,005 thousand (previous year: EUR 80,840 thousand) was also recognised. Income from refunded social security contributions of EUR 125 thousand (previous year: EUR 4,433 thousand) was recognised as a reduction in personnel expenses and thus in the corresponding functional area costs.

EBITDA in the Live Entertainment segment increased by EUR 89,627 thousand to EUR 116,175 thousand, up from EUR 26,548 thousand in the previous year. The EBITDA margin was 8.2% (previous year: 13.9%).

NON-RECURRING ITEMS

In the period under review, the CTS Group's earnings were impacted by non-recurring items of EUR 4,880 thousand (previous year: EUR 4,372 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 4,027 thousand; previous year: EUR 3,380 thousand), as well as by other non-recurring items in connection with completed and planned acquisitions (mainly legal and consulting fees from due diligence). In the Ticketing segment, non-recurring items of EUR 77 thousand were recorded (previous year: EUR 527 thousand), primarily due to legal and consulting fees, including for due diligence.

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 169,257 thousand to EUR 333,823 thousand, up from EUR 164,566 thousand in the previous year. The normalised EBIT margin decreased to 17.3% (previous year: 40.4%). At EUR 318,958 thousand, Group EBIT figure was EUR 171,377 thousand higher than in the previous year (EUR 147,581 thousand). The EBIT margin decreased to 16.6% (previous year: 36.2%).

Total depreciation and amortisation within the **CTS Group** amounted up to EUR 60,582 thousand (previous year: EUR 55,501 thousand). The amortisation and impairment from purchase price allocations amounts to EUR 9,908 thousand (previous year: EUR 12,085 thousand). At EUR 50,674 thousand, the amortisation of intangible assets and the depreciation of property, plant and equipment were above the previous year's level (previous year: EUR 43,416 thousand).

In the **Ticketing segment**, normalised EBIT before amortisation and impairment from purchase price allocation increased by EUR 80,729 thousand to EUR 230,576 thousand, up from EUR 149,847 thousand. The normalised EBIT margin was 42.6%, down from 66.9% in the previous year. EBIT increased by EUR 85,486 thousand to EUR 228,725 thousand, up from EUR 143,239 thousand. The EBIT margin decreased to 42.2%, compared to 63.9% in the previous year.

The **Live Entertainment segment,** normalised EBIT before amortisation and impairment from purchase price allocation was EUR 103,237 thousand, up from EUR 14,719 thousand in the previous year. The normalised EBIT margin decreased slightly to 7.3% (previous year: 7.7%). EBIT increased by EUR 85,881 thousand to EUR 90,223 thousand, up from EUR 4,342 thousand in the previous year. The EBIT margin was 6.4% (previous year: 2.3%).

FINANCIAL RESULT

The financial result increased by EUR 28,823 thousand to EUR 22,346 thousand, up from EUR -6,477 thousand in the previous year. The increase was largely due to financial income generated from the sale of shares in a subsidiary and investment income from associates accounted for at equity.

The increase in financial income (EUR +18,225 thousand) is mainly the result of the gain realised from the sale of shares in Eventum Entertainment Properties AB, Stockholm, Sweden (EUR +6,373 thousand), higher interest income of EUR 4,498 thousand and higher income from the revaluation of shares in associates accounted for at equity (EUR +4,680 thousand). Additionally, there was a positive effect (EUR +3,357 thousand) from updated valuations of existing contractual agreements (put options and earn-out agreements).

Financial expenses increased by EUR 7,259 thousand. The increase is mainly due to deconsolidation effects of EUR 5,693 thousand and higher interest expenses of EUR 508 thousand. On the other hand, expenses from updated valuations of existing contractual agreements (put options and earn-out agreements) decreased by EUR 161 thousand.

Income from investments from third parties and from associates accounted for at the equity increased by EUR 17,857 thousand from EUR -4,789 thousand to EUR 13,069 thousand, as events could be held again after two years of cancellations due to the pandemic, which led to positive contributions to earnings.

TAXES

Taxes in the reporting year include tax expenses of EUR 87,526 thousand (previous year: EUR 47,835 thousand). The EUR 39,690 thousand increase in taxes is mainly due to the increased operating result. Taxes include deferred tax expenses of EUR 9,255 thousand (previous year: EUR 833 thousand) and the current income tax expenses of consolidated entities of EUR 78,270 thousand (previous year: EUR 47,002 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 203,802 thousand (previous year: EUR 87,909 thousand). Earnings per share (EPS) increased to EUR 2.12 (previous year: EUR 0.92).

NET RESULT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net result attributable to non-controlling interests increased by EUR 44,617 thousand to EUR 49,977 thousand, up from EUR 5,360 thousand in the previous year.

4.1.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2022	2021	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	111,458	81,758	29,701	36.3
General administrative expenses	96,486	62,192	34,294	55.1
Other operating income	114,569	222,774	-108,205	-48.6
Other operating expenses	35,989	11,954	24,035	>100.0
thereof non-recurring items	*4,957*	*4,899*	*58*	*1.2*

SELLING EXPENSES

Selling expenses increased by EUR 29,701 thousand to EUR 111,458 thousand. The increase in selling expenses can primarily be attributed to higher other operating expenses (EUR +23,279 thousand) and personnel expenses (EUR +14,985 thousand). On the other hand, there was a decrease in depreciation and amortisation (EUR -5,677 thousand). The increase in other operating expenses is mainly due to higher advertising expenses and bad debt allowances on receivables.

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses increased by EUR 34,294 thousand to EUR 96,486 thousand. The increase can primarily be attributed to higher personnel expenses (EUR +22,856 thousand; see section 4.1.4 Personnel) and higher other operating expenses (EUR +9,667 thousand). The increase in other operating expenses is mainly due to higher expenses for external services.

OTHER OPERATING INCOME

Other operating income decreased by EUR 108,205 thousand to EUR 114,569 thousand. The decrease was largely attributable to lower income as part of the economic aid programmes provided in Germany and abroad in connection with the COVID-19 pandemic, which decreased by EUR 135,866 thousand to EUR 57,155 thousand. On the other hand, compared to the same period of the previous year, there was higher income from currency translation (EUR +4,603 thousand), particularly from translating US dollars to euro. In addition, income from the reversal of provisions of EUR 6,513 thousand and income from reclaims of EUR 4,355 thousand were recognised, as the Italian administrative court overturned the fine imposed by the Italian competition and cartel authority as part of administrative proceedings.

OTHER OPERATING EXPENSES

Other operating expenses increased by EUR 24,035 thousand to EUR 35,989 thousand. The increase can particularly be attributed to higher expenses for reclaims of Corona aid programmes in Austria of EUR 9,254 thousand, expenses for external services (EUR 4,321 thousand) and higher currency translation expenses resulting from the translation of receivables and liabilities, especially in Brazilian real, US dollar, Israeli shekel and British pound sterling (EUR 4,300 thousand). Furthermore, depreciation and amortisation increased by EUR 5,433 thousand.

4.1.4 PERSONNEL

Personnel expenses increased by EUR 76,295 thousand, or 55.4%, to EUR 214,050 thousand (previous year: EUR 137,755 thousand). Of the increase in personnel expenses, EUR 39,111 thousand was attributable to the Live Entertainment segment and EUR 37,184 thousand to the Ticketing segment. The increase in personnel expenses resulted, among other things, from short-time work benefits due to the pandemic and salary waivers in the previous year from one-off payments and back salary payments based on the good results in both the Live Entertainment and Ticketing segments in the reporting year.

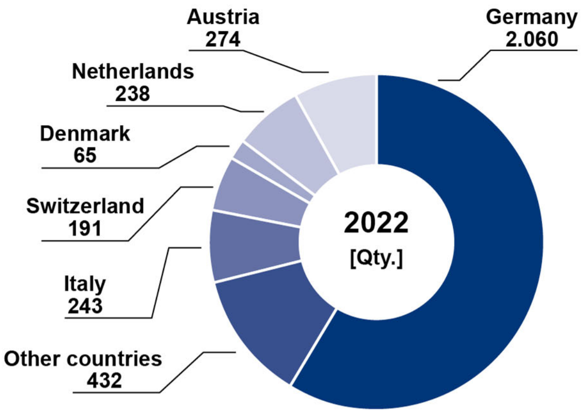
Income from refunded social security contributions was recorded in the CTS Group as a reduction in personnel expenses of EUR 154 thousand (previous year: EUR 7,165 thousand), of which EUR 125 thousand (previous year: EUR 4,433 thousand) relates to the Live Entertainment segment, and EUR 30 thousand (previous year: EUR 2,732 thousand) relates to the Ticketing segment.

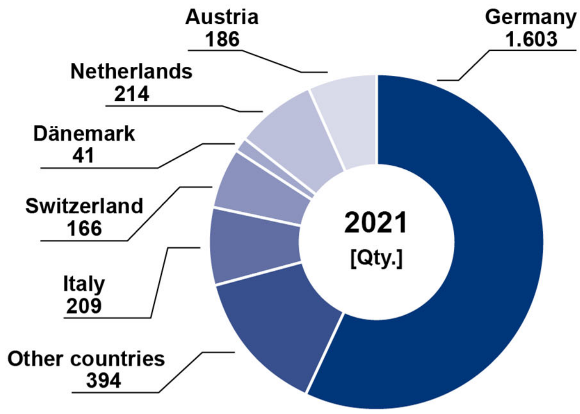
Breakdown of workforce by segment (permanent and temporary employees), year-end figures:

	2022	2021	Change	
	[Qty.]	[Qty.]	[Qty.]	[in %]
Ticketing	1,824	1,676	148	8.8
Live Entertainment	1,679	1,137	542	47.7
Total	**3,503**	**2,813**	**690**	**24.5**

The increase in staff in both segments resulted in particular from the recovery of business activity after a two-year pandemic-related break.

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





In 2022, the Group employed an average of 516 more employees than in the 2021 financial year.

4.1.5 PERFORMANCE OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

	2019	2020	2021	2022
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	481.6	126.6	224.1	541.4
EBITDA	219.3	-24.1	176.5	263.4
EBITDA margin	45.5%	-19.1%	78.8%	48.6%
Normalised EBITDA	220.4	-23.6	177.1	263.4
Normalised EBITDA margin	45.8%	-18.7%	79.0%	48.7%
EBIT	185.0	-57.8	143.2	228.7
EBIT margin	38.4%	-45.6%	63.9%	42.2%
Normalised EBIT before amortisation and impairment from purchase price allocation	192.9	-50.8	149.9	230.6
Normalised EBIT margin before amortisation and impairment from purchase price allocation	40.1%	-40.1%	66.9%	42.6%

The increase in revenue during the 2022 financial year was characterised by the rise in ticket presales on the internet for future events. Of the segment revenue in the 2022 reporting year, EUR 473,779 thousand (previous year: EUR 189,825 thousand) was attributable to internet sales. This corresponds to a share of 87.5% (previous year: 84.7%).

The key figures were burdened in the 2021 financial year due to the COVID 19 pandemic, whereby the income for Corona economic aid in Germany and abroad increased EBITDA, normalised EBITDA, EBIT and normalised EBIT before amortisation and impairment from purchase price allocation in the 2021 financial year.

LIVE ENTERTAINMENT

	2019	2020	2021	2022
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	985.8	136.8	191.1	1,410.2
EBITDA	65.0	17.0	26.5	116.2
EBITDA margin	6.6%	12.4%	13.9%	8.2%
Normalised EBITDA	66.1	20.7	30.9	121.1
Normalised EBITDA margin	6.7%	15.1%	16.2%	8.6%
EBIT	45.2	-5.2	4.3	90.2
EBIT margin	4.6%	-3.8%	2.3%	6.4%
Normalised EBIT before amortisation and impairment from purchase price allocation	50.0	4.6	14.7	103.2
Normalised EBIT margin before amortisation and impairment from purchase price allocation	5.1%	3.4%	7.7%	7.3%

The increase in revenue in 2022 is mainly the result of a high number of events and tours due to the return to unrestricted business operations from spring 2022 and the fact that festivals were held again after two years of cancellations due to the pandemic.

The key figures were burdened in the 2021 financial year due to the COVID 19 pandemic, whereby the income for Corona economic aid in Germany and abroad increased EBITDA, normalised EBITDA, EBIT and normalised EBIT before amortisation and impairment from purchase price allocation in the 2021 financial year.

4.2 FINANCIAL POSITION
4.2.1 GROUP FINANCIAL POSITION

	31 Dec 2022		31 Dec 2021		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	1,074,507	41.2	965,190	42.2	109,317
Marketable securities and other investments	163,621	6.3	30,834	1.3	132,787
Trade receivables	113,393	4.3	54,483	2.4	58,910
Receivables from related parties	3,807	0.1	1,971	0.1	1,836
Inventories	5,027	0.2	4,738	0.2	289
Advances paid	133,457	5.1	143,002	6.3	-9,546
Other financial assets	164,473	6.3	87,336	3.8	77,137
Other non-financial assets	77,958	3.0	111,415	4.9	-33,456
Total current assets	**1,736,243**	**66.5**	**1,398,970**	**61.2**	**337,273**
Non-current assets					
Goodwill	361,739	13.9	362,640	15.9	-901
Fixed assets	460,914	17.7	439,097	19.2	21,817
Trade receivables	151	0.0	17	0.0	134
Advances paid	2,299	0.1	26,916	1.2	-24,617
Other financial assets	8,393	0.3	19,211	0.8	-10,818
Other non-financial assets	14,189	0.5	10,269	0.4	3,920
Deferred tax assets	25,356	1.0	30,717	1.3	-5,362
Total non-current assets	**873,039**	**33.5**	**888,866**	**38.9**	**-15,827**
Total assets	**2,609,282**	**100.0**	**2,287,836**	**100.0**	**321,446**

	31 Dec 2022		31 Dec 2021		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Financial liabilities	2,118	0.1	9,813	0.4	-7,695
Trade payables	232,622	8.9	119,723	5.2	112,899
Payables to related parties	8,154	0.3	6,420	0.3	1,734
Advance payments received	524,855	20.1	634,486	27.7	-109,631
Other provisions	39,762	1.5	37,030	1.6	2,733
Tax debts	91,980	3.5	52,704	2.3	39,276
Other financial liabilities	557,987	21.4	513,903	22.5	44,084
Lease liabilities	18,049	0.7	17,973	0.8	76
Other non-financial liabilities	117,963	4.5	84,643	3.7	33,319
Total current liabilities	**1,593,491**	**61.1**	**1,476,695**	**64.5**	**116,796**
Non-current liabilities					
Financial liabilities	14,873	0.6	18,976	0.8	-4,103
Trade payables	1,303	0.0	0	0.0	1,303
Advanced payments received	12,052	0.5	34,717	1.5	-22,664
Provisions	4,957	0.2	4,557	0.2	400
Other financial liabilities	9,217	0.4	20,577	0.9	-11,360
Lease liabilities	102,889	3.9	113,020	4.9	-10,131
Pension provisions	6,000	0.2	13,201	0.6	-7,201
Deferred tax liabilities	27,074	1.0	20,294	0.9	6,780
Total non-current liabilities	**178,366**	**6.8**	**225,342**	**9.8**	**-46,976**
Equity					
Share capital	96,000	3.7	96,000	4.2	0
Capital reserve	1,890	0.1	1,890	0.1	0
Statutory reserve	7,200	0.3	7,200	0.3	0
Retained earnings	629,501	24.1	424,609	18.6	204,892
Other reserves	-2,916	-0.1	305	0.0	-3,220
Treasury shares	-52	0.0	-52	0.0	0
Total equity attributable to shareholders of CTS KGaA	**731,623**	**28.0**	**529,952**	**23.2**	**201,672**
Non-controlling interests	105,802	4.1	55,847	2.4	49,955
Total equity	**837,426**	**32.1**	**585,799**	**25.6**	**251,627**
Total equity and liabilities	**2,609,282**	**100.0**	**2,287,836**	**100.0**	**321,446**

Total assets of the CTS Group rose in the reporting year, mainly due to the increase in equity as a result of higher earnings. As of the 31 December 2022 reporting date, total assets amounted to EUR 2,609,282 thousand and thus EUR 321,446 thousand or 14.1% higher compared to the previous year. The equity ratio increased by 6.5 percentage points to 32.1%. Working capital (current assets less current liabilities) changed by EUR 220,477 thousand, rising from EUR -77,725 thousand in the previous year to EUR 142,752 thousand.

CURRENT ASSETS increased by EUR 337,273 thousand to EUR 1,736,243 thousand, in particular due to increases in cash and cash equivalents (EUR +109,317 thousand), in marketable securities and other investments (EUR +132,787 thousand), in trade receivables (EUR +58,910 thousand) and in other financial assets (EUR +77,137 thousand).

Cash and cash equivalents were up by EUR 109,317 thousand compared with 31 December 2021. Cash and cash equivalents, came to EUR 1,074,507 thousand (previous year: EUR 965,190 thousand) and included ticket money from ticket presales for events that have not yet been settled (ticket money received that has not yet been settled with promoters, particularly in the Ticketing segment), which are reported in other financial liabilities (EUR 507,697 thousand; previous year: EUR 468,243 thousand). Other financial assets also include ticket money receivables from presales in the Ticketing segment (EUR 107,430 thousand; previous year: EUR 61,525 thousand) and factoring receivables from ticket money (EUR 11,898 thousand; previous year: EUR 3,613 thousand).

Marketable securities and other investments rose by EUR 132,787 thousand, due in particular to term deposits.

The increase in current **trade receivables** (EUR +58,910 thousand) is mainly due to the increase in business activity.

The increase in current **other financial assets** (EUR +77,137 thousand) was mainly due to higher ticket money receivables from presales (EUR +45,904 thousand), higher factoring receivables from ticket money (EUR +8,285 thousand) primarily in the Ticketing segment and due to matching maturity reclassification of loans to associates accounted for at equity (EUR +9.020 thousand).

NON-CURRENT ASSETS decreased by EUR 15,827 thousand to EUR 873,039 thousand mainly due to a decrease in advances paid (EUR -24,617 thousand) and in other financial assets (EUR -10,818 thousand). This was offset by an increase in fixed assets (EUR +21,817 thousand).

The rise in **fixed assets** (EUR +21,817 thousand) was mainly due to advance payments made in property, plant and equipment of EUR 18,091 thousand for the MSG Arena in Milan and for entertainment exhibition inventory of event formats. Furthermore, the investments in associates accounted for at equity increased.

The decrease of non-current **advances paid** (EUR -24,617 thousand) resulted from the reclassification in current advances paid in the Live Entertainment segment.

The ratio of non-current assets to total assets was 33.5% (previous year: 38.9%).

CURRENT LIABILITIES increased by EUR 116,796 thousand to EUR 1,593,491 thousand. The increase was mainly attributable to increases in trade payables (EUR +112,899 thousand), in tax debts (EUR +39,276 thousand) and in other financial liabilities (EUR +44,084 thousand). By contrast there was a decrease in advance payments received (EUR -109,631 thousand).

Trade payables increased by EUR 112,899 thousand mainly due to increase in business activity.

The decrease in current **advance payments received** (EUR -109,631 thousand) was mainly attributable to staging catch-up and new events in the Live Entertainment segment.

The increase of EUR 39,276 thousandin **tax debts** was predominantly due to an increase in business activity and the resulting higher earnings contributions.

Other financial liabilities (EUR +44,084 thousand) increased mainly due to the build-up of liabilities from ticket money received that has not yet been settled with promoters in the Ticketing segment.

NON-CURRENT LIABILITIES amounted to EUR 178,366 thousand at the reporting date, representing a decrease of -20.8%, or EUR 46,976 thousand (previous year: EUR 225,342 thousand). The decrease resulted primarily from the reclassification to current liabilities of advance payments received for future events in the Live Entertainment segment and liabilities from ticket money received that has not yet been settled with promoters in the Ticketing segment.

EQUITY increased by EUR 251,627 thousand to EUR 837,426 thousand. The net result attributable to shareholders of CTS KGaA increased by EUR 115,893 thousand to EUR 203,802 thousand compared to financial year 2021.

The equity ratio (equity/total assets) of 32.1% is above the previous year's level of 25.6% due to the increase in retained earnings. The return on equity (net income/equity) is 24.3%, compared to 15.0% in the previous year.

4.2.2 FINANCIAL MANAGEMENT

The 2022 financial year was characterised by the restart of live entertainment and the performance of events after the Corona requirements were lifted as well as an increase in ticket presales.

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

Financial management is intended to ensure solvency at all times 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 financing structure of the CTS Group comprises debt and equity owed to CTS KGaA’s shareholders, which comprises issued shares and retained earnings in particular. The debts are offset by the available cash and cash equivalents, resulting in the net debt.

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 prefinancings, for example. This approach prioritizes 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 addressees 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 within the Central Finance division.

Derivative financial instruments are generally only used to hedge exposure from the operating business. No derivatives were used in 2022. Financial management focuses among other things on securing the earnings and asset situation in euro, the Group’s functional currency. Generally instruments are entered into that are designed to hedge equity exposure in euro 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 2022, the operating business, necessary investments, and acquisitions were funded using available liquidity.

In March 2022, the existing syndicated credit facility (revolving credit facility) in the amount of EUR 200,000 thousand was repaid early and replaced prior to maturity by a new syndicated credit facility in a volume of EUR 150,000 thousand with a term of three years (plus renewal options). The financial covenants continue to include the equity ratio and the adjusted net debt. In 2022, the revolving credit facility was only used to a limited extent for the utilisation of guarantee and suretyship agreements.

The Group has a solid equity ratio of 32.1%. 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 16,991 thousand (previous year: EUR 28,789 thousand) include loans of EUR 354 thousand (previous year: EUR 4,590 thousand) as well as EUR 16,637 thousand (previous year: EUR 24,200 thousand) in purchase price obligations and put options liabilities of non-controlling interests.

From a risk perspective, a balanced relationship between net debt and equity is to be strived. In addition to improving leverage and thus optimising the capital structure, a stable equity ratio is the basis for a higher debt 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 cash and cash equivalents, in addition to isolated investments that can be liquidated at short notice.

The debt ratio is as follows:

	31.12.2022 [EUR'000]	31.12.2021 [EUR'000]
Debt[1]	585,805	628,753
Cash and cash equivalents, marketable securities and other investments[2]	-1,238,128	-996,024 [2]
Net debt	**-652,323**	**-367,272** [2]
Equity	837,426	585,799
Net debt to equity	-77.9%	-62.7% [2]

[1] *Debt is defined as non-current and current financial liabilities (EUR 16,991 thousand; previous year: EUR 28,789 thousand), other non-current and current financial liabilities and non-current and current lease liabilities (EUR 688,142 thousand; previous year: EUR 665,102 thousand). Other financial liabilities were offset against ticket money receivables including factoring receivables from ticket money (EUR 119,328 thousand; previous year: EUR 65,139 thousand).*

[2] *Marketable Securities and other investments were included in cash and cash equivalents. The figures of the previous year were adjusted accordingly.*

Net debt indicates the amount of debt that would remain if a company used its cash and cash equivalents, marketable securities and other investments to repay all of its financial liabilities. Structurally, the negative net debt results mainly from the advance payments received for future events in the Live Entertainment segment. The change in net debt results from the increase in cash and cash equivalents as well as marketable securities and other investments as a result of the positive business performance and earnings situation in the reporting year.

4.3 CASH FLOW

Cash flow from:	2022 [EUR'000]	2021 [EUR'000]	Change [EUR'000]
Operating activities	179,027	502,741	-323,714
Investing activities	-44,001	-62,623	18,622
Financing activities	-29,887	-222,682	192,795
Net increase / decrease in cash and cash equivalents	**105,140**	**217,436**	**-112,296**
Net increase / decrease in cash and cash equivalents due to currency translation	4,474	6,572	-2,098
Changes in cash and cash equivalents due to the scope of consolidation	-297	0	-297
Cash and cash equivalents at beginning of period	965,190	741,182	224,009
Cash and cash equivalents at end of period	**1,074,507**	**965,190**	**109,317**

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 2021, cash and cash equivalents increased by EUR 109,317 thousand from EUR 965,190 thousand to EUR 1,074,507 thousand.

Cash and cash equivalents of EUR 1,074,507 thousand (previous year: EUR 965,190 thousand) include inter alia ticket money from ticket presales for events that have not yet been settled (ticket money received that have not yet been settled with promoters, particularly in the Ticketing segment), which are reported in other financial liabilities (EUR 507,697 thousand; previous year: EUR 468,243 thousand). Other financial assets also include ticket money receivables from ticket presales mainly in the Ticketing segment (EUR 107,430 thousand; previous year: EUR 61,525 thousand) and factoring receivables (EUR 11,898 thousand; previous year: EUR 3,613 thousand).

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

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities decreased by EUR 323,714 thousand year-on-year from EUR 502,741 thousand to EUR 179,027 thousand. The drop resulted among other things from changes in higher reductions of advance payments received in the Live Entertainment segment (due to the high number of events held) and in liabilities from ticket money received that have not yet been settled with promoters in the Ticketing segment. By contrast, the reduction in advances paid made in the Live Entertainment segment and the increase in trade payables as well as the significantly increased net result of the period led to positive cash flow effects.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities led to a net cash outflow of EUR -44,001 thousand resulting to a decrease by EUR 18,622 thousand compared to EUR -62,623 thousand in the previous year. This positive change mainly resulted from cash inflow from the sale of shares in a Live Entertainment subsidiary in Sweden, in the amount of EUR 9,790 thousand as well as the cash and cash equivalents taken over as part of an acquisition. This was offset by higher payments for investments in property, plant and equipment (essentially advance payments made for the MSG Arena in Milan and entertainment exhibition inventory) and in investments in associates accounted for at equity in the USA.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities changed from a net cash outflow of EUR -222,682 thousand in the prior year to a net cash outflow of TEUR -29,887, resulting in a decline of EUR 192,795 thousand. The reason for this was in particular the repayment of the syndicated credit line in the amount of EUR 200,000 thousand in the previous year, which led to a positive cash flow effect compared to the reporting period. This contrasted with higher payouts to non-controlling shareholder in the reporting period.

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).

	2022	2021	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**280,281**	**113,784**	**166,497**	**>100.0**
EBITDA	**130,693**	**114,500**	**16,193**	**14.1**
EBIT	**112,114**	**95,838**	**16,276**	**17.0**
Financial result	46,448	20,537	25,911	>100.0
Earnings before taxes (EBT)	**158,562**	**116,374**	**42,187**	**36.3**
Taxes	-49,165	-41,885	-7,280	-17.4
Net income for the year	**109,397**	**74,489**	**34,908**	**46.9**

5.1.1 REVENUE PERFORMANCE

The revenue of CTS KGaA increased by EUR 166,497 thousand, or 146.3%, to EUR 280,281 thousand in financial year 2022, up from EUR 113,784 thousand in the previous year. The increase in revenue resulted from higher event presales. The internet ticket volume increased by 11.7 million tickets, or 103.7%, to 23.0 million tickets, up from 11.3 million tickets in the previous year.

5.1.2 EARNINGS PERFORMANCE

EBITDA

EBITDA increased by EUR 16,193 thousand to EUR 130,693 thousand, up from EUR 114,500 thousand. This positive effect is also due to the increase in advance sales of events. The EBITDA margin amounts to 46.6% (previous year: 100.6%). In the previous year, that amount was positively influenced by income received as part of the economic aid programmes in connection with the COVID-19 pandemic, which was reported under other operating income.

EBIT

The EBIT figure for the reporting year increased to EUR 112,114 thousand (previous year: EUR 95,838 thousand), and the EBIT margin was 40.0% (previous year: 84.2%).

FINANCIAL RESULT

The financial result increased by EUR 25,911 thousand to EUR 46,448 thousand, up from EUR 20,537 thousand in the previous year.

The financial result includes effects from profit-and-loss transfer agreements and profit shares in commercial partnerships (EUR 33,115 thousand; previous year: EUR 26,219 thousand), income from participations (EUR 17,104 thousand; previous year: EUR 0 thousand), impairment of financial assets (EUR 3,970 thousand; previous year: EUR 4,018 thousand), interest income (EUR 3,431 thousand; previous year: EUR 1,707 thousand), interest expenses (EUR 2,612 thousand; previous year: EUR 2,393 thousand), and other financial expenses (EUR 619 thousand; previous year: EUR 978 thousand).

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

TAXES

The tax expense was EUR 49,165 thousand (previous year: EUR 41,885 thousand), and includes expenses from income taxes of EUR 36,008 thousand (previous year: EUR 36,599 thousand), expenses from deferred taxes of EUR 13,153 thousand (previous year: EUR 5,282 thousand), and other taxes (EUR 4 thousand; previous year: EUR 4 thousand). The tax rate (income taxes / earnings before taxes) is 31.0% (previous year: 36.0%).

NET RESULT

In the year under review, CTS KGaA recorded net income of EUR 109,397 thousand within the meaning of the German Commercial Code (HGB) (previous year: net income of EUR 74,489 thousand).

5.1.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE INCOME STATEMENT

	2022	2021	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	43,833	34,199	9,634	28.2
General administrative expenses	28,567	19,090	9,477	49.6
Other operating income	18,446	96,396	-77,950	-80.9
Other operating expenses	5,591	4,402	1,189	27.0
thereof non-recurring items	*77*	*527*	*-450*	*-85.4*

SELLING EXPENSES

Selling expenses increased by EUR 9,634 thousand to EUR 43,833 thousand year on year. The increase can be attributed to pro rata other operating expenses (EUR +9,616 thousand) and pro rata personnel costs (EUR +3,868 thousand).

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses also increased, by EUR 9,477 thousand to EUR 28,567 thousand. The increase can mostly be attributed to pro rata personnel costs (EUR +4,348 thousand).

OTHER OPERATING INCOME

Other operating income decreased by EUR 77,950 thousand to EUR 18,446 thousand, down from EUR 96,396 thousand in the previous year. The decrease was mainly the result of lower other operating income received as part of the economic aid programmes in connection with the COVID-19 pandemic (EUR -83,495 thousand). In contrast, income from currency translation, especially from the conversion of US dollars, increased (EUR +2,737 thousand).

OTHER OPERATING EXPENSES

During financial year 2022, other operating expenses increased by EUR 1,189 thousand to EUR 5,591 thousand, up from EUR 4,402 thousand in the previous year. The increase was mainly the result of higher expenses for currency translation, particularly for the conversion of US dollars (EUR +2,299 thousand).

PERSONNEL

Total personnel expenses increased by EUR 10,259 thousand to EUR 37,660 thousand year on year, up from EUR 27,401 thousand in the previous year.

At the end of financial year 2022, CTS KGaA had 367 employees (previous year: 335 employees). The average number of employees over the year increased from 312 in the previous year to 355 in the current year.

5.2 FINANCIAL POSITION

	31 Dec 2022		31 Dec 2021		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	531,945	41.8	289,096	29.8	242,848
Trade receivables	8,473	0.7	6,410	0.7	2,063
Receivables from affiliated companies and participations	166,550	13.1	114,841	11.8	51,709
Inventories	3,550	0.3	154	0.0	3,396
Other assets and prepaid expenses	60,761	4.8	40,419	4.2	20,342
Total current assets	**771,280**	**60.6**	**450,921**	**46.4**	**320,359**
Non-current assets					
Fixed assets	460,565	36.2	376,194	38.7	84,371
Goodwill	0	0.0	3,825	0.4	-3,825
Receivables from affiliated companies and participations	36,525	2.9	136,041	14.0	-99,515
Other assets and prepaid expenses	1,744	0.1	1,429	0.1	315
Deferred tax assets	2,723	0.2	2,448	0.3	275
Total non-current assets	**501,557**	**39.4**	**519,937**	**53.6**	**-18,379**
Total assets	**1,272,837**	**100.0**	**970,858**	**100.0**	**301,979**

	31 Dec 2022		31 Dec 2021		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Financial liabilities	20	0.0	71	0.0	-51
Advance payments received on orders	5,146	0.4	61	0.0	5,085
Trade payables	9,460	0.7	3,897	0.4	5,564
Payables to affiliated companies and participations	257,888	20.3	136,440	14.1	121,448
Provisions	87,257	6.9	65,741	6.8	21,517
Other liabilities and deferred income	322,045	25.3	288,280	29.7	33,765
Total current liabilities	**681,818**	**53.6**	**494,489**	**50.9**	**187,328**
Non-current liabilities					
Other liabilities	6,492	0.5	14,665	1.5	-8,173
Deferred tax liabilities	14,333	1.1	905	0.1	13,428
Total non-current liabilities	**20,825**	**1.6**	**15,571**	**1.6**	**5,254**
Shareholders' equity					
Share capital	96,000	7.5	96,000	9.9	0
less par value of treasury shares	-9	0.0	-9	0.0	0
Capital reserve	2,400	0.2	2,400	0.2	0
Statutory reserve	7,200	0.6	7,200	0.7	0
Balance sheet profit	464,604	36.5	355,207	36.6	109,397
Total shareholders' equity	**570,195**	**44.8**	**460,798**	**47.5**	**109,397**
Total shareholders' equity and liabilities	**1,272,837**	**100.0**	**970,858**	**100.0**	**301,979**

CTS KGaA's total assets increased by EUR 301,979 thousand to EUR 1,272,837 thousand year on year.

CURRENT ASSETS increased by EUR 320,359 thousand to EUR 771,280 thousand. The increase was mainly the result of an increase in cash and cash equivalents (EUR +242,848 thousand), receivables from affiliated companies and participations (EUR +51,709 thousand), and other assets and prepaid expenses (EUR +20,342 thousand).

Receivables from affiliated companies and participations increased by EUR 51,709 thousand to EUR 166,550 thousand, up from EUR 114,841 thousand in the previous year. The increase was mainly the result of higher receivables due to profit and loss transfer and income from investments (EUR +27,539 thousand). The extension of short-term loans to affiliated companies and participations also increased (EUR +13,814 thousand).

Other assets and prepaid expenses increased by EUR 20,342 thousand to EUR 60,761 thousand, up from EUR 40,419 thousand in the previous year, mainly due to the increase in receivables from ticket money from presales (EUR +31,875 thousand), which were offset by the reduction in receivables paid during the year under review as part of the economic aid programmes in connection with the COVID-19 pandemic (EUR-19,459 thousand).

NON-CURRENT ASSETS decreased by EUR 18,379 thousand to EUR 501,557 thousand, down from EUR 519,937 thousand in the previous year. The decrease mainly concerns the reduction in receivables from affiliated companies and participations (EUR -99,515 thousand), as well as scheduled amortisation of goodwill under commercial law (EUR -3,825 thousand), which was offset by the increase in assets (EUR +84,371 thousand).

Receivables from affiliated companies and participations decreased by EUR 99,515 thousand to EUR 36,525 thousand, down from EUR 136,041 thousand in the previous year. The decrease was mainly due to the conversion of a long-term loan into equity (capital reserve) at one subsidiary (EUR -86,300 thousand).

The conversion of a long-term loan into equity (capital reserve) at one subsidiary (EUR +86,300 thousand) was the main reason for the EUR 84,371 thousand increase in **Assets** to EUR 460,565 thousand.

CURRENT LIABILITIES increased by EUR 187,328 thousand to EUR 681,818 thousand. The increase was mainly the result of liabilities to affiliated companies and participations (EUR +121,448 thousand), other liabilities and deferred income (EUR +33,765 thousand), and provisions (EUR +21,517 thousand).

The EUR 121,448 thousand increase in **Liabilities to affiliated companies and participations** to EUR 257,888 thousand mainly relates to liabilities resulting from the cash pool arrangement with selected subsidiaries of CTS KGaA (EUR +112,050 thousand).

The increase in **Other liabilities and deferred income** of EUR 33,765 thousand primarily relates to higher liabilities from ticket money that have not yet been settled with promoters (EUR +21,658 thousand). Due to the increase in presales of events, the number of events that had not yet been settled was higher as at 31 December 2022 compared to the previous year. Tax liabilities (EUR +4,379 thousand) and voucher liabilities (EUR +3,117 thousand) also increased year on year.

Provisions increased by EUR 21,517 thousand to EUR 87,257 thousand, up from EUR 65,741 thousand in the previous year. This was mainly due to the increase in tax provisions (EUR +9,180 thousand) and the provision for outstanding commission payments (EUR +8,641 thousand).

NON-CURRENT LIABILITIES increased by EUR 5,254 thousand to EUR 20,825 thousand. The increase was mainly the result of the increase in deferred tax liabilities (EUR +13,428 thousand), which was offset by a decrease in other liabilities (EUR -8,173 thousand).

The increase in **Deferred tax liabilities** (EUR +13,428 thousand) was mainly the result of different approaches in the balance sheets for commercial law and tax purposes due to the differing useful lives of intangible assets and property, plant and equipment.

The decrease in **Other liabilities** (EUR -8,173 thousand) was due to a decrease in ticket money that had not yet been settled with promoters for events that will not take place until after 31 December 2023.

As part of the net profit for the year, **SHAREHOLDERS' EQUITY** increased from EUR 109,397 thousand to EUR 570,195 thousand.

The decrease in the equity ratio (shareholders' equity / total assets) from 47.5% to 44.8% was mainly the result of the marked increase in liabilities to affiliated companies and participations, in particular due to the increase in liabilities resulting from the cash pool arrangement with selected subsidiaries of KGaA.

The return on equity (net result / shareholders' equity) amounts to 19.2% (previous year: 16.2%).

5.3 CASH FLOW

	2022	2021	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	143,735	120,260 [1]	23,475
Investing activities	-16,787	-17,979	1,192
Financing activities	115,701	-116,060 [1]	231,761
Net increase / decrease in cash and cash equivalents	**242,649**	**-13,779**	**256,428**
Net increase/decrease in cash and cash equivalents due to currency translation	199	124	76
Cash and cash equivalents at beginning of period	289,096	302,752	-13,655
Cash and cash equivalents at end of period	**531,945**	**289,096**	**242,848**

[1] *In the previous year, the change in cash pooling with selected subsidiaries of CTS KGaA was reclassified from operating cash flow to cash flow from financing activities (EUR 84,089 thousand).*

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 2021, cash and cash equivalents increased by EUR 242,848 thousand to EUR 531,945 thousand, up from EUR 289,096 thousand in the previous year.

Cash and cash equivalents of EUR 531,945 thousand (previous year: EUR 289,096 thousand) include ticket money from presales for events that have not been settled yet, which are reported under other liabilities (EUR 287,844 thousand; previous year: EUR 274,359 thousand). Other assets also include receivables relating to ticket money from presales (EUR 43,912 thousand; previous year: EUR 12,037 thousand) and factoring receivables from ticket money (EUR 11,904 thousand; previous year: EUR 3,615 thousand).

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased by EUR 23,475 thousand to EUR 143,735 thousand, up from EUR 120,260 thousand in the previous year. The increase in the cash flow from operating activities was mainly the result of the positive effect on the net profit for the year of the presales of events, which increased by EUR 34,908 thousand year on year.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities decreased by EUR 1,192 thousand to EUR -16,787 thousand, down from EUR -17.979 thousand in the previous year. The cash outflows in the year under review were mainly the result of investments in intangible assets of EUR 11,312 thousand (previous year: EUR 8,257 thousand), in particular for the continued development of our global ticketing system.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities increased by EUR 231,761 thousand to EUR 115,701, up from EUR -116,060 thousand in the previous year. The repayment of the syndicated credit line (revolving credit facility) was the main cause of the negative cash flow effect in the previous year. The cash inflows during the year under review can mainly be attributed to the increase in liabilities resulting from the cash pooling arrangement with selected subsidiaries of CTS KGaA (EUR 112,050 thousand).

6. APPROPRIATION OF EARNINGS BY CTS KGaA

In the 2021 financial year, CTS KGaA generated a net income (according to HGB) of EUR 74,489 thousand. The Annual General Meeting on 12 May 2022 adopted a resolution to carry forward the balance sheet profit of EUR 355,207 thousand to the new financial year.

In the 2022 financial year, CTS KGaA generated a net income (according to HGB) of EUR 109,397 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 464,604 thousand as at 31 December 2022 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 2022. No reportable measures were either performed or omitted.”

8. RISK AND OPPORTUNITY REPORT

In principle, the Group's risk and opportunity policy is fundamentally geared towards recognising at an early stage any developments that could jeopardise the continued existence of the company and counteracting them appropriately, as well as towards continuous growth in enterprise value. It is therefore a major component of the Group’s business policy.

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 assuming risk

b) risks must be associated with a reasonable chance of return

c) no action or decision may entail a risk that threatens the Company’s existence as a going concern

d) the extent of the risks to be borne is limited and, if necessary, mitigated by means of suitable instruments

Residual risks are continuously monitored and controlled within the framework of the risk management system. Opportunity and risk management is laid down in a corporate policy and is based on a comprehensive, multi-stage approach 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. 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 at an early stage, 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.

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 operation of 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 governance 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, Internal Audit & Compliance, as well as the Data Protection Officer) validates and reviews the evaluations, and reports regularly to the Management Board. The Supervisory Board is also informed regularly about the risk reports and monitors the efficacy of the system.

Quarterly reports ensure that the Management Board is promptly informed about potential risks and opportunities affecting the Company's future development. These are evaluated based upon their effect and probability of occurrence, possible control options are derived and the status of any actions taken is monitored. The regular reports show the risks and their impact, probabilities of occurrence and expected values as well as the status of measures.

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 and opportunities that might materially impair the earnings performance of the Group.

The effectiveness, appropriateness, and functionality of the CTS Group risk management system are reviewed and refined in collaboration with the internal audit department.

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 as well as 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 budgeted EBIT was calculated based upon the aggregated bottom-up budgets of the subsidiaries. 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
	2023	2022	2023 vs. 2022
1. Strategic risks			
Success risks which represent a significant threat and arise from fundamental, strategic management 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, innovations, business activities and corporate 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]	medium	low	=
• Procurement	medium	low	↑
• Personnel risks	low	low	=
4. Project risks			
Risks that could arise from larger projects	medium	medium	=
5. Finance risks			
Financially-based risks			
• Liquidity risks	low	medium	↓
• Default risks	medium	medium	=
• Foreign exchange risks	low	low	=
• Interest risks	low	medium	↓
• Taxes	medium	medium	=
• Litigations and claims for damages	medium	medium	=
• Risks relating to reporting and budgeting	medium	high	↓
• Capital management	low	low	=
6. Social/political/legal risks			
Risks arising from changes in the social, political or legal framework			
• COVID-19 pandemic	medium	high	↓
• Other social, political and 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

Macroeconomic development worldwide has been severely affected by the impact of the Russian war of aggression against Ukraine. Energy prices have risen sharply since the beginning of the war. The further curtailment of Russian gas supplies since the summer of 2022 has further exacerbated the energy crisis in many countries. Inflationary developments are also aggravated by ongoing supply chain disruptions, which have not yet been fully overcome in the aftermath of the global COVID-19 pandemic. Combined with noticeable skills shortages, this is leading to an overall slowdown in the economy and consumption. In its annual report for 2022/23, the German Council of Economic Experts forecasts a decline in gross domestic product of 0.2% and an inflation rate of 7.4% for 2023 (after an already expected 8.0% in 2022).

The International Monetary Fund (IMF) expects the German economy to stagnate in 2023 with forecast growth of 0.1%, and growth in the eurozone of 0.7%. The IMF considers global inflation to have peaked in 2022 (at 8.8%), with a slight reduction to 6.6% in 2023, and 4.3% in 2024. The events industry is directly affected by rising energy and personnel costs. In particular, due to the often long period between pre-sales and the staging of an event, significant deviations can occur between the production costs that are originally calculated and actually realised. The inflation trend and the associated effects on the purchasing power of households may also make customers reluctant to buy.

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 national 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 requires on the basis of existing promoters events and tours with appeal as well as cooperations with artists that have grown 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, sales and financial strength.

The risk is classified as medium.

8.2.2 MARKET RISKS

PRODUCTS, SERVICES, INNOVATION, BUSINESS ACTIVITIES AND CORPORATE 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 to 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, 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 recoverability of 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 Group's business operations and the recoverability of 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' and entertainment products in the future, like exhibitions with a high visitor occupancy rate.

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 development 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 2022, 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. 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 financial position, cash flow and earnings performance.

The risk has been upgraded to medium 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 event management industry is being increasingly affected by short-term increases in production costs. This is firstly due to higher personnel costs in the areas of security, catering, and highly specialised areas of stagecraft caused by an acute shortage of skilled workers in the event management industry. Secondly, risks could arise as the result of ongoing increases in energy prices and availability.

The risk has been upgraded to medium.

PERSONNEL RISKS

Comprehensive specialist expertise in the areas of ticketing and live entertainment, as well as a high level of commitment in a dynamic environment of employees and managers, are important success factors for the business model of the CTS Group. The CTS Group actively manages the availability of highly qualified employees in Germany and abroad by retaining and developing talent and know-how.

Modern recruiting tools allowing the targeted onboarding of new employees, systematic feedback, fair and market-driven remuneration, contemporary, regular formats for communication and exchange, exciting work content and company-related benefits enable the CTS Group to survive in a competitive talent market. In 2022, the CTS Group was again able to recruit, to the extent necessary, an increased number of highly qualified employees who fit the company's specific needs and culture. Nevertheless, in view of general market developments and the changing needs of employees, the recruitment of qualified employees will remain a challenge in the future.

Regular surveys make it possible to respond quickly and transparently to employee concerns. The gradual expansion of our IT systems in human resources has also expanded analysis options, allowing developments to be identified at an early stage. The CTS Group is also gradually expanding its corporate benefits programme. For example, our health offering has been expanded to include an external counselling service to strengthen the mental health of our employees. As part of our new workplace regulations, employees now also have the opportunity to work flexibly and remotely within the EU.

The risk is classified as low.

8.2.4 PROJECT RISKS

Risks may arise in conjunction with larger projects. These relate to cost, time and quality risks are primarily quality risks, meaning the risk that project objectives and guarantees cannot be achieved in full. This also includes 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 is classified as 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. Comprehensive strategic and operational liquidity planning and management are in place to ensure sufficient liquidity and a high degree of financial flexibility at all times.

In order to ensure the solvency and financial flexibility of the CTS Group at all times, a liquidity reserve in the form of credit lines and cash is maintained within the framework of liquidity management. In March 2022, CTS KGaA replaced the existing revolving credit facility of EUR 200,000 thousand with a revolving credit facility with a volume of EUR 150,000 thousand. The current revolving credit facility has a term of three years (plus renewal options). In 2022, the revolving credit facility was only used to a limited extent for the utilisation of guarantee agreements. The adjusted net debt and the equity ratio were taken over as covenants from the existing revolving credit facility. Both covenants were comfortably met in 2022.

Financing options can be impaired on the one hand by a deterioration in general refinancing conditions or, on the other hand, by, an own deterioration in creditworthiness. 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 (warrant or convertible bonds up to an amount of EUR 800,000 thousand).

While the first quarter of 2022 was still determined by the COVID-19 restrictions and only few events were held, events were held again in large numbers from the second quarter onwards. The significant pick-up in ticket sales for events in 2022 and 2023 in a significant positive cash flow in 2022.

Based upon existing calculations, the CTS Group presumes that the cash and cash equivalents are comfortably sufficient to meet all payment obligations and there are no liquidity risks that could threaten the continued existence of the Company as a going concern.

The risk has been downgraded to low.

DEFAULT RISKS

Default risks exist when there is a risk of debtors being unable to fully or partially settle their debts. 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 supplemented by additional macroeconomic factors pursuant to IFRS. These indications are also based upon intensive contacts with the respective debtors in the context of receivables management.

In addition, in the Live Entertainment segment, there are performance risks on advance payments made by the Group to artists and promoters. This applies in particular to the further expansion of international business activities and the development of new markets. These are also assigned to default risks in the context of the risk management system.

The risk is classified as 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 may also arise when intercompany receivables or liabilities exist in a currency other than the functional currency of the consolidated financial statements.

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 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.

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 interest rate loans are regularly reviewed for possible hedging against interest rate changes.

With the onset of the interest rate turnaround in the course of 2022, in particular since the third quarter of 2022, banks no longer charge fees on demand deposits During 2022, the euro reference interest rates (1-12 month EURIBOR) have increased significantly, so that the euro reference interest rates all show a positive interest rate. The development of the reference interest rates means that the banks are again offering a positive interest rate for cash investments. Through active cash management, the CTS Group strives to use the available liquidity to generate interest income or to limit the burdens from the negative interest rate.

The risk classification has been downgraded to low.

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.

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 with 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. Several external factors that are particularly noteworthy in terms of their severity are currently affecting the ability of artists and promoters to plan events, and therefore also the business performance of the CTS Group:

- Inflationary trends and their effect on the consumer climate in the respective markets and on future demand for live entertainment events
- Increasing energy prices and their effect on production costs in the Live Entertainment segment
- The effect of the Russia-Ukraine war on the geopolitical situation and resulting restrictions on touring by international artists
- The effect of the loss of government subsidies for the arts and culture sector, and the corresponding higher level of uncertainty among promoters and venues

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 has been downgraded to medium.

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 thousand.

The above risk is classified as low.

8.2.6 SOCIAL/POLITICAL/LEGAL RISKS

COVID-19 PANDEMIC

At the beginning of financial year 2022, the COVID-19 pandemic was still having a significant negative influence on available ticket quantities, ticket sales, and the staging of concert events. Following the loosening, and ultimately the lifting, of government restrictions during the first months of 2022, large-scale events were again conducted without regulatory restrictions in the Live Entertainment segment as of the second quarter of 2022. Beginning at this point, an increasing number of events for 2022 and 2023 were again offered for sale over the course of the year in the Ticketing segment.

Although progress on immunization within the society and the elimination of COVID-related restrictions have restored a sense of normality in public life. For example, with effect from 1 February 2023, the federal government has decided, among other things, to abolish the obligation to wear a mask in public transport and the obligation to isolate people at home after a positive Corona test. However, one cannot rule out the possibility that new virus variants and dynamic infectious events could occur in the future bringing with them new restrictions on the event business. The CTS Group is continuously monitoring social, political, and medical trends in order to respond with flexibility as needed.

The risk has been downgraded to medium.

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 circumstances such as 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 had sold its activities in the Ticketing segment in financial year 2022, which had already been very low even before the Russia-Ukraine war. In the Live Entertainment segment, the CTS Group continues to hold a stake in a local company, which is practically no longer active due to the circumstances and was therefore deconsolidated in the fourth quarter of 2022. The CTS Group is not represented 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 respected. 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 impacts the EBIT by more than 10%
- medium opportunity: Expected value impacts the EBIT between 1% and 10%
- low opportunity: Expected value impacts the EBIT by less than 1%

Opportunities are classified based on the highest possible single 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
	2023	2022	2023 vs. 2022
1. Strategic opportunities			
• Industry, market and competition	medium	medium	=
2. Finance opportunities			
• Claims for damages	high	high	=

8.3.1 STRATEGIC OPPORTUNITIES

INDUSTRY, MARKET, AND COMPETITION

Although the effects of the COVID-19 pandemic have weakened over the course of 2022, it cannot be ruled out that consumption habits have changed structurally as a result of the pandemic. This can only be described exactly over an empirical observation period of several years.

As a result of the pandemic, the CTS Group continues to presume a movement toward consolidation in both the Live Entertainment and Ticketing segments, particularly in markets with a fragmented structure and many small market participants. Accordingly in addition to its organic growth strategy, the CTS Group therefore also monitors the market closely for possible market changes and opportunities, so that it can respond flexibly as part of its merger & acquisition activities. 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.

EVENTIM.Pass continues to be available as a completely digital ticket solution. This was already implemented in Ed Sheeran's 2022 Tour and produced high levels of customer satisfaction, and also successfully hindered black market sales.

In addition to the role of EVENTIM.Pass as a secure access medium, the option to pass on tickets within the closed system makes it possible to reach the actual ticket holder, rather than just the original buyer. This makes it significantly easier to reach actual ticket recipients with targeted information. For events with digital-only tickets, EVENTIM.MemoryTicket also offers the option to have tickets printed in the customary EVENTIM.FanTicket quality for use as “physical” mementos or gifts.

This opportunity is classified as medium.

8.3.2 FINANCIAL OPPORTUNITIES

CLAIMS FOR DAMAGES

CTS KGaA holds 50% of the shares in autoTicket GmbH, Berlin, (hereinafter: autoTicket) which is accounted for at equity. At the end of December 2018, the operating company was contracted by the German Federal Motor Transport Authority (Kraftfahrt-Bundesamt) to construct an infrastructure collection system and to collect an infrastructure charge for a minimum duration of 12 years. In June 2019, the contract for the collection of the German infrastructure charge between the Federal Republic of Germany and the operating company was terminated by the Federal Ministry of Transport and Digital Infrastructure with effect from 30 September 2019. Following the termination of the operating agreement, the shareholders decided in December 2019 to assert the contractually agreed financial claims against the Federal Republic of Germany in the amount of approximately 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. In an intermediate arbitration award in March 2022, the independent arbitral tribunal responsible under the operating agreement confirmed that the claims asserted by autoTicket in the arbitration proceeding for reimbursement of the gross enterprise value and compensation for costs incurred through the winding-up of the operating agreement exist on the merits. At the same time, it rejected the federal government's claim of poor performance as grounds for termination. In the second phase of the arbitration proceeding, a decision will be made on the amount of the claim now confirmed on the merits, with a decision by the arbitral tribunal not expected before the end of 2023.

This opportunity is classified as high.

8.4 ASSESSMENT OF THE GROUP'S OPPORTUNITY AND RISK EXPOSURE

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 Company's continued existence as a going concern.

It is not out of the question, however, that influential factors that are currently unknown or not yet classified as significant, could influence the continued existence of the CTS Group as a going concern.

9. INTERNAL CONTROL SYSTEM

The internal control system (ICS) comprises the policies, procedures and measures (regulations) introduced by the Management Board which focus on the organisational implementation of management decisions.

Following the revision of the German Corporate Governance Code in April 2022, recommendation A.5 was adjusted, according to which the essential features of the entire ICS (and risk management system) are to be described in the management report and its appropriateness and effectiveness assessed. In the following, the main features of the operational ICS in the CTS Group as a whole, as well as the accounting-related ICS, are therefore discussed. The operational ICS, the accounting-related ICS and the controls of the support processes together form the overall ICS of the CTS Group.

9.1 OPERATIONAL ICS[1]

The objective of the CTS Group's ICS is to ensure the effectiveness and efficiency of our business activities, the regularity and reliability of key business processes and compliance with statutory and internal company requirements. As an integral part of the Company-wide risk management, the ICS is intended to map all significant operational and financial corporate risks and to reduce them to a level that is acceptable for the Company. The CTS Group's ICS thus has a preventive and detective function and supports the optimal flow of the corporate processes.

In order to achieve these goals, the guidelines applicable throughout the Group together with the leading Code of Conduct on the one hand, and a comprehensive system of process-integrated and process-independent control and monitoring measures and numerous organisational measures on the other, form the fundamental elements of the ICS. In addition to manual process controls, which are generally subject to the 'four eyes principle', comprehensive technical IT process controls are an essential part of our process-integrated measures. Authorisation concepts for the IT systems and their continuous monitoring ensure that only authorised groups of people are allowed to carry out transactions and that employees only have access to information that is relevant to them (need-to-know principle). Furthermore, the separation of administrative, executive, accounting and authorisation functions (separation of functions principle) and their performance by different persons or organisational units reduces errors and the possibility of deceptive or fraudulent actions.

In addition to these measures and guidelines, Group companies that operate with a high degree of autonomy in their respective markets are managed and monitored through close operational controls. Such management controls include, among other things, approval reservations for contracts with local business partners, taking into account individual risk profiles and standardised business cases, as well as their regular, as often as weekly, updating and coordination with the responsible managing directors.

A comprehensive, systematic and uniform documentation of the various components of our operational ICS has been initiated and is currently being prepared. However, management is not aware of any issues or indications in any material respects that could have significantly impaired the appropriateness or effectiveness of our operational ICS.

[1]This section does not form part of the Group audit.

9.2 ACCOUNTING-RELATED ICS

The accounting-related 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 accounting-related 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.

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 compliance with the regulatory accounting requirements, 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. The preparation and aggregation of additional data for the preparation of the notes and the combined 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 Group Accounting. This is intended to avoid, in particular, personal discretionary decisions, incorrectly performed controls, intentional criminal acts or other manipulations as far as possible, even if they can, by their very nature, never be completely ruled out. Even with systems, guidelines and controls implemented throughout the Group, absolute security with regard to the correct, complete and timely recording of circumstances in Group accounting cannot be guaranteed. Therefore, one area of focus is the ongoing assessment of the effectiveness and appropriateness of the ICS and its continuous further development.

Irrespective of the above, management is not currently aware of any matters or indications that could have impaired the appropriateness or effectiveness of our accounting-related ICS.

10. OUTLOOK
10.1 FUTURE MACROECONOMIC ENVIRONMENT

Highlighting the resilience and adaptability of the European economy in the face of the Russian war in Ukraine, the energy crisis and rising inflation, the International Monetary Fund (IMF) currently sees the prospect of a recession in the Eurozone fading. The IMF has slightly improved its economic forecast for the eurozone and recently raised its forecast for global gross domestic product (GDP) growth in 2023, which is now 0.2 percentage points higher than forecast in the World Economic Outlook (WEO) of October 2022. For the global economy, the IMF expects growth of 2.9% in 2023 and 3.1% in 2024. For the world's largest economies, the IMF has also raised its forecast for real GDP growth. For the eurozone, growth of 0.7% is now forecast for 2023 – compared to 0.5% in the previous forecast – and 1.6% for 2024. For Germany, for example, IMF experts now expect growth of 0.1% – 0.4 percentage points higher than in their October forecast.

10.2 EXPECTED BUSINESS PERFORMANCE

Following the end of the COVID-19 pandemic, the 2022 financial year showed a positive recovery trend. Both segments, Live Entertainment and Ticketing, benefited from the gradual elimination of pandemic-related protective measures, generating positive revenue and earnings. The continuous offering of live entertainment events and the unbroken demand on the part of fans also constitute a promising starting point for the new financial year 2023.

The basis for the sustainable success of the Company in the Ticketing segment is the combination of a high-performance ticket distribution system with a diverse offer of attractive music, sport, culture and leisure events. Competence in big data, marketing partnerships and long-standing contacts in the event industry round off the broad portfolio of the CTS Group.

The CTS Group will continue to consistently pursue its sustainable growth strategy in the new financial year. 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 Ltd., Delaware, USA, 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 2023 financial year within the framework of our sustainable development strategy.

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

10.3 EXPECTED CASH FLOW

Our 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. 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. Total cash and cash equivalents are sufficient to meet our financial obligations at all times. In total, cash and cash equivalents amounted to EUR 1,074,507 thousand as at 31 December 2022.

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 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

Assuming that the current geopolitical crises, and the development of inflation and energy prices in particular, do not have a negative impact on consumer behaviour with regard to concerts, shows and sporting events, the Management Board expects moderately higher revenues and earnings figures for the **Ticketing segment** compared to the previous year. This also applies in comparison to the earnings figures for the 2022 financial year without taking into account the economic aid received in connection with the COVID-19 pandemic (balance of corresponding income from and expenses for grants: EUR 307 thousand).

The **internet ticket volume** is also expected to be moderately higher compared to the previous year.

The 2022 financial year was characterised by an extraordinarily high density of events – due to the staging of many concerts postponed during the COVID-19 pandemic on the one hand and newly organised shows on the other. For the **Live Entertainment segment**, the Management Board therefore expects moderately lower revenue and earnings figures in 2023 compared to the previous year. However, moderately higher earnings figures are expected in 2023 compared to the earnings figures for the 2022 financial year without taking into account the economic aid received in connection with the COVID-19 pandemic (EUR 47,594 thousand).

Thus, revenue and earnings figures for the **CTS Group** as a whole are expected to be on the level of the previous year. However, compared to the earnings figures for the 2022 financial year, without taking into account the economic aid received in connection with the COVID-19 pandemic (EUR 47,901 thousand), significantly higher earnings figures are expected in 2023.

For **CTS KGaA**, the Management Board expects both moderately higher revenue and moderately higher earnings figures compared to 2022. The same applies in comparison to the earnings figures for the 2022 financial year, without taking into account the economic aid received in connection with the COVID-19 pandemic (EUR 1,368 thousand).

A further deterioration of the geopolitical security situation, further increases in energy costs, a significant decline in consumer spending or a resurgence of the COVID-19 pandemic with corresponding restrictions on the event industry could have a considerable influence on the further business development of the CTS Group. However, the potential impact of such events 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, management 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 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, with registered office in Hamburg. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding. In April 2017, CTS KGaA was informed by 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

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.

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 authorisation. 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.

By resolution of the Shareholders’ Meeting of 13 January 2021, the general partner is authorised to increase the share capital in the period up to 12 January 2026, with the approval of the Supervisory Board, on one or more occasions by up to EUR 19,200,000 in total by issuing up to 19,200,000 bearer shares against contributions in cash or in kind (approved capital 2021).

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

Credit agreements concluded with major banks contain ‘change of control’ clauses, 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 members 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 27 June 2022.

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. The shareholders approved the remuneration report for the 2021 financial year at the Annual Shareholders' Meeting on 12 May 2022.

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 by basing variable remuneration on the financial performance indicators of revenue and earnings before interest and taxes (EBIT) in addition to the personal targets set by 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 paid out and if so, in what amount.

If the forecasted revenue targets or EBIT target estimates are not met, the respective bonus will be reduced by the percentage of the deviations from target, up to a maximum of 50% of the respective variable compensation. If the result is less than 50% of the target, the corresponding bonus claims will be waived.

The malus rule stipulates that if revenue or EBIT forecast are not achieved by more than 10% for a financial year, the target value for the next financial year for the respective variable remuneration component will be reduced disproportionately by 20%. If the target is reached or exceeded during the following two years, the remuneration components return to a balanced relationship. The variable remuneration thus contains multi-year remuneration components that are linked to the sustainable development of the financial performance indicators. The variable remuneration components have maximum amounts and take into account positive and negative developments. Clear and relevant success criteria are used as a basis, which are continuously reviewed by the Supervisory Board.

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). 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 Executive 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. 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 emerge 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 German Stock Corporation Act (AktG). 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.

With regard to the remuneration-related recommendations of the Government Commission on the German Corporate Governance Code in the current version of the GCGC dated 28 April 2022 in relation to items G.6 (Proportion of long-term variable remuneration), G.10 (Long-term variable remuneration) and G.11 (Possibility of retaining and reclaiming variable remuneration components), CTS KGaA deviates from the respective recommendations. The reason for this is the fact that the employment contracts currently agreed with the members of the Executive Board of EVENTIM Management AG do not provide for corresponding regulations. On the one hand, the Supervisory Board of CTS KGaA believes that the current system of variable remuneration has proven itself over a long period of time. On the other hand, the pursuit of the long-term and sustainably positive development of the Company is ensured in particular by the fact that the Chief Executive Officer is himself indirectly a major shareholder in the Company. In this respect, it can be assumed that the interests of the Executive Board and the shareholders are congruent.

Irrespective of the above, the Supervisory Board regularly reviews the existing variable remuneration system with the aim of taking the recommendations of the GCGC into account in the future when concluding new employment contracts and when extending existing ones. Due to an amendment to the Articles of Association resolved at the Annual Shareholders Meeting in 2021, the possibility has already been created to set up a stock option programme within the framework of the Company's contingent capital, which complies with the requirements of recommendations G.6, G.10 and G.11.

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 2022

During the financial year 2022 – the year on which the total remuneration granted and owed for financial year 2022 is based (financial year 2021 for the variable remuneration) – the activities of the Executive Board primarily involved leading the Company through the ongoing coronavirus crisis and the restart of the business after corona restrictions were lifted. Due to the conditions associated with the corona aid programmes received in Germany, no variable remuneration was paid for the 2021 financial year. As a result, the ratio of the individual remuneration components provided for in the remuneration system also deviates.

TOTAL REMUNERATION 2022

The total remuneration granted and owed to Executive Board members in financial year 2022 amounted to EUR 4,306 thousand (previous year: EUR 5,069 thousand). The variable remuneration included therein for the 2021 financial year is EUR 0 thousand (previous year: EUR 763 thousand). Fringe benefits included providing company cars, among other things. No remuneration was paid to former members of the Management Board in the year under review.

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	**2021**	**relative proportion in %**	**2022**	**relative proportion in %**	**2022 (max)**
Fixed salary	2,800,000	84.5	2,800,000	99.5	2,800,000
Fringe benefits	14,656	0.4	14,585	0.5	14,585
Total (non-performance-related)	**2,814,656**	**84.9**	**2,814,585**	**100.0**	**2,814,585**
One-year term variable cash remuneration	500,000	15.1	0	0.0	0
Multi-year variable cash remuneration	0	0.0	0	0.0	0
Total (performance-related)	**500,000**	**15.1**	**0**	**0.0**	**0**
Total remuneration	**3,314,656**	**100.0**	**2,814,585**	**100.0**	**2,814,585**

Granted and owed benefits	Alexander Ruoff | COO 2021	relative proportion in %	2022	relative proportion in %	2022 (max)
Fixed salary	750,000	83.6	750,000	97.0	750,000
Fringe benefits	23,063	2.5	23,009	3.0	23,009
Total (non-performance-related)	**773,063**	**86.1**	**773,009**	**100.0**	**773,009**
One-year term variable cash remuneration	125,000	13.9	0	0.0	0
Multi-year variable cash remuneration	0	0.0	0	0.0	0
Total (performance-related)	**125,000**	**13.9**	**0**	**0.0**	**0**
Total remuneration	**898,063**	**100.0**	**773,009**	**100.0**	**773,009**

Granted and owed benefits	Andreas Grandinger | CFO 2021	relative proportion in %	2022	relative proportion in %	2022 (max)
Fixed salary	700,000	84.9	700,000	97.5	700,000
Fringe benefits	18,149	2.2	18,047	2.5	18,047
Total (non-performance-related)	**718,149**	**87.1**	**718,047**	**100.0**	**718,047**
One-year term variable cash remuneration	106,250	12.9	0	0.0	0
Multi-year variable cash remuneration	0	0.0	0	0.0	0
Total (performance-related)	**106,250**	**12.9**	**0**	**0.0**	**0**
Total remuneration	**824,399**	**100.0**	**718,047**	**100.0**	**718,047**

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 2022. The maximum total remuneration for financial year 2022 came to EUR 4,306 thousand (previous year: EUR 5,768 thousand).

BENEFIT COMMITMENTS FOLLOWING THE TERMINATION OF EXECUTIVE BOARD MEMBERSHIP

Andreas Grandinger resigned from the Executive Board at the end of 31 December 2022. As of 14 January 2023, Andreas Grandinger was released from his duties. All benefits, including fringe benefits under the terms of his employment contract, will be granted until the end of the contract (13 April 2023) in accordance with the contract. Additional or special benefits have not been agreed. With regard to the pro rata variable remuneration for the 2023 financial year, Andreas Grandinger will be placed on an equal footing with the existing Executive Board members, whereby a target achievement level of 100% has been set for personal targets. The variable remuneration for the 2023 financial year is calculated pro rata temporis. There is no post-contractual non-competition clause that applies after the end of the employment contract.

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 starting in financial year 2017.

SUPERVISORY BOARD REMUNERATION 2022

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. Prof. Jobst W. Plog (Hamburg) was a member of the Supervisory Board from 1 January to 12 May 2022, and Dr. Cornelius Baur (Munich) from 12 May 2022 onwards. The granted and owed fixed annual remuneration for the ordinary members of the Supervisory Board of CTS KGaA was set at EUR 50 thousand (previous year: EUR 50 thousand) and the remuneration for the Chairman of the Supervisory Board was set at EUR 100 thousand (previous year: EUR 100 thousand). In financial year 2022, the members of CTS KGaA's Supervisory Board received remuneration totalling EUR 208 thousand (previous year: EUR 175 thousand). A reimbursement of expenses was requested for the 2022 financial year in the amount of EUR 1 thousand (previous year: EUR 0 thousand). In financial year 2019, Dr. Schulenberg – 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 remuneration "granted" and "owed" pursuant to § 162 (1) sentence 1 of the Stock Corporation Act is stated in the financial year in which it accrued ("granted") or is due but not yet paid ("owed"). The granted and owed remuneration in the financial year 2022 comprised the following: Dr. Kundrun EUR 100 thousand (previous year: EUR 100 thousand), Dr. Baur EUR 0 thousand (member since 12 May 2022), Prof. Plog (member until 12 May 2022) EUR 50 thousand (previous year: EUR 50 thousand), Dr. Schulenberg: EUR 25 thousand (previous year: EUR 25 thousand), Mr. Philipp Westermeyer: EUR 33 thousand (previous year: EUR 0).

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 %	Change in %	in EUR
Total renumeration for current members of the executive board[1]	**2021 vs. 2020**	**2022 vs. 2021**	**2022**
Klaus-Peter Schulenberg, Chief Executive Officer[1]			
Fixed salary	33.1	0.0	2,814,585
Variable renumeration	-50.0	-100.0	0
Alexander Ruoff, Chief Operating Officer[2]			
Fixed salary	13.9	0.0	773,009
Variable renumeration	-90.0	-100.0	0
Andreas Grandinger, Chief Financial Officer (since 14.4.2020)[2]			
Fixed salary	70.0	0.0	718,047
Variable renumeration	n/a	-100.0	0

[1] *As at 1 July 2020 - 31 December 2020, 50% of fixed salary was waived.*
[2] *As at 1 July 2020 - 31 December 2020, 25% of fixed salary was waived.*

Total renumeration of current members of the supervisory board	Change in % 2021 vs. 2020	Change in % 2022 vs. 2021	in EUR 2022
Dr. Bernd Kundrun	0.0	0.0	100,000
Dr. Cornelius Baur (since 12 May 2022)	n/a	n/a	0
Prof. Jobst W. Plog (until 12 May 2022)	0.0	0.0	50,000
Dr. Juliane Schulenberg	0.0	0.0	25,000
Philipp Westermeyer (since 21 Mai 2021)	n/a	n/a	33,333

Earnings development	Change in % 2021 vs. 2020	Change in % 2022 vs. 2021	in EUR 2022
Net result for the year of CTS KGaA under commercial law	449.7	46.9	109,396,960
EBIT of the CTS Group according to IFRS	334.5	116.1	318,957,986

Average employee remuneration on FTE basis	Change in % 2021 vs. 2020	Change in % 2022 vs. 2021	in EUR 2022
Employees of CTS KGaA	5.8	29.2	98,662
Employees of CTS Group	7.6	37.8	82,665

The significant increase in the average compensation of employees is the result of one-time payments and back payments based on the good results of the CTS Group in both the Live Entertainment and Ticketing segments in the reporting year, after pandemic-related short-time allowances and salary waivers.

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 of the Introductory Act of the Stock Corporation Act (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. On November 10, 2022, the management and supervisory board of CTS KGaA issued a declaration of compliance with the recommendations of the German Corporate Governance Code Government Commission in accordance with § 161 AktG, applying the provisions of the German Corporate Governance Code (DCGC). In addition, the Management Board of EVENTIM Management AG reports on corporate governance in a combined declaration in accordance with § 289f and Section 315d HGB. The current and all previous declarations are permanently available on the Internet at https://corporate.eventim.de/en/investor-relations/corporate-governance/.

Bremen, 9 March 2023

CTS Eventim AG & Co. KGaA,

represented by:

EVENTIM Management AG, general partner

The Executive Board

Klaus-Peter Schulenberg | Holger Hohrein | Alexander Ruoff

5. CONSOLIDATED FINANCIAL STATEMENTS 2022

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

ASSETS		31 Dec 2022	31 Dec 2021
		[EUR'000]	[EUR'000]
Current assets			
Cash and cash equivalents	(1)	1,074,507	965,190
Marketable securities and other investments	(2)	163,621	30,834
Trade receivables	(3)	113,393	54,483
Receivables from related parties	(4)	3,807	1,971
Inventories	(5)	5,027	4,738
Advances paid	(6)	133,457	143,002
Receivables from income taxes	(7)	5,292	5,951
Other financial assets	(8)	164,473	86,489
Other non-financial assets	(9)	72,666	105,464
Non-current assets held for sale	(10)	0	847
Total current assets		**1,736,243**	**1,398,970**
Non-current assets			
Goodwill	(11)	361,739	362,640
Other intangible assets	(12)	146,453	153,834
Property, plant and equipment	(13)	62,149	42,036
Right-of-use assets from leases	(14)	117,444	127,730
Investments	(15)	1,556	1,701
Investments in associates accounted for at equity	(16)	133,311	113,795
Trade receivables	(3)	151	17
Advances paid	(6)	2,299	26,916
Other financial assets	(8)	8,393	19,211
Other non-financial assets	(9)	14,189	10,269
Deferred tax assets	(17)	25,356	30,717
Total non-current assets		**873,039**	**888,866**
Total assets		**2,609,282**	**2,287,836**

EQUITY AND LIABILITIES		31 Dec 2022	31 Dec 2021
		[EUR'000]	[EUR'000]
Current liabilities			
Financial liabilities	(18)	2,118	9,813
Trade payables	(19)	232,622	119,723
Liabilities to related parties	(4)	8,154	6,420
Advance payments received	(20)	524,855	634,486
Other provisions	(21)	39,762	37,030
Tax debts	(22)	91,980	52,704
Other financial liabilities	(23)	557,987	513,532
Lease liabilities	(24)	18,049	17,973
Other non-financial liabilities	(25)	117,963	84,643
Non-current liabilities held for sale	(10)	0	371
Total current liabilities		**1,593,491**	**1,476,695**
Non-current liabilities			
Financial liabilities	(18)	14,873	18,976
Trade payables	(19)	1,303	0
Advance payments received	(20)	12,052	34,717
Other provisions	(21)	4,957	4,557
Other financial liabilities	(23)	9,217	20,577
Lease liabilities	(24)	102,889	113,020
Pension provisions	(26)	6,000	13,201
Deferred tax liabilities	(17)	27,074	20,294
Total non-current liabilities		**178,366**	**225,342**
Equity			
Share capital		96,000	96,000
Capital reserve		1,890	1,890
Statutory reserve		7,200	7,200
Retained earnings		629,501	424,609
Other reserves		-2,916	305
Treasury shares		-52	-52
Total equity attributable to shareholders of CTS KGaA	(27)	**731,623**	**529,952**
Non-controlling interests	(28)	105,802	55,847
Total equity		**837,426**	**585,799**
Total equity and liabilities		**2,609,282**	**2,287,836**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022

		1 Jan 2022 - 31 Dec 2022	1 Jan 2021 - 31 Dec 2021
		[EUR'000]	**[EUR'000]**
Revenue	(1)	1,925,803	407,821
Cost of sales	(2)	-1,477,481	-327,110
Gross profit		**448,322**	**80,711**
Selling expenses		-111,458	-81,758
General administrative expenses		-96,486	-62,192
Other operating income	(3)	114,569	222,774
Other operating expenses	(4)	-35,989	-11,954
Earnings before interest and taxes (EBIT)		**318,958**	**147,581**
Income / expenses from participations		215	164
Income / expenses from investments in associates accounted for at equity		12,853	-4,952
Financial income	(5)	26,554	8,329
Financial expenses	(6)	-17,277	-10,018
Earnings before taxes (EBT)		**341,304**	**141,104**
Taxes	(7)	-87,526	-47,835
Net result		**253,779**	**93,269**
Net result attributable to			
Shareholders of CTS KGaA		**203,802**	**87,909**
Non-controlling interests		49,977	5,360
Earnings per share (in EUR); undiluted (= diluted)		2.12	0.92
Average number of shares in circulation; undiluted (= diluted)		96 million	96 million

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022

	1 Jan 2022 - 31 Dec 2022	1 Jan 2021 - 31 Dec 2021
	[EUR'000]	[EUR'000]
Net result	253,779	93,269
Remeasurement of the net defined benefit obligation for pension plans after taxes	6,351	2,257
Items that will not be reclassified subsequently to profit or loss	**6,351**	**2,257**
Exchange differences on translating foreign subsidiaries	-1,715	4,483
Share of other comprehensive income/loss (exchange differences) of associates accounted for at equity	-999	1,166
Items that will be reclassified subsequently to profit or loss	**-2,714**	**5,649**
Other comprehensive income/loss (net)	**3,638**	**7,906**
Total comprehensive income/loss	**257,416**	**101,175**
Total comprehensive income/loss attributable to		
Shareholders of CTS KGaA	200,581	90,966
Non-controlling interests	56,835	10,209

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	Associates accounted for at equity	Remeasure-ment of the net defined benefit obligation for pension plans	Treasury shares	Total equity attributable to share-holders of CTS KGaA	Non-con-trolling 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]
Balance as at 1 Jan 2021	**96,000**	**1,890**	**7,200**	**336,558**	**1,955**	**-2,007**	**-2,701**	**-52**	**438,844**	**47,139**	**485,982**
Net result	0	0	0	87,909	0	0	0	0	**87,909**	5,360	**93,269**
Other comprehensive income/loss	0	0	0	0	766	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**	-1,049	**-1,049**
Changes in the scope of consolidation	0	0	0	108	0	0	0	0	**108**	-468	**-360**
Other changes	0	0	0	33	0	0	0	0	**33**	17	**50**
Balance as at 31 Dec 2021	**96,000**	**1,890**	**7,200**	**424,609**	**2,721**	**-841**	**-1,575**	**-52**	**529,952**	**55,847**	**585,799**
Net result	0	0	0	203,802	0	0	0	0	**203,802**	49,977	**253,779**
Other comprehensive income/loss	0	0	0	0	-5,808	-999	3,587	0	**-3,220**	6,858	**3,638**
Total comprehensive income/loss								**0**	**200,581**	**56,835**	**257,416**
Dividends	0	0	0	0	0	0	0	0	**0**	-6,330	**-6,330**
Changes in the scope of consolidation	0	0	0	542	0	0	0	0	**542**	-550	**-8**
Other changes	0	0	0	548	0	0	0	0	**548**	0	**548**
Balance as at 31 Dec 2022	**96,000**	**1,890**	**7,200**	**629,501**	**-3,087**	**-1,840**	**2,012**	**-52**	**731,623**	**105,802**	**837,426**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022

		1 Jan 2022 - 31 Dec 2022	1 Jan 2021 - 31 Dec 2021
A.	**Cash flow from operating activities**	**[EUR'000]**	**[EUR'000]**
	Net result	253,779	93,269
	Depreciation, amortisation and impairment	60,582	55,501
	Changes in pension provisions	-7,511	-3,229
	Deferred tax expenses / income	9,255	833
	Other non-cash transactions	-16,528	2,559
	Profit / loss from disposal of fixed assets	-6,324	-62
	Interest expenses / Interest income	-276	3,714
	Tax expenses	78,270	47,002
	Interest received	3,631	654
	Interest paid	-2,062	-2,955
	Income tax paid	-36,545	-31,420
	Increase (-) / decrease (+) in inventories	-840	332
	Increase (-) / decrease (+) in advances paid	34,741	-67,861
	Increase (-) / decrease (+) in marketable securities and other investments	-132,964	-30,000
	Increase (-) / decrease (+) in receivables and other assets	-107,365	-89,345
	Increase (+) / decrease (-) in provisions	15,769	-6,071
	Increase (+) / decrease (-) in liabilities	33,415	529,822
	Cash flow from operating activities	**179,027**	**502,741**
B.	**Cash flow from investing activities**		
	Payments for investments in intangible assets	-24,757	-22,706
	Payments for investments in property, plant and equipment	-28,766	-12,332
	Payments for investments	-1,079	-1
	Payments for investments in associates accounted for at equity	-9,045	-17,744
	Proceeds from sales of intangible assets	286	526
	Proceeds from sales of property, plant and equipment	106	173
	Proceeds from sales of investments	49	44
	Dividends from associates accounted for at equity	3,732	1,811
	Payments from the acquisition of consolidated subsidiaries less cash and cash equivalents acquired	6,098	-11,508
	Proceeds from the disposal of deconsolidated subsidiaries less cash and cash equivalents	9,377	-887
	Cash flow from investing activities	**-44,001**	**-62,623**
C.	**Cash flow from financing activities**		
	Proceeds from borrowing financing loans	0	323
	Proceeds from the change in ownership interests of subsidiaries	0	450
	Payments for redemption of financing loans	-4,305	-200,357
	Payments for the acquisition of consolidated companies	0	-4,890
	Payments of lease liabilities	-19,252	-17,160
	Dividend payments to non-controlling interests	-6,330	-1,049
	Cash flow from financing activities	**-29,887**	**-222,682**
D.	**Net increase / decrease in cash and cash equivalents**	**105,140**	**217,436**
	Net increase / decrease in cash and cash equivalents due to currency translation	4,474	6,572
	Changes in cash and cash equivalents due to the scope of consolidation	-297	0
	Cash and cash equivalents at beginning of period	965,190	741,182
E.	**Cash and cash equivalents at end of period**	**1,074,507**	**965,190**
F.	**Composition of cash and cash equivalents**		
	Cash and cash equivalents	1,074,507	965,190
	Cash and cash equivalents at end of period	**1,074,507**	**965,190**

CONTENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022

1. PRINCIPLES

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, Hamburg, 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 9 March 2023, for presentation to the Supervisory Board. The financial statements were presented for approval at the meeting of the Supervisory Board on 16 March 2023.

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).

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 2021.

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 2022

The following new and amended standards were required to be applied for the first time 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

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 2022 financial year and which have not been applied to the consolidated financial statements as at 31 December 2022.

Adopted by the EU law:

Applicable on or after 1 January 2023:

- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- 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

Not yet adopted by the EU law:

Applicable on or after 1 January 2024:

- Amendments to IAS 1 ‘Presentation of Financial Statements’ – Classification of Liabilities as Current or Non-current with Covenants
- IFRS 16 “Leases” – Lease liability in the event of a sale and leaseback 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 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 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 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 investment 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 business combination, 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balances and cash on hand with remaining maturities of three months or less from the date of acquisition. Foreign currency balances are translated at the respective closing rate.

TRADE RECEIVABLES

A trade receivable is recognised when there is an unconditional right to consideration from the customer. Trade receivables are recognised at the transaction price, which is the amount of consideration expected by the entity for obligatory deliveries of goods or services to customers. Trade receivables are measured at amortised cost less a provision for expected credit losses.

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 acquisition 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 ticket money receivables, 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 money 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 are not in 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 already consolidated subsidiaries.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets are divided into the following measurement categories:

- financial assets that are subsequently measured at fair value (in other comprehensive income or in profit or loss)
- financial assets that are 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. 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, comparable to 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 at 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 ticket money receivables. In 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 respective country. 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 any 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). In 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 occurs 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.

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 17 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.

As at 31 March 2022, an indication-driven impairment test of the intangible assets was conducted because of the Russia-Ukraine war for an impairment of the customer base in respect to a subsidiary in Russia. The impairment test was based on a country-specific weighted cost of capital of 12.8%. 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 2,320 thousand was identified.

As at 31 December 2022, 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. These did not result in any need for impairment (cf. notes to the consolidated balance sheet, item 12).

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 until June 2022, 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 7 thousand (previous year: EUR 264 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.

RECOGNITION OF GOVERNMENT GRANTS AND ECONOMIC AID PROGRAMMES

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.

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. The ticket money affected by this rule was recognised as financial liabilities (for the payout of the voucher) 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. 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.

CONTINGENT LIABILITIES

Contingent liabilities are present obligations arising from past events that are not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be estimated with sufficient reliability. Contingent liabilities are not recognised in the consolidated balance sheet, but are disclosed and described in the notes to the consolidated financial statements.

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 insurances. 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 money during the presale period is 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.

Operating expenses are recognised in profit or loss when the service is used or at the time they are incurred. The expenses are recognised as expenses at the time when the CTS Group obtains the power of disposal over the goods or services used in the context. The Group recognises operating expenses by functional area. 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 is 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.

PRESENTATION IN CONSOLIDATED CASH FLOW STATEMENT

Interest paid, interest received and cash flows from current marketable securities and other investments with a remaining maturity of more than three months and less than one year at the time of acquisition are allocated to cash flow from operating activities. Dividends are shown in the cash flow from financing activities.

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.

Assumptions and estimates also relate to the determination of the expected default rates of trade receivables and ticket money receivables. 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. The carrying amounts of trade receivables are disclosed in the notes to the consolidated balance sheet in item 3 and those of ticket money receivables in item 8.

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 11.

The carrying amounts of intangible assets are disclosed in the notes to the consolidated balance sheet in item 12 and those of property, plant and equipment in item 13.

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 17.

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 18. 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 16 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 money affected by this rule, which were recognised as 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 21.

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 24.

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 26.

2. SCOPE OF CONSOLIDATION

In addition to the parent company's financial statements, the CTS Group comprises the annual financial statements of 138 subsidiaries (previous year: 127).

The number of fully consolidated companies in the Ticketing segment is 43 (previous year: 46). The decrease over the previous year results from a disposal, a deconsolidation and a merger.

In the Live Entertainment segment, the number of fully consolidated companies is 95 (previous year: 81). The changes are due to newly established companies (inter alia, project companies in the USA) and acquisitions as well as transition from the equity method to full consolidation, which affected three companies. In contrast, two mergers, a disposal, as well as a deconsolidation of immaterial companies have been carried out.

In the Live Entertainment segment, two joint ventures (previous year: two) and 14 associated companies (previous year: 13) are included in the consolidated financial statements. One material joint venture (Hammersmith Apollo Ltd., London, hereinafter: HAL Apollo) relates to Stage C Ltd. based in 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 material 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, a joint venture (previous year: one) and an associated company (previous year: one) 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 immateriality, 16 subsidiaries (previous year: 13) are recognised in investments at fair value through profit or loss in the reporting year.

2.1 CHANGES IN THE TICKETING SEGMENT

DISPOSAL OF CTS EVENTIM RU

On August 10, 2022, the shares in CTS Eventim RU o.o.o., Moscow, Russia, (hereinafter: CTS Eventim RU) were sold (sale price EUR 1.00) and the company was deconsolidated. The deconsolidation effect of EUR -3,746 thousand was reported in the financial result.

Other changes in the Ticketing segment did not have a significant impact.

2.2 CHANGES IN THE LIVE ENTERTAINMENT SEGMENT

In the 2022 financial year, additional small acquisitions and start-ups were made in the Live Entertainment segment in Germany, Denmark, Italy, UK and USA, which have no material effect either individually or in total.

ASSET DEAL S&Z S.R.L IN ITALY

By contract dated 5 July 2022, the CTS Group acquired 60% of the shares in S&Z S.r.l., Milan, Italy, (hereinafter: S&Z S.r.l.) via the subsidiary Vivo Concerti S.r.l., Milan, Italy. The purpose of the company is the organisation and performance of concerts, the production and distribution of recording media, as well as activities in the music publishing business. Pursuant to IFRS 3.2 (b) the purchase price of EUR 9,400 thousand was allocated to the individual assets and liabilities acquired based on their relative fair values at the time of acquisition. The brand was identified as an intangible asset with a useful life of 11 years. Furthermore, a long-term non-financial asset was recognised, which results from an advance payment on future remuneration and is amortised over the term of the contract. The company was merged with Vivo Concerti S.r.l., Milan, Italy, with entry in the commercial register on 13 December 2022.

FROM AT EQUITY METHOD TO FULL CONSOLIDATION OF BPC TOURS LLC IN USA

Due to contractual changes dated 4 August 2022 EMC Presents LLC, Wilmington, Delaware, USA, (hereinafter: EMC Presents) obtained control of BPC Tours LLC, Wilmington, Delaware, USA, (hereinafter: BPC) without paying a purchase price and this resulted in the transition from the at equity method to the full consolidation of BPC. EMC Presents holds 70% of the shares in BPC. BPC's field of activity includes the organisation of live events, in particular concerts in North America.

The following overview shows the fair values at the time of initial consolidation of BPC:

	Fair values at the time of initial consolidation - final purchase price allocation - [EUR'000]
Inventories	1,577
Total current assets	**1,577**
Intangible assets	2,048
Total non-current assets	**2,048**
Deferred tax liabilities	1,196
Total non-current liabilities	**1,196**
Total net assets	**2,428**

As part of the revaluation of the shares, assets and liabilities were measured at fair value. At the time of initial consolidation, a customer base with a fair value of EUR 2,048 thousand and a useful life of three years and an order backlog with a fair value of EUR 1,577 thousand and a useful life of three months were recognised. Deferred taxes of EUR 1,196 thousand were formed on the temporary differences from the remeasurement. The remeasurement of the equity interest in BPC accounted for using the equity method was recognised as financial income in the consolidated income statement at the fair value of EUR 4,378 thousand.

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

	[EUR'000]
Consideration transferred	4,667
Total net assets	**2,428**
Pro rata net assets	**1,700**
Goodwill	2,967

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

Since the time of initial consolidation, BPC has generated revenue of EUR 33,315 thousand and a profit for the period before non-controlling interests of EUR 7,731 thousand.

2.3 PRO-FORMA DISCLOSURES

The following pro-forma presentation shows the financial data of the CTS Group, including the consolidated Group companies acquired in the 2022 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.

	2022 [EUR'000]
Revenue	
Reported	1,925,803
Pro-forma	1,981,215
Net result	
Reported	253,779
Pro-forma	256,278

When determining the pro forma figures, the amortisation of the disclosed hidden reserves in the revaluation of the intangible assets and the corresponding deferred taxes were taken into account, among other things. Revenues are recognised taking into account the elimination of significant intercompany relationships for the entire 2022 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 in the amount of EUR 1,074,507 thousand (previous year: EUR 965,190 thousand) are predominantly bank balances. Cash and cash equivalents include ticket money from presales for events not yet settled (ticket money receivables that have not yet been settled with promoters in the Ticketing segment).

MARKETABLE SECURITIES AND OTHER INVESTMENTS (2)

Marketable securities and other investments in the amount of EUR 163,621 thousand (previous year: EUR 30,834 thousand) mainly relate to the investment of time deposits.

TRADE RECEIVABLES (3)

Trade receivables refer to gross carrying amounts in the amount of EUR 118,974 thousand (previous year: EUR 59,059 thousand). This is offset by impairments of EUR 5,580 thousand (previous year: EUR 4,576 thousand). Gross carrying amounts of EUR 151 thousand (previous year: EUR 17 thousand) are allocated to non-current trade receivables.

RECEIVABLES FROM RELATED PARTIES / LIABILITIES TO RELATED PARTIES (4)

Receivables from related parties and liabilities to related parties relate to deliveries and services. The increase in receivables from related parties (EUR +1,836 thousand) as well as the increase in liabilities to related parties (EUR +1,734 thousand) mainly result from the increase in business activities in the Ticketing segment.

INVENTORIES (5)

Inventories comprise the following items:

	31 Dec 2022	31 Dec 2021
	[EUR'000]	[EUR'000]
Raw materials and supplies	930	719
Work in progress	1,978	2,515
Finished goods and merchandise	2,120	1,504
	5,027	**4,738**

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 (6)

Current and non-current advances paid in the amount of EUR 135,755 thousand (previous year: EUR 169,918 thousand) pertain to production costs already incurred (e.g. artists' fees) for events taking place mainly in the 2023 financial year in the Live Entertainment segment. Advances paid for future events are expected to be realised in the amount of EUR 2,299 thousand after more than 12 months.

RECEIVABLES FROM INCOME TAXES (7)

The receivables from income taxes in the amount of EUR 5,292 thousand (previous year: EUR 5,951 thousand) primarily include receivables due to advance payments for the years 2021 and 2022 made in amounts that were too high.

OTHER FINANCIAL ASSETS (8)

Other current financial assets in the amount of EUR 164,473 thousand (previous year: EUR 86,489 thousand) comprise inter alia ticket money receivables arising in connection with presales in the Ticketing segment of EUR 107,430 thousand (previous year: EUR 61,525 thousand), factoring receivables against an external service provider from ticket money of EUR 11,898 thousand (previous year: EUR 3,613 thousand), receivables from promoters of EUR 6,964 thousand (previous year: EUR 8,264 thousand), and receivables from insurance compensations of EUR 1,067 thousand (previous year: EUR 255 thousand). Furthermore, loan receivables from associates accounted for at equity amount to EUR 15,277 thousand (previous year: EUR 4,435 thousand). The increase mainly results from a reclassification of loan receivables from autoTicket in the amount of EUR 9,020 thousand from non-current financial assets to current financial assets with matching maturities.

Non-current other financial assets totalling EUR 8,393 thousand (previous year: EUR 19,211 thousand) mainly refer to receivables from promoters of EUR 6,365 thousand (previous year: EUR 6,068 thousand), and other receivables from related parties of EUR 962 thousand (previous year: EUR 1,943 thousand). In the previous year, loan receivables from autoTicket of EUR 9,020 thousand were reported, which were reclassified to current financial assets in the reporting year.

As at 31 December 2022 collaterals amounted to EUR 6,825 thousand (previous year: EUR 3,757 thousand), including EUR 2,561 thousand for rental deposits (previous year: EUR 2,272 thousand).

OTHER NON-FINANCIAL ASSETS (9)

Current other non-financial assets totalling EUR 72,666 thousand (previous year: EUR 105,464 thousand) mainly relate to refund claims in respect of value added tax and other taxes of EUR 28,264 thousand (previous year: EUR 19,383 thousand), prepaid expenses in the amount of EUR 15,983 thousand (previous year: EUR 11,481 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 133 thousand (previous year: EUR 803 thousand) and receivables from COVID-19-related government grants of EUR 18,437 thousand (previous year: EUR 68,277 thousand).

The non-current other non-financial assets of EUR 14,189 thousand (previous year: EUR 10,269 thousand) mainly relate to advance payments in connection with transactions in the Live Entertainment segment that are not classified as business combinations in accordance with IFRS 3, and which are amortised over the agreed contract term.

NON-CURRENT ASSETS / LIABILITIES HELD FOR SALE (10)

The non-current assets (EUR 847 thousand) and liabilities (EUR 371 thousand) held for sale in the previous year 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.

GOODWILL (11)

	2022	2021
	[EUR'000]	[EUR'000]
Historical cost		
1 Jan	367,321	354,562
Addition from change in scope of consolidation	3,676	9,828
Disposal from change in scope of consolidation	-7,973	-110
Currency differences	3,396	3,040
31 Dec	**366,420**	**367,321**
Accumulated amortisation		
1 Jan	4,681	4,681
31 Dec	**4,681**	**4,681**
Carrying value as at 31 Dec	**361,739**	**362,640**

The disclosed goodwill totalling EUR 361,739 thousand (previous year: EUR 362,640 thousand) is attributable to the Ticketing segment in the amount of EUR 256,937 thousand (previous year: EUR 257,523 thousand) and to the Live Entertainment segment in the amount of EUR 104,802 thousand (previous year: EUR 105,117 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 decreased by EUR 315 thousand, mainly as a result of the disposal of Eventum Entertainment Properties AB, Stockholm, Sweden and the deconsolidation of Talent Concert International o.o.o., Moscow, Russia. On the other hand, there is an increase resulting from the transition from the equity method to the full consolidation of BPC and two other subsidiaries in the Live Entertainment segment as well as from currency effects from the valuation as at the closing date of 31 December 2022 (Euro to Swiss francs). The decrease of goodwill relating to the Ticketing segment of EUR 586 thousand results from currency effects from the valuation as at the closing date of 31 December 2022 of goodwill denominated in foreign currencies (Euro to Swiss francs) as well as from the disposal of CTS Eventim RU.

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 31 December 2022, an after-tax discount rate of 10.8% (previous year: 8.6%) was used for the impairment test in the Ticketing segment and 10.7% (previous year 8.7%) in the Live Entertainment segment. An EBITDA margin of 44.7% (previous year: 36.1%) in the Ticketing segment and of 7.6% (previous year: 4.1%) in the Live Entertainment segment was assumed for the 2023 financial year. An average EBITDA margin of 45.6% (previous year: 46.5%) 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 9.0% (previous year: 7.7%) 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 2022 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 (12)

	Software, licences and similar rights	Brands	Capitalised development costs	Customer base	Advances paid / Proprietary soft-ware in progress	Total
2021	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
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**
2022						
Historical cost						
1 Jan	94,280	29,647	139,669	143,191	13,807	420,594
Addition from change in scope of consolidation	312	2,580	0	4,566	0	7,459
Disposal from change in scope of consolidation	-416	-131	-112	0	-45	-704
Addition	4,052	1,173	6,867	0	7,653	19,744
Disposal	-2,728	0	-738	-50	-15	-3,531
Reclassification	75	0	15,714	0	-15,789	0
Currency differences	-2,039	-20	475	941	5	-637
31 Dec	**93,536**	**33,249**	**161,876**	**148,648**	**5,616**	**442,925**
Accumulated amortisation						
1 Jan	50,411	21,268	91,454	103,588	40	266,760
Disposal from change in scope of consolidation	-306	-128	-112	0	-45	-591
Addition	7,354	2,095	14,332	8,760	0	32,541
Disposal	-2,524	0	-646	-50	0	-3,220
Reclassification	1,014	0	-1,014	0	0	0
Currency differences	-322	-13	325	986	5	982
31 Dec	**55,627**	**23,222**	**104,340**	**113,283**	**0**	**296,472**
Carrying value as at 31 Dec 2022	**37,909**	**10,027**	**57,536**	**35,366**	**5,616**	**146,453**

The additions to software, licences and similar rights (EUR 4,052 thousand; previous year: EUR 6,569 thousand) mainly refer to ticket distribution rights for the 2024 Olympic Games in Paris as well as licences for third-party software.

Additions to capitalised development costs including advances paid (EUR 14,519 thousand; previous year: EUR 14,769 thousand) primarily relate to the development of ticket distribution systems. Of the capitalised development costs of EUR 6,867 thousand (previous year: EUR 7,891 thousand), EUR 2,042 thousand (previous year: EUR 4,110 thousand) are for proprietary development and EUR 4,825 thousand (previous year: EUR 3,781 thousand) for external services.

The additions from changes in the scope of consolidation in customer base in the amount of EUR 4,566 thousand mainly relates to the transition from the equity method to the full consolidation of BPC and one subsidiary in the Live Entertainment segment (previous year: EUR 7,239 thousand due to the consolidation of the DTS Group, DreamHaus and simply-X). The addition from change in scope of consolidation in brands refers to the asset deal of S&Z S.r.l. in Italy.

Amortisation and impairment from purchase price allocations amount to EUR 9,908 thousand (previous year: EUR 12,085 thousand).

As at 31 March 2022, an indication-driven impairment test of the intangible assets was conducted because of the Russia-Ukraine war for an impairment of the customer base in respect to a subsidiary in Russia. The impairment test was based on a country-specific weighted cost of capital of 12.8%. 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 2,320 thousand was identified.

The impairment test of intangible assets (customer base and brand) as at 31 December 2022 with a finite useful life was based on a country-specific weighted cost of capital of between 9.3% and 12.5%. 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. No impairment was identified.

PROPERTY, PLANT AND EQUIPMENT (13)

2021	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	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**
2022					
Historical cost					
1 Jan	15,571	4,919	80,359	4,580	105,430
Addition from change in the scope of consolidation	0	0	45	0	45
Disposal from change in the scope of consolidation	0	0	-181	0	-181
Addition	1,495	277	8,398	18,596	28,766
Disposal	-105	-632	-2,119	0	-2,856
Reclassification	505	16	-16	-505	0
Currency differences	45	-15	56	0	84
31 Dec	**17,511**	**4,565**	**86,542**	**22,671**	**131,289**
Accumulated depreciation					
1 Jan	6,183	3,549	53,661	0	63,393
Addition from change in the scope of consolidation	0	0	27	0	27
Disposal from change in the scope of consolidation	0	0	-162	0	-162
Addition	1,673	490	6,400	0	8,564
Disposal	-102	-632	-1,991	0	-2,725
Reclassification	21	4	-25	0	0
Currency differences	23	-10	30	0	43
31 Dec	**7,798**	**3,401**	**57,940**	**0**	**69,139**
Carrying value as at 31 Dec 2022	**9,713**	**1,164**	**28,602**	**22,671**	**62,149**

The additions of advances paid are mainly due to the MSG Arena in Milan and entertainment exhibition inventory for different event formats.

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 60,582 thousand (previous year: EUR 55,501 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 6,812 thousand (previous year: EUR 3,549 thousand), EUR 1,882 thousand (previous year: EUR 1,446 thousand) are due within one year, and EUR 4,930 thousand (previous year: EUR 2,103 thousand) are due between one and five years. In the reporting year, income received from lease payments amounted to EUR 1,835 thousand (previous year: EUR 1,013 thousand).

The carrying amounts of the leased items developed as follows:

	Buildings	Operating and office equipment	Total
2021	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
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**
2022			
Historical cost			
1 Jan	1,102	4,688	5,790
Addition	0	913	913
Disposal	-60	-40	-100
31 Dec	**1,042**	**5,561**	**6,603**
Accumulated depreciation			
1 Jan	123	4,010	4,132
Addition	150	437	587
Disposal	-60	-40	-100
31 Dec	**213**	**4,407**	**4,619**
Carrying value as at 31 Dec 2022	**829**	**1,154**	**1,983**

RIGHT-OF-USE ASSETS FROM LEASES (14)

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

2021	Venues [EUR'000]	Buildings [EUR'000]	Vehicles [EUR'000]	Operating and office equipment [EUR'000]	Total [EUR'000]
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**
2022					
Historical cost					
1 Jan	102,754	71,255	3,311	461	177,781
Addition	5,531	1,944	1,126	198	8,799
Disposal	-5	-1,629	-1,095	-176	-2,905
Reassessment	298	-318	253	2	236
Currency differences	0	236	-8	2	231
31 Dec	**108,578**	**71,489**	**3,587**	**487**	**184,141**
Accumulated depreciation					
1 Jan	23,483	24,184	2,075	309	50,051
Addition	8,032	10,243	1,043	159	19,477
Disposal	-5	-1,629	-1,095	-176	-2,905
Currency differences	0	79	-7	1	74
31 Dec	**31,511**	**32,877**	**2,016**	**293**	**66,697**
Carrying value as at 31 Dec 2022	**77,067**	**38,612**	**1,571**	**194**	**117,444**

The leases 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 mainly relate to rented office space and buildings.

Additions within venues are in respect to Arena Campovolo in Milan, where business started in financial year 2022. Disposals in buildings were primarily due to the expiration of leases for office spaces in the Live Entertainment segment.

The impairment test conducted as at 31 December 2022 was based on a country-specific weighted cost of capital of 10.4%. 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 (15)

Investments include participations in the amount of EUR 1,300 thousand (previous year: EUR 924 thousand) and shares in subsidiaries that are not consolidated due to immateriality in the amount of EUR 256 thousand (previous year: EUR 777 thousand).

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (16)

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	[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]	[EUR'000]
Net book value at 1 Jan	**17,693**	**16,140**	**18,625**	**20,981**	**53,837**	**55,796**	**3,707**	**5,900**	**18,087**	**0**	**1,846**	**2,117**	**113,795**	**100,934**
Addition	0	0	0	0	0	0	0	0	8,992	17,744	483	51	9,474	17,795
Disposal	0	0	0	0	0	0	0	0	0	0	-40	-115	-40	-115
Reclassification	0	0	0	0	0	0	0	0	0	0	4	0	4	0
Dividends	0	0	0	0	0	0	0	-1,811	0	0	-3,732	0	-3,732	-1,811
Proportionate result of the period	2,093	409	-1,443	-2,355	1,049	-1,959	443	-382	4,878	-435	5,713	-231	12,732	-4,954
Proportionate other compre-hensive income	-1,016	1,144	0	0	0	0	714	0	1,226	778	153	24	1,076	1,946
Net book value at 31 Dec	**18,769**	**17,693**	**17,183**	**18,625**	**54,886**	**53,837**	**4,864**	**3,707**	**33,183**	**18,087**	**4,427**	**1,846**	**133,311**	**113,795**

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

The impairment test conducted as at 31 December 2022 was based on a country-specific weighted cost of capital of between 9.1% and 10.5%. 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.

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 2022, the call option was valued at EUR 0 thousand (previous year: EUR 1,187 thousand), in particular due to the increased cost of capital taken into account in the valuation model. As a result, the conditional put option also has a value of EUR 0 thousand (previous year: EUR 5,939 thousand).

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

	HAL Apollo		autoTicket		France Billet		Electric Love		HPX	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	EUR'000
Current assets	15,113	17,400	336	388	133,286	136,031	5,032	6,020	13,243	3,450
thereof cash and cash equivalents	13,396	13,781	318	371	93,555	98,562	1,653	1,667	1,467	1,333
Non-current assets	39,752	43,065	57,782	56,725	95,197	96,748	78	40	31,236	16,584
Current liabilities	9,960	17,233	23,598	2,046	190,798	195,694	3,382	5,292	15,361	2,477
Non-current liabilities	7,179	7,655	158	17,820	14,554	16,575	0	0	0	0
Revenue	14,441	5,929	322	302	31,407	16,076	14,693	4,248	20,303	0
EBITDA	6,845	2,599	-3,739	-6,398	11,336	1,843	1,019	-784	5,926	-989
Depreciation and amortisation	-1,120	-1,108	-109	-111	-5,938	-6,842	-49	-49	-636	0
Financial result	-358	-355	-275	-221	107	-110	0	-1	92	120
Taxes	-1,184	-312	1,237	2,019	-2,886	939	-2	0	0	0
Net result	4,183	823	-2,886	-4,711	2,620	-4,170	967	-835	5,382	-870
Other comprehensive income/loss	-3,777	2,289	0	0	0	0	0	0	64	-9
Total comprehensive income/loss	406	3,112	-2,886	-4,711	2,620	-4,170	967	-835	5,446	-878

DEFERRED TAXES (17)

The deferred tax assets, at EUR 25,356 thousand (previous year: EUR 30,717 thousand), pertain to the following:

	31 Dec 2022	31 Dec 2021
	[EUR'000]	[EUR'000]
Tax loss carryforwards	13,224	14,311
Temporary differences	12,132	16,406
	25,356	**30,717**

The total amount of unrecognised temporary differences relating to shares in subsidiaries, associated companies and joint ventures amounts to EUR 8,881 thousand (previous year: EUR 6,290 thousand). The Group does not expect any charges from this since there is currently no release of deferred taxes planned due to a disposal or a dividend.

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

	31 Dec 2022		31 Dec 2021	
	Deferred tax assets [EUR'000]	Deferred tax liabilities [EUR'000]	Deferred tax assets [EUR'000]	Deferred tax liabilities [EUR'000]
Receivables	1,640	1,362	1,147	1,546
Other assets	5,392	247	4,907	79
Current assets	**7,032**	**1,608**	**6,053**	**1,625**
Property, plant and equipment	36,419	36,217	39,568	38,512
Intangible assets	3,123	25,482	2,909	17,015
Investments	32	77	56	0
Other assets	684	0	140	0
Non-current assets	**40,258**	**61,776**	**42,674**	**55,527**
Other provisions	1,510	1,536	2,388	1,610
Other liabilities	1,293	671	1,808	31
Current liabilities	**2,803**	**2,207**	**4,196**	**1,641**
Pension provisions	601	45	1,992	9
Non-current liabilities	**601**	**45**	**1,992**	**9**
Loss carryforwards	13,224	0	14,311	0
Total	**63,918**	**65,637**	**69,225**	**58,802**
Offset	-38,562	-38,562	-38,508	-38,508
Deferred taxes	**25,356**	**27,074**	**30,717**	**20,294**

The deferred tax liabilities for intangible assets mainly result from different balance sheet approaches in the IFRS and tax balances due to different useful lives as well as from fair value measurement 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 15.0%, the solidarity surcharge at 5.5% and municipal trade tax between 11.9% and 17.2%. For foreign subsidiaries, the applicable local tax rate was applied respectively.

As at 31 December 2022, the recognised tax loss carryforwards were as follows:

	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]
Loss carryforwards international		
up to 5 years	597	0
up to 10 years	4,263	7,533
unlimited	36,264	42,537
	41,123	**50,070**
Loss carryforwards domestic		
Corporate tax (unlimited)	10,248	7,312
Municipal trade tax (unlimited)	11,731	8,324
Total loss carryforwards	**63,102**	**65,706**

It is assumed that the tax loss carryforwards of EUR 63,102 thousand as at 31 December 2022 (previous year: EUR 65,706 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 10,268 thousand (previous year: EUR 41,023 thousand), and in respect of domestic municipal trade tax losses of EUR 7,788 thousand (previous year: EUR 3,199 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 24,426 thousand (previous year: EUR 24,738 thousand), for corporation tax loss carryforwards in the amount of EUR 26,721 thousand (previous year: EUR 26,558 thousand), and for foreign loss carryforwards of EUR 77,284 thousand (previous year: EUR 80,270 thousand).

Within the next six to ten years, an expiry of unusable loss carryforwards of EUR 19,003 thousand (previous year: EUR 19,819 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 5,368 thousand (previous year: EUR 0 thousand).

As at 31 December 2022, deferred taxes of EUR -649 thousand (previous year: EUR 440 thousand) were recorded in other reserves in equity.

FINANCIAL LIABILITIES (18)

The current and non-current financial liabilities reported as at the balance sheet date in the amount of EUR 16,991 thousand (previous year: EUR 28,789 thousand) comprise 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 16,637 thousand (previous year: EUR 24,200 thousand) of which EUR 1,965 thousand (previous year: EUR 9,685 thousand) are due in the short term. Furthermore, financial loans of EUR 354 thousand (previous year: EUR 4,590 thousand), of which EUR 153 thousand (previous year: EUR 128 thousand) are due in the short term, are reported.

In March 2022, the existing syndicated credit facility (revolving credit facility) in the amount of EUR 200,000 thousand was replaced prior to maturity by a new syndicated credit facility with a volume of EUR 150,000 thousand and a term of three years (plus extension options). and a volume of EUR 150,000 thousand. In 2022, the revolving credit facility was only used to a limited extent for the utilisation of guarantee agreements. The financial covenants comprise the equity ratio and adjusted net debt.

In the previous year, some subsidiaries of the CTS Group applied for credit agreements, within the framework of COVID-19 funding programmes, in a volume of EUR 8,475 thousand of which EUR 4,402 thousand was drawn down as at 31 December 2021 and repaid in the reporting period.

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 [EUR'000]	Non-current financial liabilities [EUR'000]	Current lease liabilities [EUR'000]	Non-current lease liabilities [EUR'000]
Balance as at 1 Jan 2022	**9,813**	**18,976**	**17,973**	**113,020**
Payments for redemption of financing loans	-87	-4,218	0	0
Payments for redemption of lease liabilities	0	0	-19,252	0
Total change in cash flow from financing activities	**-87**	**-4,218**	**-19,252**	**0**
New lease agreements	0	0	1,498	7,500
Changes in fair value or modifications of lease agreements	0	0	1,627	-1,600
Other non-cash transactions	-7,609	6,054	8	164
Timely reclassifications	0	0	16,195	-16,195
Total other changes, referring to financial and lease liabilities	**-7,609**	**6,054**	**19,328**	**-10,131**
Balance as at 31 Dec 2022	**2,118**	**20,812**	**18,049**	**102,889**

	Current finan-cial liabilities	Non-current financial liabilities	Current lease liabilities	Non-current lease liabil-ities
	[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 the shareholding 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 for redemption of lease liabilities	0	0	-17,160	0
Total change in cash flow from financing activities	**-204,609**	**136**	**-17,160**	**0**
New leases	0	0	1,574	5,642
Additions from 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 acquisitions	-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**

TRADE PAYABLES (19)

The carrying amounts of the trade payables correspond to the fair values due to their short-term nature.

ADVANCE PAYMENTS RECEIVED (20)

The current and non-current advance payments received of EUR 536,907 thousand (previous year: EUR 669,202 thousand) mainly include ticket money already received for future events in the Live Entertainment segment. The decline is mainly due to the high number of events held in the 2022 financial year. Of the advance payments received, EUR 12,052 thousand (previous year: EUR 34,717 thousand) are non-current.

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 2021	**422,515**
Revenue recognised	-43,402
Other changes	290,089
31 Dec 2021	**669,202**
1 Jan 2022	**669,202**
Revenue recognised	-562,618
Addition due to change in the scope of consolidation	4,337
Other changes	425,987
31 Dec 2022	**536,907**

OTHER PROVISIONS (21)

	Promoter voucher [EUR'000]	Maintenance [EUR'000]	Risks from pending transactions [EUR'000]	Other Personnel costs [EUR'000]	Other [EUR'000]	Total [EUR'000]
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
1 Jan 2022	**16,581**	**6,606**	**2,524**	**129**	**15,748**	**41,587**
Change in the scope of consolidation	0	0	2	0	0	2
Utilisation	-2,009	-108	-1,129	-34	-2,092	-5,372
Reversal	0	-710	0	0	-7,917	-8,627
Addition	1,664	1,277	2,404	172	12,556	18,073
Interest effect	0	-1,058	0	0	0	-1,058
Reclassification	0	0	0	0	0	0
Currency differences	0	0	9	1	104	114
31 Dec 2022	**16,236**	**6,007**	**3,811**	**269**	**18,398**	**44,719**
thereof non-current	0	4,820	0	60	77	4,957

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. 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.

Since 1 January 2022, a payment of the amount can be requested in Germany. The ticket money affected by this regulation, based on current empirical values to what extent the holders of the vouchers make use of their right to reclaim the ticket price, are recorded in financial liabilities or non-financial liabilities (for the redemption 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 Live Entertainment segment.

The provisions for other personnel costs relate, among other things, to payments to employees on the occasion of the termination of the employment relationship and provisions for anniversary bonuses.

The addition to other provisions relates to possible reclaims of Corona economic aids in Austria due to changed eligibility requirements of EUR 9,254 thousand.

In the previous year, other provisions included a provision of EUR 7,608 thousand for a fine imposed on CTS KGaA and five Italian group companies as a result of a decision by the Italian antitrust authority “Autorità Garante della Concorrenza e del Mercato” (hereinafter: AGCM). alleged abusive conduct. Accordingly, the respective companies have appealed to the competent administrative court (Tribunale Amministrativo Regionale) in Rome. On 24 March 2022, the Administrative Court completely overturned AGCM's decision and the competent Court of Appeal (Consiglio di Stato) confirmed this decision by judgment of 24 October 2022 and dismissed AGCM's appeal against it. The unlawful decision of the AGCM is thus finally overturned and the fine imposed will be reimbursed, insofar as it has already been paid. The income from the reversal of the provision amounts to EUR 6,513 thousand and is included in other operating income. Furthermore, receivables from the reimbursement claim for fine payments already made are recognised in the amount of EUR 4,355 thousand.

TAX DEBTS (22)

The tax debts of EUR 91,980 thousand (previous year: EUR 52,704 thousand) primarily include municipal trade and corporation tax.

OTHER FINANCIAL LIABILITIES (23)

The current other financial liabilities (EUR 557,987 thousand; previous year: EUR 513,532 thousand) include liabilities from ticket money received that have not yet been settled with promoters of EUR 500,315 thousand (previous year: EUR 448,416 thousand), liabilities from refunds of ticket money to end customers of EUR 15,575 thousand (previous year: EUR 39,058 thousand), liabilities from third-party concerts in the Live Entertainment segment of EUR 3,594 thousand (previous year: EUR 9,631 thousand), liabilities from ticket insurance of EUR 5,717 thousand (previous year: EUR 3,794 thousand) and other financial liabilities of EUR 32,784 thousand (previous year: EUR 12,632 thousand). The non-current other financial liabilities of EUR 9,217 thousand (previous year: EUR 20,577 thousand) mainly include liabilities from ticket money received that have not yet been settled with promoters of EUR 7,381 thousand (previous year: EUR 19,827 thousand).

LEASE LIABILITIES (24)

The current lease liabilities (EUR 18,049 thousand; previous year: EUR 17,973 thousand) and non-current lease liabilities (EUR 102,889 thousand; previous year: EUR 113,020 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	
	2022 [EUR'000]	2021 [EUR'000]	2022 [EUR'000]	2021 [EUR'000]	2022 [EUR'000]	2021 [EUR'000]
Expense relating to current leases	1,176	381	75,573	9,297	76,749	9,678
Expense relating to leases of low-value assets	78	46	214	155	292	201
Expense relating to variable lease payments	8	67	950	710	958	777
Income from subleasing right-of-use assets	106	62	0	0	106	62
Depreciation of right-of-use assets	7,340	6,670	12,138	11,849	19,477	18,519
Interest expenses on lease liabilities	913	453	1,336	1,086	2,249	1,539

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 19,252 thousand (previous year: EUR 17,160 thousand), and the interest payments of EUR 2,249 thousand (previous year: EUR 1,539 thousand) are recorded in the cash flow from operating activities.

In the financial year, additional lease payments of EUR 1,390 thousand (previous year: EUR 1,436 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 75 thousand (previous year: EUR 8,384 thousand). In the previous year, this mainly related to the Arena Campovolo, where business activities began in the year under review.

OTHER NON-FINANCIAL LIABILITIES (25)

The current other non-financial liabilities (EUR 117,963 thousand; previous year: EUR 84,643 thousand) result from other tax liabilities of EUR 28,796 thousand (previous year: EUR 16,594 thousand), liabilities from gift vouchers of EUR 41,757 thousand (previous year: EUR 37,573 thousand), liabilities for personnel expenses of EUR 33,829 thousand (previous year: EUR 22,852 thousand), deferred income of EUR 3,108 thousand (previous year: EUR 3,083 thousand), social security liabilities of EUR 4,787 thousand (previous year: EUR 2,914 thousand), and other non-financial liabilities of EUR 5,685 thousand (previous year: EUR 1,628 thousand).

PENSION PROVISIONS (26)

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 covered 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 [EUR'000]	Plan assets [EUR'000]	Pension provision [EUR'000]
Status 1 Jan 2022	**33,912**	**-20,710**	**13,201**
Service costs			
Current service costs	1,813	0	1,813
Past service costs	-110	0	-110
	1,703	**0**	**1,703**
(Net) interest expenses/income	**141**	**-65**	**76**
Remeasurements			
Experience-based gains (-)/losses (+)	1,922	0	1,922
Gain (-)/loss (+) from change in financial assumptions	-9,181	0	-9,181
Plan asset income, not included in interest income	0	-862	-862
	-7,259	**-862**	**-8,121**
Benefits paid	**-3,855**	**3,617**	**-238**
Fund allocations			
Employer	0	-1,068	-1,068
Employee	4,052	-4,052	0
	4,052	**-5,120**	**-1,068**
Currency differences	**1,463**	**-1,018**	**445**
Changes in the scope of consolidation	**1**	**0**	**1**
Status 31 Dec 2022	**30,158**	**-24,158**	**6,000**

	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**

The defined benefit obligation is allocated as follows:

	2022	2021
	[EUR'000]	[EUR'000]
Defined benefit obligation	**30,158**	**33,912**
thereof active employees	28,371	31,385
thereof terminated employees with vested benefits	164	357
thereof retirees	1,623	2,170

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

	Defined benefit obligations		Plan assets		Pension provision	
	2022	2021	2022	2021	2022	2021
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Germany	542	1,091	0	0	542	1,091
Switzerland	27,003	29,755	-24,158	-20,710	2,845	9,045
Rest of Europe	2,613	3,065	0	0	2,613	3,065

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	
	2022	2021	2022	2021	2022	2021
Germany	4.29%	1.50%	2.70%	2.50%	1.00%	1.00%
Switzerland	2.30%	0.30%	1.20%	1.00%	0.00%	0.00%
Rest of Europe	4.02%	1.02%	2.29%	2.27%	0.00%	0.00%

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

The companies are exposed to various risks in connection with the existing pension plans in the CTS Group. The CTS Group is exposed to valuation risks, such as interest rate risk, but also to actual risks such as longevity risk. In addition, there are currency and investment risks.

An increase or decrease in the main actuarial assumptions would have the following effects on the present value of the defined benefit obligation:

2022	Change in assumption	Increase of the assumption	Decrease of the assumption
		[EUR'000]	[EUR'000]
Discount rate	0.50%	-2,049	2,327
Future salary increases	1.00%	341	-356
Future pension increases	1.00%	1,616	0
Life expectancy	1 year	271	-267

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

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 2022 is 14.6 years (previous year: 17.0 years). For the following year, employer contributions to the pension plans in the amount of EUR 1,381 thousand (previous year: EUR 1,101 thousand) are expected.

TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF CTS KGaA (27)

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 99.

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).

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 (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.

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.

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”).

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 2022, 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 2022 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.

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.

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 9 thousand (previous year: EUR 1,609 thousand).

In financial year 2022, retained earnings increased by EUR 685 thousand as a result of changes in the scope of consolidation and currency translation differences.

NON-CONTROLLING INTERESTS (28)

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 international companies (in Italy, Austria, Switzerland, Singapore, Spain, the UK 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 2022.

		Proportional share of non-controlling interests[1]	Net income attributable to non-controlling interests[2]	Net book value of accumulated non-controlling interests[2]	Participation ratio of non-controlling interests[2]
		31 Dec 2022	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2022**
Name	**Country**		**[EUR'000]**	**[EUR'000]**	
Subgroup TC AG	Switzerland	50.0%	7,032	35,345	50.0%
Subgroup Austria	Austria	14.0%	1,450	8,515	14,0% - 56,1%
Subgroup EVENTIM LIVE	Germany	5.6%	15,655	23,486	5,6% - 76,3%
Subgroup EVENTIM LIVE INTERNATIONAL	Germany		19,922	26,362	25,0% - 65,0%
Total subgroups				93,709	
Subsidiaries with individually immaterial non-controlling interests				12,093	
Total non-controlling interests				**105,802**	

[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 2021.

Name	Country	Proportional share of non-controlling interests[1] 31 Dec 2021	Net income attributable to non-controlling interests[2] 31 Dec 2021 [EUR'000]	Net book value of accumulated non-controlling interests[2] 31 Dec 2021 [EUR'000]	Participation ratio of non-controlling interests 31 Dec 2021
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		1,141	6,322	25,0% - 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 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 2022 [EUR'000]	**31 Dec 2021 [EUR'000]**	**31 Dec 2022 [EUR'000]**	**31 Dec 2021 [EUR'000]**
Current assets	80,504	60,409	83,536	61,738
Non-current assets	74,177	72,308	3,705	4,155
Current liabilities	80,378	70,434	70,579	46,922
Non-current liabilities	4,729	13,504	2,184	2,166

Summarised income statement:	**Subgroup TC AG**		**Subgroup Austria**	
	31 Dec 2022 [EUR'000]	**31 Dec 2021 [EUR'000]**	**31 Dec 2022 [EUR'000]**	**31 Dec 2021 [EUR'000]**
Revenue	54,561	20,132	31,893	14,183
Taxes	-2,815	-1,677	-3,282	-1,600
Net result	14,063	6,250	10,793	5,524
Net result attributable to non-controlling interest	7,032	3,125	1,450	1,047
Dividend payments to non-controlling interests	0	0	-2,253	0

Summarised cash flow statement:	**Subgroup TC AG**		**Subgroup Austria**	
	31 Dec 2022 [EUR'000]	**31 Dec 2021 [EUR'000]**	**31 Dec 2022 [EUR'000]**	**31 Dec 2021 [EUR'000]**
Cash flow from operating activities	15,278	39,738	9,588	-11,180
Cash flow from investing activities	-1,894	-1,282	-405	-274
Cash flow from financing activities	-955	-326	-13,352	-357
Net increase / decrease in cash and cash equivalents	12,428	38,131	-4,169	-11,812
Net increase / decrease in cash and cash equivalents due to currency translation	2,894	2,407	-313	-86
Cash and cash equivalents at beginning of period	54,508	13,971	18,095	29,993
Cash and cash equivalents at end of period	69,830	54,508	13,613	18,095

Significant non-controlling interests in the Live Entertainment segment:

Summarised balance sheet:	Subgroup EVENTIM LIVE		Subgroup EVENTIM LIVE INTERNATIONAL	
	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]
Current assets	505,093	545,827	365,441	303,627
Non-current assets	100,283	97,288	155,607	150,368
Current liabilities	541,170	608,470	398,159	435,631
Non-current liabilities	29,790	34,371	27,400	40,836

Summarised income statement:	Subgroup EVENTIM LIVE		Subgroup EVENTIM LIVE INTERNATIONAL	
	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]
Revenue	780,001	71,420	566,484	104,820
Taxes	-13,565	-3,383	-4,784	3,304
Net result	33,920	429	34,751	-2,277
Net result attributable to non-controlling interest	15,655	284	19,922	1,141
Dividend payments to non-controlling interests	-50	-126	-3,866	-923

Summarised cash flow statement:	Subgroup EVENTIM LIVE		Subgroup EVENTIM LIVE INTERNATIONAL	
	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]
Cash flow from operating activities	-123,708	145,760	-48,812	85,188
Cash flow from investing activities	-4,966	-6,630	-7,789	-21,562
Cash flow from financing activities	-4,246	-7,639	77,399	-1,826
Net increase / decrease in cash and cash equivalents	-132,920	131,492	20,798	61,800
Net increase / decrease in cash and cash equivalents due to currency translation	-199	1,830	2,837	2,525
Net increase / decrease in cash and cash equivalents due to change in scope of consolidation	-62	0	-200	0
Cash and cash equivalents at beginning of period	371,634	238,312	145,380	81,055
Cash and cash equivalents at end of period	238,452	371,634	168,814	145,380

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 2022 financial year:

		Balance sheet value according to IFRS 9		
	Carrying value 31 Dec 2022	Fair value through profit and loss	Amortised cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS				
Cash and cash equivalents	1,074,507		1,074,507	1,074,507
Marketable securities and other investments	163,621	678	162,943	163,621
Trade receivables	113,544		113,544	113,540
Receivables from related parties	3,807		3,807	3,807
Other financial assets	172,866	897	171,969	172,742
thereof receivables from ticket money	*107,430*		*107,430*	*107,430*
Investments	1,556	1,556		1,556
Total	**1,529,900**	**3,131**	**1,526,769**	**1,529,773**
LIABILITIES				
Financial liabilities	16,991		16,991	16,703
Trade payables	233,925		233,925	233,901
Liabilities to related parties	8,154		8,154	8,154
Other financial liabilities	567,204		567,204	567,147
thereof liabilities from ticket money received that have not yet been settled with promoters	*507,697*		*507,697*	*507,575*
Lease liabilities	120,938			120,938
Total	**947,213**		**826,274**	**946,843**

The following table shows the carrying values, 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 money	*61,525*		*61,525*	*61,525*
thereof call option for 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 for 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 money 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**

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.

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 2022:

	31 Dec 2022			
	Level 1	Level 2	Level 3	Total
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
ASSETS				
Marketable securities and other investments	678	0	0	678
Trade receivables[2]	0	147	0	147
Other financial assets[2]	0	7,705	897	8,602
Investments	283	0	1,273 [1]	1,556
	960	**7,852**	**2,171**	**10,983**
LIABILITIES				
Financial liabilities	0	16,703	0	16,703
Trade payables	0	1,279	0	1,279
Other financial liabilities[2]	0	9,160	0	9,160
thereof liabilities from ticket money received that have not yet been settled with promoters	*0*	*7,260*	*0*	*7,260*
	0	**27,142**	**0**	**27,142**

[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 approximation of the fair value. Therefore, it is not included in the fair value hierarchy.

The carrying amount of other financial assets in level 3 decreased from EUR 2,399 thousand to EUR 897 thousand. In the reporting year, an addition of EUR 359 thousand was recognised, which was offset by a disposal of EUR 500 thousand. Besides, adjustments to the fair values of EUR -1,361 thousand were recognised in the financial result. This includes the adjustment of the call option for additional shares in France Billet in the amount of EUR -1,187 thousand. This no longer has a fair value as at 31 December 2022, in particular due to the increased cost of capital taken into account in the valuation model.

As at 31 December 2022, the fair value of the put option for further shares in France Billet was EUR 0 thousand (previous year: EUR 5,939 thousand). The postive measurement effect of EUR 5,939 thousand was recognised in the financial result.

For the valuation of the remaining other financial assets in level 3, discount rates between 7.2% and 11.5%, 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 18 thousand (EUR 19 thousand). If the expected cash flows were adjusted by +10% (-10%), the fair value would increase (decrease) by EUR 12 thousand (by EUR 19 thousand). The underlying cash flows range between EUR 5,821 thousand and EUR 6,902 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 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 for 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 for 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 money 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 approximation of the fair value. Therefore, it is not included in the fair value hierarchy.

NET RESULTS

The following table provides the net results from financial instruments:

	2022	2021
	[EUR'000]	[EUR'000]
Financial assets at amortised cost	922	5,533
Financial assets at fair value through profit and loss	-2,448	157
Financial liabilities at amortised cost	5,397	7,666
Financial liabilities at fair value through profit and loss	5,939	-2,373
	9,810	**10,983**

The net results of financial assets at amortised cost consist of interest income (EUR 5,357 thousand; previous year: EUR 859 thousand), expenses from negative interest (EUR 1,598 thousand; previous year: EUR 1,493 thousand), effects from currency translation (EUR 5,246 thousand; previous year: EUR 5,174 thousand) as well as impairments on receivables. Impairments (including reversals of impairment losses) amount to EUR 8,083 thousand (previous year: reversals of impairment losses including impairments EUR 992 thousand) and are included in selling expenses, financial expenses, and other operating income. This includes expenses for derecognised receivables of EUR 6,199 thousand (previous year: EUR 1,110 thousand) and for additions to impairments (EUR 4,139 thousand;

previous year: EUR 452 thousand). The item also comprises income from the reversal of impairments and from derecognised receivables (EUR 2,255 thousand; previous year: EUR 2,554 thousand).

The net results of financial assets measured at fair value through profit or loss comprise income from investments of EUR 215 thousand (previous year: EUR 164 thousand) and effects from fair value measurement in the amount of EUR -2,663 thousand (previous year: EUR -7 thousand). Measurement effects include, among other things, expenses from the measurement of the call option for the purchase of additional shares in France Billet in the amount of EUR -1,187 thousand (previous year: EUR 416 thousand) as well as effects from the impairment of investments of EUR -927 thousand (previous year: EUR -422 thousand).

Net results of financial liabilities at amortised cost include interest expenses (EUR 1,234 thousand; previous year: EUR 1,541 thousand) and currency effects (EUR 479 thousand; previous year: EUR 275 thousand), as well as effects from the subsequent measurement of liabilities from put options (EUR -2,585 thousand; previous year: EUR 3,051 thousand) and variable purchase price liabilities (EUR 2,892 thousand; previous year: EUR 3,185 thousand). This was offset by income from derecognised financial liabilities in the amount of EUR 5,845 thousand (previous year: EUR 3,731 thousand). The total interest expense calculated under the effective interest method was EUR 391 thousand (previous year: EUR 963 thousand).

The net results of financial liabilities measured at fair value include income from the measurement of the put option for the purchase of additional shares in France Billet in the amount EUR 5,939 thousand (previous year: expenses of EUR 2,494 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. 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 2022 financial year, collateral amounting to EUR 12,256 thousand (previous year: EUR 8,892 thousand) was provided to Group companies mainly to hedge the risks in ticket presales by various box offices (EUR 9,976 thousand; previous year: EUR 7,654 thousand). Ticket money receivables and receivables from promoters due from collateral providers amount to EUR 7,459 thousand (gross carrying amounts; previous year: EUR 3,030 thousand).

Moreover, collateral in the amount of EUR 6,825 thousand (previous year: EUR 3,757 thousand) was provided among others as rental deposits for office buildings.

The impairments developed as follows:

	Simplified approach			General approach	
	Trade receivables	Receivables from related parties	Ticket money receivables	Other financial assets	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Impairments as at 1 Jan 2021	4,851	80	616	3,427	8,975
Usage	-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**
Impairments as at 1 Jan 2022	4,576	55	623	2,687	7,942
Usage	-412	0	0	-1,211	-1,623
Net change in impairments	1,416	53	427	1,202	3,098
Impairments as at 31 Dec 2022	**5,580**	**108**	**1,050**	**2,678**	**9,417**

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 2022, based on the simplified approach:

31 Dec 2022	**Trade receivables**		**Receivables from related parties**		**Ticket money receivables**		**Total**	
Risk categories simplified approach	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***	***Gross carry-ing amount***	***thereof impaired***
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Not credit-impaired	111,899	*2,888*	3,587	*22*	108,423	*1,004*	223,909	*3,914*
Credit-impaired	7,225	*2,692*	328	*87*	57	*46*	7,610	*2,825*
Total	**119,124**	*5,580*	**3,915**	*108*	**108,479**	*1,050*	**231,519**	*6,739*

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**		**Ticket money receivables**		**Total**	
Risk categories simplified approach	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***	***Gross carry-ing 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 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 2022, based on the general approach:

31 Dec 2022	**Receivables from promoters**		**Other receivables from related parties**		**Other original financial assets**		**Total**	
Risk categories general approach	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Not credit-impaired	11,587	*4*	15,733	*8*	1,271,904	*129*	1,299,223	*141*
Credit-impaired	1,365	*516*	2,204	*1,690*	356	*330*	3,925	*2,537*
Total	**12,952**	*520*	**17,937**	*1,698*	**1,272,259**	*460*	**1,303,148**	*2,678*

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 from promoters**		**Other receivables from related parties**		**Other original financial assets**		**Total**	
Risk categories general approach	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing amount**	***thereof impaired***	**Gross carry-ing 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*
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*

LIQUIDITY RISKS

Liquidity risks arise if the Group’s payment obligations cannot be covered with available cash or credit lines. Comprehensive strategic and operational liquidity planning and management are in place to ensure sufficient liquidity and a high degree of financial flexibility at all times.

In order to ensure the solvency and financial flexibility of the CTS Group at all times, a liquidity reserve in the form of credit lines and cash is maintained within the framework of liquidity management. In March 2022, CTS KGaA replaced the existing revolving credit facility of EUR 200,000 thousand with a revolving credit facility with a volume of EUR 150,000 thousand. The current revolving credit facility has a term of three years (plus renewal options). In 2022, the revolving credit facility was only used to a limited extent for the utilisation of guarantee agreements. The adjusted net debt and the equity ratio were taken over as covenants from the existing revolving credit facility. Both covenants were comfortably met in 2022.

Financing options can be impaired on the one hand by a deterioration in general refinancing conditions or, on the other hand, by an own deterioration in creditworthiness. 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 (warrant bonds and convertible bonds up to an amount of EUR 800,000 thousand).

While the first quarter of 2022 was still determined by the COVID-19 restrictions and only a few events were held, events were held again in large numbers from the second quarter onwards. The significant pick-up in ticket sales for events in 2022 and 2023 resulted in a significant positive cash inflow.

As of 31 December 2022, the Group has bank liabilities of EUR 354 thousand (previous year: EUR 4,590 thousand).

The following table presents the contractually agreed (undiscounted) interest and redemption payments for financial liabilities and lease liabilities as at 31 December 2022:

	Carrying amount	Interest and redemption payments			
	31 Dec 2022	< 1 year	< 2 years	< 4 years	> 4 years
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	16,991	-2,345	-14,533	-126	0
Trade payables	233,925	-232,622	-1,303	0	0
Payables to related parties	8,154	-8,154	0	0	0
Other financial liabilities	567,204	-557,987	-8,398	-193	-626
thereof liabilities from ticket money received that have not yet been settled with promoters	*507,697*	*-500,315*	*-7,381*	*0*	*0*
Lease liabilities	120,938	-20,028	-17,183	-29,507	-64,935
	947,213	**-821,136**	**-41,417**	**-29,827**	**-65,561**

The carrying amount of the financial liabilities as at 31 December 2022 is lower due to amortisation of the transaction costs at constant effective interest rates.

The following table shows the contractually agreed (undiscounted) interest and redemption 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 of 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 money 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 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 interest-rate loans and fixed-rate agreements expiring in the short term are regularly reviewed for possible hedging against interest rate changes.

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 2022 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 financial liabilities of EUR 4,432 thousand (previous year: EUR 5,609 thousand) as well as of non-derivative fixed interest financial assets measured at fair value (EUR 897 thousand; previous year: EUR 712 thousand).

If the level of market interest rates had been 100 basis points higher (lower) as at 31 December 2022, the net result would have been EUR 42 thousand lower (EUR 43 thousand higher).

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

With the onset of the interest rate turnaround in the course of 2022, in particular since the third quarter of 2022, banks no longer charge fees on demand deposits. During 2022, the euro reference interest rates (1-12 month EURIBOR) have increased significantly, so that the euro reference interest rates all show a positive interest rate. The development of the reference interest rates means that the banks are again offering a positive interest rate for cash investments. Through active cash management, the CTS Group strives to use the available liquidity to generate interest income or to limit the burdens from the negative interest rate. In the reporting year 2022, expenses from negative interest of EUR 1,598 thousand (previous year: EUR 1,493 thousand) were incurred, particularly in the first half of the year.

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 net 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 2022 and in the previous year. The effects on the net result would be as follows:

		31 Dec 2022 Net result [EUR'000]	31 Dec 2021 Net result [EUR'000]
CHF	+ 10%	-608	-406
	- 10%	608	406
USD	+ 10%	-5,238	-4,640
	- 10%	5,238	4,640
GBP	+ 10%	-279	-567
	- 10%	279	567
BRL	+ 10%	-470	-245
	- 10%	470	245
Other currencies	+ 10%	-1,228	-1,307
	- 10%	1,228	1,307
Total effects (all currencies)	**+ 10%**	**-7,824**	**-7,166**
	- 10%	**7,824**	**7,166**

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 1,925,803 thousand (previous year: EUR 407,821 thousand).

	2022	2021
	[EUR'000]	[EUR'000]
Ticketing		
Ticket fees	443,132	176,058
Commissions	32,358	15,432
Other service charges	11,981	7,778
Licence fees	9,565	7,133
Other	44,374	17,738
	541,408	**224,139**
Live Entertainment		
Entertainment services	1,308,575	156,786
Catering and merchandising	41,464	4,149
Sponsoring	18,350	3,811
Other	41,839	26,355
	1,410,228	**191,101**
Intersegment consolidation	-25,833	-7,419
CTS Group	**1,925,803**	**407,821**

Of the external revenue generated by the CTS Group, EUR 1,392,632 thousand was recognised over time in accordance with IFRS 15 (previous year: EUR 199,943 thousand). Of this amount, EUR 78,630 thousand was attributable to the Ticketing segment (previous year: EUR 39,673 thousand) and EUR 1,314,002 thousand to the Live Entertainment segment (previous year: EUR 160,269 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 562,618 thousand (previous year: EUR 43,402 thousand) and was attributable to the Live Entertainment segment. The current advance payments received of EUR 524,855 thousand (previous year: EUR 634,486 thousand) as at 31 December 2022 are likely to result in revenue over the subsequent 12 months.

COST OF SALES (2)

Cost of sales (EUR 1,477,481 thousand; previous year: EUR 327,110 thousand) comprise all material expenses (EUR 1,325,787 thousand; previous year: EUR 225,097 thousand) as well as pro rata personnel expenses (EUR 99,699 thousand; previous year: EUR 60,632 thousand), depreciation and amortisation (EUR 26,015 thousand; previous year: EUR 24,340 thousand), and other operating expenses (EUR 25,980 thousand; previous year: EUR 17,041 thousand).

OTHER OPERATING INCOME (3)

	2022 [EUR'000]	2021 [EUR'000]
Income from coronavirus-related government grants	57,155	193,021
Income from currency translation	11,417	6,814
Income from insurance compensation	8,156	3,620
Income from written-off liabilities / receivables	7,446	4,485
Income from the reversal of provisions	6,513	0
Income from advertising and marketing	5,936	3,522
Income from passed on expenses	1,647	1,676
Income from the reversal of allowances for doubtful accounts	746	1,800
Other operating income	15,553	7,836
	114,569	**222,774**

Income for coronavirus-related government grants in Germany and abroad, which was mainly recognised as compensation for expenses incurred due to events cancelled or held at reduced capacity as a result of COVID-19, decreased by EUR 135,866 thousand to EUR 57,155 thousand (previous year: EUR 193,021 thousand). In the previous year income from coronavirus-related government grants mainly refers to income from German 2020 November and December Assistance under the economic aid programme in connection with coronavirus 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 cost 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 and Russian rubel. Income from the reversal of provisions relates to the reversal of a fine imposed by the Italian Competition and Antitrust Authority, which was set aside by the Italian administrative court in the course of administrative proceedings.

OTHER OPERATING EXPENSES (4)

	2022 [EUR'000]	2021 [EUR'000]
Expenses due to changed eligibility requirements for Corona aid	9,254	0
Expenses for third-party services	7,822	3,501
Currency translation expenses	5,668	1,368
Non-recurring items	4,957	4,899
Expenses passed on from third parties	1,542	1,449
Donations	423	362
Other operating expenses	6,322	375
	35,989	**11,954**

Non-recurring items in the Live Entertainment segment in the amount of EUR 4,880 thousand (previous year: EUR 4,372 thousand) mainly concern expenses from allocations of purchase prices for acquisitions that are not classified as business combinations in accordance with IFRS 3 (EUR 4,027 thousand; previous year: EUR 3,380 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 77 thousand (previous year: EUR 527 thousand), primarily resulting from legal and consulting fees, among others from due diligence reviews. In Austria, expenses of EUR 9,254 thousand were recognised due to changes in the eligibility requirements for Corona aid.

FINANCIAL INCOME (5)

Financial income includes interest income of EUR 5,357 thousand (previous year: EUR 859 thousand) and other financial income of EUR 21,197 thousand (previous year: EUR 7,470 thousand). The increase mainly results from the income (EUR 6,373 thousand) recognised in connection with the sale of the shares in Eventum Entertainment Properties AB, Stockholm, Sweden, in January 2022. Other financial income includes income from updated valuations of existing contractual agreements (put options and earn-out agreements) in the amount of EUR 10,025 thousand (previous year: EUR 6,668 thousand). Of which, EUR 5,939 thousand relates to the conditional put option in connection with the France Billet call option. In addition, income from the remeasurement of shares in companies accounted for using the equity method (EUR 4,680 thousand) was recognised.

FINANCIAL EXPENSES (6)

Financial expenses consist of interest expenses of EUR 5,081 thousand (previous year: EUR 4,573 thousand) and other financial expenses of EUR 12,195 thousand (previous year: EUR 5,445 thousand). Other financial expenses mainly relate to expenses from deconsolidation effects of EUR 5,693 thousand, from updated valuations of existing contractual agreements (put options and earn-out agreements) in the amount of EUR 2,765 thousand (previous year: EUR 2,926 thousand) and expenses from the valuation of the call option for further shares in France Billet amounting to EUR 1,187 thousand. Previous year an expense of EUR 2,494 thousand was included relating to the valuation of the put option for the acquisition of further shares in France Billet.

TAXES (7)

	2022 [EUR'000]	2021 [EUR'000]
Current income taxes	-78,270	-47,002
Deferred taxes	-9,255	-833
	-87,526	**-47,835**

Current income taxes for the 2022 financial year comprise income of EUR 10,471 thousand (previous year: EUR 1,479 thousand) for current income taxes for previous years.

The deferred tax expense included in the statement of comprehensive income amount to EUR 1,833 thousand (previous year: EUR 574 thousand) for the remeasurement of the net defined benefit obligation for pension plans.

Deferred tax income / expenses developed as follows:

	2022 [EUR'000]	2021 [EUR'000]
Deferred taxes	-9,255	-833
thereof:		
from temporary differences	-7,672	5,146
from tax loss carryforwards	-1,583	-5,979

Deferred tax income from temporary differences mainly results 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 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 2022, 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%).

	2022	2021
	[EUR'000]	[EUR'000]
Earnings before taxes (EBT)	341,304	141,104
Reconciliation to effective income tax		
Expected income taxes	**-108,740**	**-45,056**
Deviations from average tax rate	17,969	950
Changes in value adjustment of deferred tax assets	374	-461
Usage of not capitalised tax loss carryforward	3,102	573
Changes of deferred taxes due to changes in tax rates	-45	-35
Losses without the formation of deferred tax assets	-2,782	-3,238
Effects due to municipal trade tax additions and reduction	-948	-202
Actual and deferred taxes referring to previous years	1,498	100
Non-deductible expenses / Non-taxable income	1,894	-406
Other	153	-60
Effective tax expense	**-87,526**	**-47,835**

The current and deferred taxes for previous years do not include any loss carrybacks (previous year: EUR 1,379 thousand).

To address concerns about the unequal distribution of profits and tax levies of large multinational companies, various agreements have been reached at global level, including an agreement by over 135 countries to introduce a global minimum tax rate of 15%. In December 2021, the OECD published a draft legal framework, followed by detailed guidelines in March 2022, to be used by individual countries that have signed the agreement to amend their local tax laws. Once the changes in tax laws are in place or will soon be in place in the countries in which the Group operates, the Group may be subject to the minimum tax. As at the date of authorisation of the consolidated financial statements for publication, the tax legislation relating to the minimum tax is not in force in any of the countries in which the CTS Group operates, nor will it be in force in the near future. The CTS Group may be subject to the minimum tax as it has a subsidiary in Hungary where the statutory tax rate is 9% and a subsidiary in the UK which receives government support through additional tax deductions which reduce its effective tax rate to below 15%. Management Board closely monitors the progress of the legislative process in each country in which the CTS Group operates. As at 31 December 2022, the CTS Group did not have sufficient information to determine the potential quantitative impact.

6. OTHER NOTES
6.1 CAPITAL MANAGEMENT

Financial management is intended to ensure solvency at all times 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 financing structure of the CTS Group comprises debt and equity owed to CTS KGaA's shareholders, which comprises issued shares and retained earnings in particular. The debts are offset by the available cash and cash equivalents, resulting in the net debt.

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:

	31.12.2022 [EUR'000]	31.12.2021 [EUR'000]
Debt[1]	585,805	628,753
Cash and cash equivalents, marketable securities and other investments[2]	-1,238,128	-996,024 [2]
Net debt	**-652,323**	**-367,272** [2]
Equity	837,426	585,799
Net debt to equity	-77.9%	-62.7% [2]

[1] *Debt is defined as non-current and current financial liabilities (EUR 16,991 thousand; previous year: EUR 28,789 thousand), other non-current and current financial liabilities and non-current and current lease liabilities (EUR 688,142 thousand; previous year: EUR 665,102 thousand). Other financial liabilities were offset against ticket money receivables including factoring receivables from ticket money (EUR 119,328 thousand; previous year: EUR 65,139 thousand).*

[2] *Marketable securities and other investments were included in cash and cash equivalents. The figures of the previous year were adjusted accordingly.*

Net debt indicates the amount of debt that would remain if a company used its cash and cash equivalents, marketable securities and other investments to repay all of its financial liabilities. Structurally, the negative net debt results mainly from the advance payments received for future events in the Live Entertainment segment. The change in net debt results from the increase in cash and cash equivalents as well as marketable securities and other investments as a result of the positive business performance and earnings situation in the reporting year.

In March 2022, the existing syndicated credit facility (revolving credit facility) in the amount of EUR 200,000 thousand was repaid early and replaced prior to maturity by a new syndicated credit facility in a volume of EUR 150,000 thousand with a term of three years (plus renewal options). The financial covenants continue to include the equity ratio and the adjusted net debt. In 2022, the revolving credit facility was only used to a limited extent for the utilisation of guarantee and suretyship agreements.

Detailed information on the syndicated credit facility is presented in note 18 financial liabilities.

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:

		2022	2021
Net result attributable to shareholders	[EUR]	203,801,769	87,908,943
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]	**2.12**	**0.92**

In financial year 2022, CTS KGaA generated net income of EUR 109,397 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 1.5.

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	541,408	224,139	1,410,228	191,101	-25,833	-7,419	1,925,803	407,821
EBITDA	263,355	176,534	116,175	26,548	10	0	379,540	203,082
Depreciation, amortisation and impairment	-34,630	-33,295	-25,952	-22,206	0	0	-60,582	-55,501
EBIT	228,725	143,239	90,223	4,342	10	0	318,958	147,581
Financial result							22,346	-6,477
Earnings before taxes (EBT)							341,304	141,104
Taxes							-87,526	-47,835
Net result before non-controlling interests							253,779	93,269
Thereof attributable to non-controlling interests							-49,977	-5,360
Thereof attributable to shareholders of CTS KGaA							203,802	87,909
Average number of employees	1,759	1,615	1,328	956			3,087	2,571
Normalised EBITDA	263,432	177,061	121,055	30,920	10	0	384,497	207,982
Normalised EBIT before amortisation and impairment from purchase price allocation	230,576	149,847	103,237	14,719	10	0	333,823	164,566

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
EBITDA	**263,355**	**176,534**	**116,175**	**26,548**	**10**	**0**	**379,540**	**203,082**
Non-recurring items:	77	527	4,880	4,372	0	0	4,957	4,899
Legal and consulting fees for planned and carried out acquisitions	59	467	853	992	0	0	911	1,459
Legal and consulting fees related to infrastructure charge	19	61	0	0	0	0	19	61
Expenses from allocations of purchase prices for acquisitions that are not classified as business combinations according to IFRS 3	0	0	4,027	3,380	0	0	4,027	3,380
Normalised EBITDA	**263,432**	**177,061**	**121,055**	**30,920**	**10**	**0**	**384,497**	**207,982**
Amortisation and impairment	-34,630	-33,295	-25,952	-22,206	0	0	-60,582	-55,501
thereof amortisation and impairment resulting from purchase price allocation	1,773	6,080	8,135	6,005	0	0	9,908	12,085
Normalised EBIT before amortisation and impairment from purchase price allocation	**230,576**	**149,847**	**103,237**	**14,719**	**10**	**0**	**333,823**	**164,566**

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. Since the 2020 financial year, due to the structure of transactions, 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. 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, EBITDA in the CTS Group (EUR 379,540 thousand) were negatively affected by non-recurring items in the Live Entertainment segment in the amount of EUR 4,880 thousand (previous year: EUR 4,372 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 4,027 thousand; previous year: EUR 3,380 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 77 thousand (previous year: EUR 527 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 for segment	
	2022	2021	2022	2021	2022	2021
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
External revenue	524,746	218,592	1,401,057	189,229	1,925,803	407,821
Internal revenue	16,663	5,547	9,171	1,872	25,833	7,419
Revenue after consolidation within the segment	**541,408**	**224,139**	**1,410,228**	**191,101**	**1,951,636**	**415,240**

GEOGRAPHICAL DISCLOSURES

The following table shows the **external revenue**, broken down by geographical distribution:

	2022	2021
	[EUR'000]	[EUR'000]
Germany	893,342	189,398
Italy	395,818	68,449
Switzerland	149,762	34,822
Austria	145,228	16,008
UK	63,302	4,956
Sweden	48,976	1,622
USA	48,617	47,811
Finland	42,029	12,226
Spain	27,838	4,616
Denmark	23,087	4,304
Netherlands	14,385	4,466
Other countries	73,419	19,143
	1,925,803	**407,821**

The **non-current non-financial assets** are shown in the following table according to geographical distribution:

	2022	2021
	[EUR'000]	[EUR'000]
Germany	554,912	568,660
Switzerland	91,338	88,392
Italy	89,491	66,941
USA	43,513	27,475
Israel	28,815	31,191
Denmark	7,887	8,355
Austria	5,324	4,950
UK	1,712	1,105
Other countries	12,293	13,236
	835,285	**810,304**

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	2022	2021
	[EUR'000]	[EUR'000]
Wages and salaries	183,705	120,705
Social security contributions and expenses for pension and employee support	30,500	24,214
Income from refunded social security contributions	-154	-7,165
	214,050	137,755

Personnel expenses are mainly included in cost of sales (EUR 99,699 thousand; previous year: EUR 60,632 thousand), in selling expenses (EUR 52,940 thousand; previous year: EUR 37,954 thousand), and in general administrative expenses (EUR 61,339 thousand; previous year: EUR 38,482 thousand).

The employer's contribution to the statutory pension insurance classified as a defined contribution pension scheme amounted to EUR 17,438 thousand (previous year: EUR 12,497 thousand). It is included in social security contributions and expenses for pension and employee support.

On average over the year, 3,087 salaried staff (previous year: 2,571) were employed by the Group, of which 1,820 (previous year: 1,492) were employed in Germany, and 1,267 (previous year: 1,079) outside Germany.

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. In the civil proceedings against other defendants, the Vienna Higher Regional Court did not uphold the claims of the Barracuda companies and the Austrian Supreme Court has already ruled in test cases by other plaintiffs that the other defendants cannot be held liable either. A decision on how to proceed by the affected companies of the Barracuda Group is still pending at this point in time.

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 (Tribunale Amministrativo Regionale) in Rome. On 24 March 2022, the administrative court completely overturned AGCM's decision and the competent court of appeal (Consiglio di Stato) confirmed this decision by judgment of 24 October 2022 and dismissed AGCM's appeal against it. The unlawful decision of the AGCM is thus finally overturned, whereupon the provision made in the previous year for fines to be paid was released in full. Insofar as parts of the imposed fine have already been paid by the Group, these have now been reimbursed in full.

CTS KGaA holds 50% of the shares in autoTicket which is accounted for at equity. At the end of December 2018, the operating company was contracted by the German Federal Motor Transport Authority (Kraftfahrt-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 Digitales und Verkehr) 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 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 (gross enterprise value less expenses saved due to termination). Furthermore, the operator contract provides for compensation for the termination costs, which also include claims for damages by the commissioned subcontractors. In March 2022, the independent arbitral tribunal responsible for the operator agreement confirmed in an interim arbitration ruling that the claims asserted by autoTicket in the arbitration proceedings for compensation for the gross enterprise value and for reimbursement of the costs incurred through the processing of the operator agreement exist in principle. At the same time, the reason for the dismissal, which the Federal Republic of Germany claimed was poor performance, was rejected. The amount of the claim, which has now been confirmed in principle, will be decided in the second phase of the arbitration proceedings; a decision by the arbitration court is not expected before the end of 2023.

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 3,049 thousand (previous year: EUR 3,285 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 691 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 is liable for bank and guarantee credit facilities of subsidiaries in the amount of EUR 28,627 thousand (previous year: EUR 19,982 thousand). As at the reporting date, the utilisation of guarantee facilities amounted to EUR 18,728 thousand (previous year: EUR 16,919 thousand). It is not expected that any claims will be asserted 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 continuously withhold the fees from the payments processed.

CTS KGaA has issued a guarantee in the amount of EUR 4,034 thousand (DKK 30,000 thousand) 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, based on the companies' positive corporate planning at the time of preparing the annual financial statements.

CTS KGaA has issued a guarantee to cover liabilities in the amount of EUR 6,000 thousand for Lippupiste Oy, Tampere, Finland. It is valid until all outstanding payments have been met. A claim is not expected to arise under guarantee, based on the company's 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. 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 three guarantees for Eventim Sverige AB, Malmö, Sweden, to participate in a tender procedure for ticketing systems. With these guarantees, CTS KGaA assures its economic and financial support to the company for the purpose of fulfilling the contract. A claim is not expected to arise, based on the company's positive corporate planning at the time of preparing the annual financial statements.

CTS KGaA has issued a payment guarantee of up to EUR 35 thousand for Kess Berlin GmbH, Berlin. A claim is not expected to arise, based on the company's positive corporate planning at the time of preparing the annual financial statements.

FKP SCORPIO Konzertproduktionen GmbH, Hamburg, has issued a letter of comfort for liabilities in the amount of EUR 3,200 thousand for Arcadia Live GmbH, Vienna, Austria.

The other financial obligations of EUR 14,329 thousand (previous year: EUR 10,640 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 8,839 thousand (previous year: EUR 6,421 thousand), and a term of more than one year in the amount of EUR 5,490 thousand (previous year: EUR 4,220 thousand).

6.7 EVENTS AFTER THE BALANCE SHEET DATE

No reportable events occurred after the balance sheet date.

6.8 DECLARATION OF COMPLIANCE

On 10 November 2022, the Management Board of the general partner and the Supervisory Board of CTS KGaA released a combined 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
- DERTICKETSERVICE.DE GmbH & Co. KG, 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 2022 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	Sale	15 Feb 2022	370
Dr Cornelius Baur	Vice Chairman of the Supervisory Board	Purchase	23 May 2022	7,900

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. The accounting policies set out in item 1.5 were applied preparing the disclosures.

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 2022 reporting period:

Goods and services supplied by the Group	2022 [EUR'000]	2021 [EUR'000]
Supply of ticketing software	5,425	1,021
Passing on of operating costs	1,367	1,212
Services related to events	880	455
Other	266	416
	7,938	**3,104**

EUR 1,033 thousand (previous year: EUR 700 thousand) in goods and services were supplied by the Group to companies not consolidated due to insignificance, EUR 6,152 thousand (previous year: EUR 1,561 thousand) to associates accounted for at equity, EUR 687 thousand (previous year: EUR 662 thousand) to other related parties (KPS Group), and EUR 66 thousand (previous year: EUR 181) to joint ventures.

In addition, bad debt losses of EUR 84 thousand were recognised in relation to subsidiaries that were not consolidated due to immateriality, and expenses from the allocation of individual value adjustments in the amount of EUR 1,698 thousand were recognised in relation to companies accounted for using the equity method. On the other hand, there is income from the reversal of individual valuation allowances for companies accounted for using the equity method in the amount of EUR 150 thousand.

The contractual relationships with related parties resulted in the following goods and services being received from related parties in the 2022 reporting period:

Goods and services received by the Group	2022 [EUR'000]	2021 [EUR'000]
Fulfilment and customer services, transfer of postage	19,057	10,340
Tenancy agreements	2,881	1,408
Payment services	2,073	1,632
Production costs for events	1,196	623
Call center operations	382	1,053
Agency agreements	358	249
Other	31	166
	25,978	**15,471**

EUR 167 thousand (previous year: EUR 27 thousand) in goods and services were received by the Group from companies not consolidated due to insignificance, EUR 397 thousand (previous year: EUR 294 thousand) from associates accounted for at equity, and EUR 25,414 thousand (previous year: EUR 15,150 thousand) by other related parties (KPS Group).

Receivables from related parties are composed as follows as at 31 December 2022:

Receivables from	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	4,700	3,024
Associates accounted for at equity	3,562	4,950
Joint Venture	11,175	9,020
Other related parties	610	376
	20,046	**17,370**

Liabilities to related companies and persons are composed as follows as at 31 December 2022:

Liabilities to	31 Dec 2022 [EUR'000]	31 Dec 2021 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	4,237	3,393
Associates accounted for at equity	1,050	822
Other related parties	2,867	2,205
	8,154	**6,420**

Liabilities to related parties are unsecured.

Compensation paid to managers in key positions are disclosed under item 6.13 in the notes to the consolidated financial statements.

6.12 AUDITOR EXPENSES

At the Annual Shareholders' Meeting of CTS KGaA in May 2022, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg (hereinafter: KPMG), was elected as the auditor for the 2022 financial year.

In financial year 2022, the expenses for audit fees amounted to EUR 427 thousand of that amount, EUR 6 thousand was charged for the previous year (previous year: EUR 387 thousand, thereof EUR 45 thousand was charged for the previous year) and for other assurance services EUR 52 thousand (previous year: EUR 31 thousand). The assurance services were provided mainly in connection with the audit of the non-financial Group report and the covenant certificate. In the previous year expenses for tax advisory services amounted to EUR 154 thousand. These tax advisory services mainly referred to preparing and submitting the application for the November and December Assistance. In the previous year EUR 2 thousand were charged for other services.

6.13 MANDATES AND REMUNERATION OF MEMBERS OF MANAGEMENT IN KEY POSITIONS

Key management personnel 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 7,406 thousand (previous year: EUR 5,856 thousand). Due to the conditions associated with the corona aid programmes received in Germany, no variable remuneration was paid in 2022 for the 2021 financial year. In the previous year performance-related components amounted to EUR 1,550 thousand. Expenses for variable remuneration of EUR 3,100 thousand were recorded in the reporting year. As of the reporting date, EUR 3,833 thousand (previous year: EUR 2,283 thousand) had not yet been paid. The total Executive Board renumeration pursuant to HGB also came to EUR 7,406 thousand (previous year: EUR 5,856 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 229 thousand for the financial year 2022 (previous year: EUR 208 thousand). The reimbursement of expenses amount to EUR 1 thousand (previous year: EUR 0 thousand). An amount of EUR 263 thousand (previous year: EUR 217 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. Schulenberg 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 229 thousand (previous year: EUR 208 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
- NZZ AG, Zurich, Switzerland (Supervisory Board)
- Gut.org gemeinnützige Aktiengesellschaft, Berlin, Germany (Honorary Chairman)
- Rivean Capital, Zurich, Switzerland (Member of the Advisory Board)
- Toner Partner GmbH, Hattingen, Germany (Chairman of the Advisory Board)

Dr. Cornelius Baur, CEO – European healthcare Acquisition and Growth Company B.V., Munich/Germany (since 12 May 2022)

– Vice Chairman –

other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany
- B&C Industrieholding, Vienna, Austria (Member of the Nomination Committee)

Dr. Juliane Schulenberg, 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

other supervisory board positions and comparable regulatory bodies:

- EVENTIM Management AG, Hamburg, Germany
- HASPA Finanzholding (Member of the Board of Trustees)
- Hamburg Media School Stiftung (Member of the Management 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.

With effect from 1 January 2023, Andreas Grandinger was dismissed as Chief Financial Officer of EVENTIM Management AG and Holger Hohrein is appointed Chief Financial Officer of EVENTIM Management AG.

6.14 PARTICIPATING PERSONS

The Company received notifications under Section 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.

Morgan Stanley, 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 3 March 2022 and amounted to 3.00% (2,884,277 voting rights) at that date, and that 3.00% (2,884,277 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 9 March 2022 and amounted to 4.98% (4,781,152 voting rights) at that date, and that 4.98% (4,781,152 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 11 March 2022 and amounted to 3.26% (3,126,825 voting rights) at that date, and that 3.26% (3,126,825 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 April 2022 and amounted to 4.88% (4,683,456 voting rights) at that date, and that 4.88% (4,683,456 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 13 April 2022 and amounted to 4.89% (4,693,833 voting rights) at that date, and that 4.89% (4,693,833 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 13 April 2022 and amounted to 3.33% (3,196,969 voting rights) at that date, and that 3.33% (3,196,969 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 14 April 2022 and amounted to 4.89% (4,693,446 voting rights) at that date, and that 4.89% (4,693,446 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 14 April 2022 and amounted to 0.82% (786,533 voting rights) at that date, and that 0.82% (786,533 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 18 April 2022 and amounted to 4.95% (4,753,054 voting rights) at that date, and that 4.95% (4,753,054 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 19 April 2022 and amounted to 5.13% (4,920,750 voting rights) at that date, and that 5.13% (4,920,750 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 April 2022 and amounted to 3.21% (3,083,760 voting rights) at that date, and that 3.21% (3,083,760 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 26 April 2022 and amounted to 2.97% (2,847,297 voting rights) at that date, and that 2.97% (2,847,297 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 26 April 2022 and amounted to 5.32% (5,104,680 voting rights) at that date, and that 5.32% (5,104,680 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 28 April 2022 and amounted to 3.01% (2,892,201 voting rights) at that date, and that 3.01% (2,892,201 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 May 2022 and amounted to 5.25% (5,040,023 voting rights) at that date, and that 5.25% (5,040,023 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 3 May 2022 and amounted to 3.43% (3,295,703 voting rights) at that date, and that 3.43% (3,295,703 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 3 May 2022 and amounted to 5.30% (5,087,495 voting rights) at that date, and that 5.30% (5,087,495 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 5 May 2022 and amounted to 5.19% (4,983,251 voting rights) at that date, and that 5.19% (4,983,251 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 6 May 2022 and amounted to 5.37% (5,153,105 voting rights) at that date, and that 5.37% (5,153,105 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG .

Morgan Stanley, 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 11 May 2022 and amounted to 3.52% (3,380,763 voting rights) at that date, and that 3.52% (3,380,763 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 24 May 2022 and amounted to 5.56% (5,337,705 voting rights) at that date, and that 5.56% (5,337,705 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 24 June 2022 and amounted to 5.46% (5,236,943 voting rights) at that date, and that 5.46% (5,236,943 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 June 2022 and amounted to 5.47% (5,246,807 voting rights) at that date, and that 5.47% (5,246,807 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 1 July 2022 and amounted to 5.49% (5,266,668 voting rights) at that date, and that 5.49% (5,266,668 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 5 July 2022 and amounted to 5.51% (5,285,310 voting rights) at that date, and that 5.51% (5,285,310 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 7 July 2022 and amounted to 5.50% (5,283,627 voting rights) at that date, and that 5.50% (5,283,627 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 12 July 2022 and amounted to 2.99% (2,873,938 voting rights) at that date, and that 2.99% (2,873,938 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 July 2022 and amounted to 3.04% (2,916,072 voting rights) at that date, and that 3.04% (2,916,072 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 2 August 2022 and amounted to 2.99% (2,875,802 voting rights) at that date, and that 2.99% (2,875,802 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 3 August 2022 and amounted to 3.00% (2,882,491 voting rights) at that date, and that 3.00% (2,882,491 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 10 August 2022 and amounted to 2.99% (2,873,090 voting rights) at that date, and that 2.99% (2,873,090 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 26 September 2022 and amounted to 4.98% (4,780,167 voting rights) at that date, and that 4.98% (4,780,167 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 27 September 2022 and amounted to 5.27% (5,060,769 voting rights) at that date, and that 5.27% (5,060,769 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 September 2022 and amounted to 5.35% (5,131,640 voting rights) at that date, and that 5.35% (5,131,640 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 30 September 2022 and amounted to 5.29% (5,078,612 voting rights) at that date, and that 5.29% (5,078,612 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 12 October 2022 and amounted to 5.20% (4,993,124 voting rights) at that date, and that 5.20% (4,993,124 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 14 November 2022 and amounted to 5.23% (5,017,867 voting rights) at that date, and that 5.23% (5,017,867 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 6 January 2023 and amounted to 5.33% (5,114,853 voting rights) at that date, and that 5.33% (5,114,853 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 January 2023 and amounted to 5.30% (5,085,843 voting rights) at that date, and that 5.30% (5,085,843 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 10 January 2023 and amounted to 5.36% (5,148,874 voting rights) at that date, and that 5.36% (5,148,874 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 14 February 2023 and amounted to 5.31% (5,092,982 voting rights) at that date, and that 5.31% (5,092,982 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 2022.

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, 9 March 2023

CTS Eventim AG & Co. KGaA

represented by:

EVENTIM Management AG, general partner

Klaus-Peter Schulenberg   Holger Hohrein   Alexander Ruoff

6. 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 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, 2022, 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, 2022, 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, 2022.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and 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, 2022. 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 1.5 and 3.11 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 3.11 in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

The goodwill in the Live Entertainment segment amounts to EUR 104.8 million as of December 31, 2022, representing approx. 12.5% 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 indications of impairment arise in the course of the year, an ad hoc 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, 2022.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgment. This includes in particular the expected EBITDA margin at the beginning of the detailed planning period. 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.

There is the risk for the financial statements that the 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

We evaluated how indicators of goodwill impairment are identified by the management of CTS KGaA. 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 the annual impairment test.

For this purpose, we discussed the expected business and earnings performance of the Live Entertainment segment (including the EBITDA margin) 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 management. In addition, 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. We compared the assumptions and data underlying the capitalization 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. 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 value determined by the Company.

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 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.

Revenue recognition from the provision of services in the Live Entertainment segment

Please refer to note 1.5 in the notes to the consolidated financial statements for more information on the accounting policies applied and the assumptions used. For information on the revenue amount in the Live Entertainment segment please refer to note 5.1 in the notes to the consolidated financial statements and note 3.4.3 in the combined management report.

THE FINANCIAL STATEMENT RISK

The Group's revenue in the Live Entertainment segment amounts to EUR 1,410.2 million in the 2022 financial year. The segment's revenue is generated primarily from the planning, preparation and implementation of tours, events and festivals – in particular in the area of music and concerts – as well as from the marketing of concert productions and the operation of event venues (referred to collectively in the following as "services").

CTS Eventim recognizes revenue in the Live Entertainment segment when the service is rendered. Ticket fees received during advance sales represent contract liabilities in accordance with IFRS 15 and are treated as deferred income under advance payments. When the service is rendered, revenue is recognized over the duration of the event and, by extension, the advance payments received are reclassified as revenue.

Owing to the various business transactions as well as the necessary deferrals concerning advance payments received from customers, there is a risk for the financial statements that revenue of the Live Entertainment segment is not presented in the correct amount or not presented in the correct period.

OUR AUDIT APPROACH

To audit whether revenue recognition is appropriate in the Live Entertainment segment, we assessed the design, establishment and effectiveness of the internal controls in relation to external proof of delivery, invoicing and accrual-based recognition of revenue.

We assessed the revenue of the Live Entertainment segment by comparing event invoicing with the accompanying underlying data of the ticketing providers, receipt of payment for ticket fees and external documentary evidence of event execution and evaluated the requirements for revenue recognition. This was based on revenue recognized during the 2022 financial year and selected using a mathematical/statistical procedure.

In addition, for a defined period before the reporting date, we examined revenue postings selected on the basis of a mathematical/statistical procedure using external sources, such as press reports, that correspond to the period of the services rendered and satisfied ourselves that the revenue and the advance payments were recognized on an accrual basis.

OUR OBSERVATIONS

The approach adopted by CTS Eventim Group for recognizing revenue in the Live Entertainment segment using the accrual basis of accounting is appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Company's and Group's separate combined non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement for the Company and the Group referred to in the combined management report, and
- information extraneous to management reports and marked as unaudited.

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 (i.e., fraudulent financial reporting and misappropriation of assets) 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.

In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) 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 the risk of not detecting a material misstatement 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 actions taken or safeguards applied to eliminate independence threats.

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 "ESEF_Konzern_2022.zip"; (SHA256 hash value: a4f2392ff82af484afcab97ab3ce3da773ca64c5fbde89108d7e9b76652094db) 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, 2022, contained in the "Report on the Audit of the Consolidated 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 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 (06.2022)). 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).

Owing to the conversion process selected by the Company concerning the information in the notes in iXBRL format (block tagging), the consolidated financial statements converted into the ESEF format are not machine-readable in a fully meaningful respect. There is significant legal uncertainty regarding the legal conformity of management's interpretation that meaningful machine-readability of the structured information in the notes is not explicitly required by Delegated Regulation (EU) 2019/815 for the block tagging of the notes, which thus also constitutes an inherent uncertainty of our audit.

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 as of 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 12, 2022. We were engaged by the Supervisory Board on October 21, 2022. 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 entered in the company register – 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 Frank Thiele.

Hamburg, 15 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Thiele	Rienecker
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

7. FINANCIAL STATEMENTS OF CTS KGaA 2022

BALANCE SHEET OF CTS KGaA AS AT 31 DECEMBER 2022 (HGB)

ASSETS	31 Dec 2022	31 Dec 2021
	[EUR]	[EUR]
A. FIXED ASSETS		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and assets	13,716	65,916
2. Aquired concessions, industrial property rights and similar rights and assets, and licences in such right and assets	49,997,822	43,628,535
3. Goodwill	1	3,824,656
4. Advances paid	2,978,880	11,149,169
	52,990,418	**58,668,275**
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	1,045,820	1,353,953
2. Technical equipment and machinery	0	1
3. Other facilities, operating and office equipment	3,429,619	2,582,735
	4,475,439	**3,936,689**
III. Investments		
1. Shares in affiliated companies	314,619,972	228,934,901
2. Participations	88,479,086	88,479,086
	403,099,059	**317,413,988**
B. CURRENT ASSETS		
I. Inventories		
1. Unfinished products, unfinished services	2,142,228	0
2. Finished products and goods	80,377	154,129
3. Payments on account	1,327,604	0
	3,550,209	**154,129**
II. Receivables and other assets		
1. Trade receivables	8,473,416	6,410,109
2. Receivables from affiliated companies	190,368,058	240,771,356
3. Receivables from participations	12,707,434	10,110,696
4. Other assets	59,400,035	39,766,217
	270,948,942	**297,058,377**
III. Cheques, cash in hand and bank balances	**531,944,956**	**289,096,466**
C. PREPAID EXPENSES	**3,105,257**	**2,081,915**
D. DEFERRED TAX ASSETS	**2,723,047**	**2,448,076**
TOTAL ASSETS	**1,272,837,327**	**970,857,914**

SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2022	31 Dec 2021
	[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	464,603,659	355,206,699
	570,194,959	**460,797,999**
B. PROVISIONS		
1. Tax provisions	47,417,496	38,237,021
2. Other provisions	39,839,974	27,503,519
	87,257,469	**65,740,539**
C. LIABILITIES		
1. Liabilities to banks	19,892	70,875
2. Advance payments received on orders	5,146,278	60,829
3. Trade payables	9,460,091	3,896,581
4. Liabilities to affiliated companies	257,888,462	136,440,342
5. Other liabilities	328,537,250	302,862,115
	601,051,973	**443,330,742**
D. DEFERRED INCOME	**0**	**83,330**
E. DEFERRED TAX LIABILITIES	**14,332,926**	**905,304**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,272,837,327**	**970,857,914**

INCOME STATEMENT OF CTS KGaA FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022 (HGB)

		1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
		[EUR]	[EUR]
1.	Revenue	280,281,273	113,783,825
2.	Cost of sales	-108,622,028	-56,650,657
3.	**Gross profit**	**171,659,244**	**57,133,168**
4.	Selling expenses	-43,832,987	-34,199,057
5.	General administrative expenses	-28,567,314	-19,090,152
6.	Other operating income thereof from currency translation EUR 6,593,275 (2021: EUR 3,846,957)	18,445,654	96,395,986
7.	Other operating expenses thereof from currency translation EUR 2,747,039 (2021: EUR 485,277)	-5,590,914	-4,402,359
8.	Income from participations	17,103,646	0
9.	Income from profit transfer agreements	36,654,035	26,218,529
10.	Other interest and similar income	3,430,758	1,706,810
11.	Depreciation on financial assets	-3,970,408	-4,017,799
12.	Expenses from loss transfer	-3,538,888	0
13.	Interest and similar expenses	-3,231,198	-3,370,744
14.	Income taxes thereof expenses from deferred taxes EUR 13,152,651 (2021: EUR 5,281,960)	-49,160,419	-41,880,857
15.	**Profit after taxes**	**109,401,210**	**74,493,526**
16.	Other taxes	-4,250	-4,224
17.	**Net income for the year**	**109,396,960**	**74,489,302**
18.	Profit carried forward from the previous year	355,206,699	280,717,397
19.	Balance sheet profit	464,603,659	355,206,699

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2022 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 2022 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 2022 financial year was characterized by the relaunch of live entertainment and the staging of events following the lifting of the Corona restrictions and an increase in Ticket presales. While income for Corona economic aid programme of EUR 84,863 in the previous year, it amounted only EUR 1,368 in the financial year 2022. There were no government grants due to the COVID-19 pandemic in the area of personnel costs in 2022. In the previous year, EUR 582 thousand was recognized as a reduction in the respective functional areas.

In March 2022, the existing syndicated credit facility (revolving credit facility) in the amount of EUR 200,000 thousand was repaid early and replaced prior to maturity by a new syndicated credit facility in a volume of EUR 150,000 thousand with a term of three years (plus renewal options). The financial covenants continue to include the equity ratio and the adjusted net debt. In 2022, the revolving credit facility was only used to a limited extent for the utilisation of guarantee and suretyship agreements.

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.

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 2022

	Historical cost				
	Status 1 Jan 2022	Addition	Disposal	Reclassifi-cation	Status 31 Dec 2022
	[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	136,784	8,039	2,145	11,443	154,121
3. Goodwill	77,575	0	0	0	77,575
4. Payments on account	11,149	3,273	0	-11,443	2,979
	226,570	**11,312**	**2,145**	**0**	**235,737**
II. Property, plant and equipment					
1. Other real estate, land rights and buildings, including buildings on third-party properties	2,840	7	0	-3	2,845
2. Technical equipment and machinery	570	0	572	3	0
3. Other property, plant and office equipment	9,652	2,121	73	0	11,700
	13,061	**2,129**	**645**	**0**	**14,545**
III. Investments					
1. Shares in affiliated companies	236,036	90,283	5,173	0	321,146
2. Participations	89,049	0	0	0	89,049
	325,084	**90,283**	**5,173**	**0**	**410,194**
Total	**564,715**	**103,724**	**7,963**	**0**	**660,476**

Accumulative depreciation and amortisation					Carrying value	
Status 1 Jan 2022	Addition	Disposal	Reclassifi-cation	Status 31 Dec 2022	Status 31 Dec 2022	Status 31 Dec 2021
[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
996	52	0	0	1,048	14	66
93,155	13,113	2,145	0	104,123	49,998	43,629
73,750	3,825	0	0	77,575	0	3,825
0	0	0	0	0	2,979	11,149
167,901	**16,990**	**2,145**	**0**	**182,746**	**52,990**	**58,668**
1,486	316	0	-3	1,799	1,046	1,354
570	0	572	3	0	0	0
7,069	1,274	72	0	8,271	3,430	2,583
9,125	**1,589**	**644**	**0**	**10,070**	**4,475**	**3,937**
7,101	3,970	4,546	0	6,525	314,620	228,935
569	0	0	0	569	88,479	88,479
7,670	**3,970**	**4,546**	**0**	**7,095**	**403,099**	**317,414**
184,696	**22,549**	**7,335**	**0**	**199,910**	**460,565**	**380,019**

The additions to **fixed assets** in the amount of EUR 103,724 thousand (previous year: EUR 24,335 thousand) comprise additions to intangible assets (EUR 11,312 thousand; previous year: EUR 8,257 thousand), property, plant and equipment (EUR 2,129 thousand; previous year: EUR 1,041 thousand), and investments (EUR 90,283 thousand; previous year: EUR 15,037 thousand). Additions to intangible assets advances paid mainly relate to the further development of the Global Ticketing System (EUR 9,265 thousand; previous year: EUR 8,093 thousand). Additions to property, plant and equipment mainly comprise IT hardware for the operation of the Global Ticketing System (EUR 1,569 thousand; previous year: EUR 488 thousand) and the connection of ticket agencies to the Global Ticketing System (EUR 113 thousand; previous year: EUR 115 thousand). Additions to investments mainly relate to the conversion of a loan to an affiliated company into equity (capital reserve) (EUR 86,300 thousand).

Disposals of fixed assets of EUR 7,963 thousand (previous year: EUR 21,915 thousand) comprise amortised software included in intangible assets (EUR 2,145 thousand), depreciated hardware included in property, plant and equipment (EUR 645 thousand), as well as a merger of affiliated companies (EUR 627 thousand) and the sale of amortised shares in one company (EUR 4,546 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 mainly include trade receivables totalling EUR 10,868 thousand (previous year: EUR 7,620 thousand) and loan receivables of EUR 129,393 thousand (previous year: EUR 213,641 thousand) as well as cash pooling receivables from certain subsidiaries of CTS KGaA of EUR 8,689 thousand (previous year: EUR 12,340 thousand). Receivables of EUR 36,525 thousand (previous year: EUR 127,020 thousand) have a remaining term of more than one year.

The **receivables from participations** include trade receivables of EUR 1,248 thousand (previous year: EUR 255 thousand) and loan receivables of EUR 11,459 (previous year: EUR 9,856 thousand). Receivables of EUR 9,020 thousand in the previous year have a remaining term of more than one year.

Other assets include receivables of EUR 951 thousand with a remaining term of one year (previous year: EUR 1,351 thousand).

Prepaid expenses mainly comprise prepaid licence fees for services provided over time in the amount of EUR 1,805 thousand (previous year: EUR 1,375 thousand), maintenance expenses in the amount of EUR 692 thousand (previous year: EUR 418 thousand), and financing costs of EUR 383 thousand (previous year: EUR 0 thousand).

Deferred tax assets (EUR 2,723 thousand; previous year: EUR 2,448 thousand) mainly resulted from differences between the carrying amounts on the balance sheet under commercial law and the related tax base (EUR 2,671 thousand; previous year: EUR 2,448 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 in issue during the entire financial year. According to the German Stock Corporation Act (AktG), capital and legal reserves are restricted for use.

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.

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.

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”).

Treasury shares of 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.

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.

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 2022, 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 **legal reserve** if the capital reserve does not constitute 10% of the share capital. The legal reserve and the capital reserve combined amount to 10% of share capital since 31 December 2015. The legal reserve amounts to up to EUR 7,200 thousand as at 31 December 2022 and is locked for distributions.

The **net profit** of the previous year in the amount of EUR 355,207 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 9 thousand (previous year: EUR 1,609 thousand). Internally generated intangible assets in the amount of EUR 14 thousand (previous year: EUR 66 thousand) were capitalised, while deferred tax liabilities of EUR 4 thousand (previous year: EUR 21 thousand) were recognised on this amount. The deferred tax assets of EUR 2,723 thousand (previous year: EUR 2,448 thousand) less the additional deferred tax liabilities of EUR 14,329 thousand (previous year: EUR 884 thousand) do not result in a distribution-restricted excess of deferred tax assets over deferred tax liabilities in the reporting year (previous year: EUR 1,564 thousand).

Among other things, the **other provisions** include outstanding supplier invoices in the amount of EUR 9,842 thousand (previous year: EUR 8,727 thousand), personnel-related provisions of EUR 9,258 thousand (previous year: EUR 6,840 thousand), outstanding commissions of EUR 15,960 thousand (previous year: EUR 3,738 thousand), financial statement preparation and audit costs of EUR 321 thousand (previous year: EUR 186 thousand), and Supervisory Board remuneration of EUR 263 thousand (previous year: EUR 217 thousand).

Liabilities to banks included commitment fees deferred in the current year as in the previous year.

The **liabilities to affiliated companies** include mainly trade payables of EUR 3,672 thousand (previous year: EUR 2,003 thousand), cash pooling liabilities to certain subsidiaries of CTS KGaA in the amount of EUR 225,468 thousand (previous year: EUR 113,418 thousand), and loans of EUR 13,076 thousand (previous year: EUR 18,622 thousand).

The residual terms of the liabilities as at 31 December 2022 are shown in the following statement of liabilities:

2022	Carrying value	Remaining term	
	31 Dec 2022	≤ 1 year	> 1 year
	[EUR'000]	[EUR'000]	[EUR'000]
Liabilities to banks	20	20	0
Advance payments received on orders	5,146	5,146	0
Trade payables	9,460	9,460	0
Payables to affiliated companies	257,888	257,888	0
Other liabilities	328,537	322,045	6,492
Liabilities, total	**601,052**	**594,560**	**6,492**

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	≤ 1 year	> 1 year
	[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
Payables to affiliated companies	136,440	136,440	0
Other liabilities	302,862	288,197	14,665
Liabilities, total	**443,331**	**428,665**	**14,665**

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 287,844 thousand (previous year: EUR 274,359 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 43,912 thousand (previous year: EUR 12,037 thousand) and factoring receivables from ticket monies in the amount of EUR 11,904 thousand (previous year: EUR 3,615 thousand). Other liabilities include EUR 26,731 thousand in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (previous year: EUR 21,498 thousand). The non-current other liabilities (EUR 6,492 thousand; previous year: EUR 14,665 thousand) are comprised of ticket monies that have not yet been settled with promoters for events that will only take place after 31 December 2023.

Other liabilities include liabilities from taxes in the amount of EUR 7,967 thousand (previous year: EUR 3,588 thousand). Social security liabilities as at the balance sheet date amount to EUR 32 thousand (previous year: EUR 0 thousand).

Deferred tax liabilities primarily relate from differences between the carrying amounts on the balance sheet under commercial law and the tax base for intangible assets and property, plant and equipment due to different period of use (EUR 12,894 thousand; previous year: EUR 0 thousand) and the capitalisation of internally generated intangible assets (EUR 4 thousand; previous year: EUR 21 thousand). Deferred tax liabilities were also recognised on differences in the measurement of investments in affiliated companies (EUR 77 thousand; previous year: EUR 77 thousand) and for differences in the measurement of foreign currency receivables as at the reporting date (EUR 1,351 thousand; previous year: EUR 705 thousand). Furthermore deferred tax liabilities were recognised in the previous year in connection with the chain merger of See Tickets Germany GmbH, Hamburg, and Ticket Online Software GmbH, Hamburg in 2013 (EUR 92 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 16.0%.

3.2 INCOME STATEMENT

Revenue is broken down as follows:

	2022 [EUR'000]	2021 [EUR'000]	Change [EUR'000]
Ticket fees	204,981	80,417	124,564
Licence fees	19,712	8,310	11,401
Other revenues			
Other service charges	8,680	4,492	4,188
Commissions	14,868	8,007	6,861
Recharged services	9,469	3,361	6,107
Others	22,572	9,196	13,376
	280,281	**113,784**	**166,497**

EUR 29,966 thousand (previous year: EUR 10,171 thousand) of revenue was generated abroad, thereof EUR 17,969 thousand (previous year: EUR 5,494 thousand) within the EU.

Material expenses comprise the following items pursuant to § 275 (2) No. 5 HGB:

Material expenses (according to total cost method)	2022 [EUR'000]	2021 [EUR'000]	Change [EUR'000]
Cost of purchased merchandise	1,034	855	179
Cost of purchased services	94,378	44,286	50,091
	95,411	**45,141**	**50,270**

Personnel expenses comprise the following items, pursuant to § 275 (2) No. 6 HGB:

Personnel expenses (according to total cost method)	2022 [EUR'000]	2021 [EUR'000]	Change [EUR'000]
Wages and salaries	33,818	24,633	9,185
Social security contributions and expenses for pension and employee support thereof expenses for pension EUR 0 (2021: EUR 0)	3,843	2,768	1,074
	37,660	**27,401**	**10,259**

The personnel expenses include government subsidies, recognised as reductions in revenue, due to the COVID-19 pandemic in the previous year in the amount of EUR 582 thousand.

Other operating income includes prior-period income, primarily from the release of provisions in the amount of EUR 2,896 thousand (previous year: EUR 2,792 thousand), from the reversal of impairments on receivables in the amount of EUR 169 thousand (previous year: EUR 442 thousand) and subsequent cost reimbursements in the amount of EUR 12 thousand (previous year: EUR 9 thousand) as well as proceeds of asset disposals in the amount of EUR 19 thousand (previous year: EUR 38 thousand). In the current year, the Bridging Assistance III and Bridging Assistance III Plus resulted in additional income of EUR 63 thousand relating to other periods. In the previous year, Corona economic assistance under the November/December 2020 assistance (EUR 64,093 thousand) was to be regarded as relating to other periods due to its reference to 2020. In the previous year, other operating income also included support from Bridging Assistance III and Bridging Assistance III Plus in the amount of EUR 20,769 thousand. In the current year, other operating income includes support from bridging assistance IV in the amount of EUR 1,305 thousand.

Other operating expenses include prior-period expenses due to subsequent invoices and credit notes issued in the amount of EUR 6 thousand (previous year: EUR 36 thousand) as well as losses on the disposal of assets in the amount of EUR 0 thousand (previous year: EUR 26 thousand).

The **income from participations** of EUR 17,104 thousand (previous year: EUR 0 thousand) entirely result from income from affiliated companies.

Income from profit transfer agreements (EUR 36,654 thousand; previous year: EUR 26,219 thousand) results entirely from affiliated companies.

Other interest and similar income includes EUR 2,594 thousand in income from affiliated companies (previous year: EUR 1,661 thousand).

The **depreciation on financial assets** (EUR 3,970 thousand) result from the remeasurement of investments in affiliated companies (previous year: EUR 4,018 thousand).

The **expenses from loss transfers** of EUR 3,539 thousand (previous year: EUR 0 thousand) entirely result from affiliated companies.

Interest and similar expenses include expenses of affiliated companies amounting to EUR 1,554 thousand (previous year: EUR 470 thousand).

Income taxes include trade tax in the amount of EUR 23,533 thousand (previous year: EUR 18,400 thousand), corporation tax of EUR 21,372 thousand (previous year: EUR 17,228 thousand) and the solidarity surcharge on corporation tax for financial year 2022 in the amount of EUR 1,190 thousand (previous year: EUR 948 thousand). Income taxes also include expenses for foreign withholding tax in the amount of EUR 266 thousand (previous year: EUR 36 thousand), prior-period expenses for back taxes of previous years in the amount of EUR 613 thousand (previous year: EUR 0 thousand), and prior-period income for tax refunds of previous years in the amount of EUR 19 thousand (previous year: EUR 14 thousand) and income relating to other periods from the reversal of tax provisions of EUR 10,948 thousand (previous year: EUR 0 thousand).

In addition, taxes on income include deferred tax expenses in the amount of EUR 13,153 thousand (previous year: EUR 5,282 thousand).

Other taxes of EUR 4 thousand (previous year: EUR 4 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 28,627 thousand (previous year: EUR 19,982 thousand). As at the reporting date, the utilisation of guarantee facilities amounted to EUR 18,728 thousand (previous year: EUR 16,919 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 thousand) 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 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.

CTS KGaA has issued a guarantee for Lippupiste Oy, Tampere, Finland, to assume liabilities. The total amount of the guarantee is limited to EUR 6,000 thousand. It is valid until all outstanding payments have been made. A claim is not expected to arise under guarantee based on the companies’ positive corporate planning at the time of preparing the annual financial statements.

The Company has issued three guarantees to Eventim Sverige AB, Malmö, Sweden, for participation in the tender for ticketing systems. With these guarantees, CTS KGaA assures the company of its economic and financial support for the purpose of fulfilling the contract. A claim is not expected to arise under guarantee based on the companies’ positive corporate planning at the time of preparing the annual financial statements.

CTS KGaA has issued a guarantee to Arena Management Cph A/S, Frederiksberg, Denmark. With this guarantee, CTS KGaA waives repayments of the outstanding loan in the amount of EUR 2,456 thousand (DKK 18,930 thousand) in 2022. This guarantee is valid until the Annual General Meeting in 2023. A claim is not expected to arise under guarantee based on the companies’ positive corporate planning at the time of preparing the annual financial statements.

The Company has issued a payment guarantee for Kess Berlin GmbH, Berlin, for a maximum amount of EUR 35 thousand. A claim is not expected to arise under guarantee based on the companies’ positive corporate planning at the time of preparing the annual financial statements.

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. In March 2022, the independent arbitration court responsible under the operating agreement confirmed in an interim award that the claims asserted by autoTicket GmbH in the arbitration proceedings for compensation of the gross enterprise value and for reimbursement of the costs incurred in winding up the operating agreement exist on the merits. At the same time, the reason for termination asserted by the Federal Republic of Germany, namely poor performance, was rejected. The amount of the claim, which has now been confirmed on the merits, will be decided in the second phase of the arbitration proceedings; a decision by the arbitration court is not expected before the end of 2023.

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 2022.

As at the reporting date, other financial obligations relating to short and medium-term rental, leasing and other contractual agreements amounted to EUR 22,835 thousand (previous year: EUR 12,225 thousand). Thereof, EUR 6,587 thousand (previous year: EUR 3,684 thousand) is due within one year. Future rental obligations account for EUR 19,505 thousand (previous year: EUR 11,674 thousand), lease obligations for EUR 202 thousand (previous year: EUR 287 thousand), and other obligations for EUR 3,127 thousand (previous year: EUR 264 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 2022, appropriate compensation of EUR 1,723 thousand (previous year: EUR 1,207 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 2022, the carrying amount and the fair value of the trade receivables transferred to the factoring company is EUR 11,904 thousand (previous year: EUR 3,615 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 2022 reporting period since no unreported 'peak times' occurred.

4.3 APPROPRIATION OF EARNINGS

In financial year 2022, CTS KGaA generated net income of EUR 109,397 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 Executive Board of EVENTIM Management AG in the financial year comprised the following members:

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 remuneration was EUR 7,406 thousand (previous year: EUR 5,856 thousand).

With effect from 1 January 2023, Andreas Grandinger was dismissed as Chief Financial Officer of EVENTIM Management AG and Holger Hohrein is appointed Chief Financial Officer of EVENTIM Management AG.

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
- NZZ AG, Zurich, Switzerland (Supervisory Board)
- Gut.org Gemeinnützige Aktiengesellschaft, Berlin, Germany (Honorary Chairman)
- Rivian Capital, Zurich, Switzerland (Member of the Advisory Board)
- Toner Partner GmbH, Hattingen, Germany (Chairman of the Advisory Board)

Dr. Cornelius Baur, CEO – European healthcare Acquisition and Growth Company B.V., Munich/Germany
– Vice Chairman –
other supervisory board positions:

- EVENTIM Management AG, Hamburg, Germany
- B&C Industrieholding, Vienna, Austria (Member of the Nomination Committee)

Dr. Juliane Schulenberg, 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

Other supervisory board positions and comparable regulatory bodies:

- EVENTIM Management AG, Hamburg, Germany
- HASPA Finanzholding (Member of the Board of Trustees)
- Hamburg Media School Stiftung (Member of the Managment Board)

The members of the Supervisory Board of CTS KGaA received emoluments of EUR 229 thousand for financial year 2022 (previous year: EUR 208 thousand) as well as EUR 1 thousand for the reimbursement of expenses (previous year: EUR 0 thousand).

4.6 EMPLOYEES

On average over the year, 355 salaried staff were employed by the Company during the year (previous year: 312).

4.7 DECLARATION CONCERNING THE CORPORATE GOVERNANCE CODE

On 11 November 2022, 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 Section 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.

Morgan Stanley, 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 3 March 2022 and amounted to 3.00% (2,884,277 voting rights) at that date, and that 3.00% (2,884,277 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 9 March 2022 and amounted to 4.98% (4,781,152 voting rights) at that date, and that 4.98% (4,781,152 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 11 March 2022 and amounted to 3.26% (3,126,825 voting rights) at that date, and that 3.26% (3,126,825 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 April 2022 and amounted to 4.88% (4,683,456 voting rights) at that date, and that 4.88% (4,683,456 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 13 April 2022 and amounted to 4.89% (4,693,833 voting rights) at that date, and that 4.89% (4,693,833 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 13 April 2022 and amounted to 3.33% (3,196,969 voting rights) at that date, and that 3.33% (3,196,969 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 14 April 2022 and amounted to 4.89% (4,693,446 voting rights) at that date, and that 4.89% (4,693,446 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 14 April 2022 and amounted to 0.82% (786,533 voting rights) at that date, and that 0.82% (786,533 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 18 April 2022 and amounted to 4.95% (4,753,054 voting rights) at that date, and that 4.95% (4,753,054 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 exeeded the threshold of 5% on 19 April 2022 and amounted to 5.13% (4,920,750 voting rights) at that date, and that 5.13% (4,920,750 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 April 2022 and amounted to 3.21% (3,083,760 voting rights) at that date, and that 3.21% (3,083,760 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 26 April 2022 and amounted to 2.97% (2,847,297 voting rights) at that date, and that 2.97% (2,847,297 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 exeeded the threshold of 5% on 26 April 2022 and amounted to 5.32% (5,104,680 voting rights) at that date, and that 5.32% (5,104,680 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 28 April 2022 and amounted to 3.01% (2,892,201 voting rights) at that date, and that 3.01% (2,892,201 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 exeeded the threshold of 5% on 2 May 2022 and amounted to 5.25% (5,040,023 voting rights) at that date, and that 5.25% (5,040,023 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 3 May 2022 and amounted to 3.43% (3,295,703 voting rights) at that date, and that 3.43% (3,295,703 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 exeeded the threshold of 5% on 3 May 2022 and amounted to 5.30% (5,087,495 voting rights) at that date, and that 5.30% (5,087,495 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 exeeded the threshold of 5% on 5 May 2022 and amounted to 5.19% (4,983,251 voting rights) at that date, and that 5.19% (4,983,251 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 exeeded the threshold of 5% on 6 May 2022 and amounted to 5.37% (5,153,105 voting rights) at that date, and that 5.37% (5,153,105 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG .

Morgan Stanley, 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 11 May 2022 and amounted to 3.52% (3,380,763 voting rights) at that date, and that 3.52% (3,380,763 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 exeeded the threshold of 5% on 24 May 2022 and amounted to 5.56% (5,337,705 voting rights) at that date, and that 5.56% (5,337,705 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 exeeded the threshold of 5% on 24 June 2022 and amounted to 5.46% (5,236,943 voting rights) at that date, and that 5.46% (5,236,943 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 exeeded the threshold of 5% on 28 June 2022 and amounted to 5.47% (5,246,807 voting rights) at that date, and that 5.47% (5,246,807 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 exeeded the threshold of 5% on 1 July 2022 and amounted to 5.49% (5,266,668 voting rights) at that date, and that 5.49% (5,266,668 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 exeeded the threshold of 5% on 5 July 2022 and amounted to 5.51% (5,285,310 voting rights) at that date, and that 5.51% (5,285,310 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 exeeded the threshold of 5% on 7 July 2022 and amounted to 5.50% (5,283,627 voting rights) at that date, and that 5.50% (5,283,627 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 12 July 2022 and amounted to 2.99% (2,873,938 voting rights) at that date, and that 2.99% (2,873,938 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 July 2022 and amounted to 3.04% (2,916,072 voting rights) at that date, and that 3.04% (2,916,072 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 2 August 2022 and amounted to 2.99% (2,875,802 voting rights) at that date, and that 2.99% (2,875,802 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 3 August 2022 and amounted to 3.00% (2,882,491 voting rights) at that date, and that 3.00% (2,882,491 voting rights) thereof are attributed to it pursuant to § 33 and § 34 WpHG.

Morgan Stanley, 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 10 August 2022 and amounted to 2.99% (2,873,090 voting rights) at that date, and that 2.99% (2,873,090 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 26 September 2022 and amounted to 4.98% (4,780,167 voting rights) at that date, and that 4.98% (4,780,167 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 27 September 2022 and amounted to 5.27% (5,060,769 voting rights) at that date, and that 5.27% (5,060,769 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 September 2022 and amounted to 5.35% (5,131,640 voting rights) at that date, and that 5.35% (5,131,640 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 30 September 2022 and amounted to 5.29% (5,078,612 voting rights) at that date, and that 5.29% (5,078,612 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 12 October 2022 and amounted to 5.20% (4,993,124 voting rights) at that date, and that 5.20% (4,993,124 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 14 November 2022 and amounted to 5.23% (5,017,867 voting rights) at that date, and that 5.23% (5,017,867 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 6 Januar 2023 and amounted to 5.33% (5,114,853 voting rights) at that date, and that 5.33% (5,114,853 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 Januar 2023 and amounted to 5.30% (5,085,843 voting rights) at that date, and that 5.30% (5,085,843 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 10 Januar 2023 and amounted to 5.36% (5,148,874 voting rights) at that date, and that 5.36% (5,148,874 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 14 February 2023 and amounted to 5.31% (5,092,982 voting rights) at that date, and that 5.31% (5,092,982 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 2022.

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 2022.

4.10 EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, there were no significant changes in the economic environment or our industry situation.

5. ASSURANCE BY LEGAL REPRESENTATIVES

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, 9 March 2023

CTS EVENTIM AG & Co. KGaA

represented by:

EVENTIM Management AG, general partner

Klaus-Peter Schulenberg	Holger Hohrein	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, 2022, the income statement for the financial year from January 1 to December 31, 2022, 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, 2022.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and 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, 2022. 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.

Impairment testing of shares in affiliated companies in the Live Entertainment segment

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, 2022, shares in affiliated companies of KEUR 314,620, of which a significant portion belong to the Live Entertainment segment, are recognized under financial assets. All shares in affiliated companies account for approx. 25% of total assets and thus have a material effect on the Company's net assets.

Shares in affiliated companies are recognized at cost or, if they are expected to be permanently impaired, at their lower fair value. The Company determines the fair value of the shares in affiliated companies using the discounted cash flow method (DCF).

The cash flows used for the DCF method are based on individual projections for each investment for the next five years which are extrapolated based on assumptions for long-term growth rates. The respective capitalization rate is derived from the return on a risk-adjusted alternative investment.

Impairment testing including the measurement of fair value using the DCF method is complex and, as regards the assumptions made, heavily dependent on the Company's estimates and judgments. These especially include estimates of future cash flows and long-term growth rates, and the determination of the capitalization rate of the Live Entertainment segment.

The Company recognized write-downs on shares in affiliated companies in the amount of KEUR 3,970 in financial year 2022.

There is a risk for the financial statements that write-downs on shares in affiliated companies in the Live Entertainment segment have 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 shares held in affiliated companies in the Live Entertainment segment through explanations from employees of investment controlling and an appraisal of the documentation. In doing so, we thoroughly examined the Company's approach to determining the need to recognize write-downs 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 the involvement of our valuation specialists, we evaluated shares in affiliated companies in the Live Entertainment segment selected according to risk criteria and assessed the appropriateness of the significant assumptions and the valuation methods of the Company with respect to these shares. For this purpose we discussed the expected cash flows and the assumed long-term growth rates with those responsible for planning. We also reconciled this information with the five-year planning prepared by management and the budget approved by 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 specific capitalization rates with our own assumptions and publicly available data. To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's valuation using our own calculations and analyzed deviations.

OUR OBSERVATIONS

The approach used for impairment testing Shares in affiliated companies in the Live Entertainment segment 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 following components of the combined management report, whose content was not audited:

- the Company's and Group's separate combined non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement for the Company and the Group referred to in the combined management report, and
- information extraneous to management reports and marked as unaudited.

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 the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) 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. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) 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 the risk of not detecting a material misstatement 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 actions taken or safeguards applied to eliminate independence threats.

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 "ESEF_JA_2022.zip"; (SHA256-Hashwert: 452f40858f1520c9def6a1a0e194b4df92a8cbbef5a3340d84a16d2a422c3665) 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 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, 2022, 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 (06.2022)). 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 as of 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 12, 2022. We were engaged by the Supervisory Board on October 21, 2022. 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).

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 entered in the company register – 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 Frank Thiele.

Hamburg, 15 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Thiele	Rienecker
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

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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