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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**Form 10-Q**

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- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2022  
or  
 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 001-32601
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**LIVE NATION ENTERTAINMENT, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**20-3247759**  
(I.R.S. Employer Identification No.)

**9348 Civic Center Drive**  
**Beverly Hills, CA 90210**  
(Address of principal executive offices, including zip code)  
**(310) 867-7000**  
(Registrant's telephone number, including area code)

Title of each class  
Common stock, \$0.01 Par Value Per Share

Securities registered pursuant to Section 12(b) of the Act:  
Trading Symbol(s)  
LYV

Name of each exchange on which registered  
New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.  Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

On October 27, 2022, there were 230,879,879 outstanding shares of the registrant's common stock, \$0.01 par value per share, including 4,150,299 shares of unvested restricted stock awards and excluding 408,024 shares held in treasury.

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**GLOSSARY OF KEY TERMS**

AOCI	Accumulated other comprehensive income (loss)
AOI	Adjusted operating income (loss)
APF	Ancillary revenue per fan
FASB	Financial Accounting Standards Board
GAAP	United States Generally Accepted Accounting Principles
GTV	Gross transaction value
Live Nation	Live Nation Entertainment, Inc. and subsidiaries
LNE	Live Nation Entertainment, Inc.
OCESA	OCESA Entretenimiento, S.A. de C.V. and certain other related subsidiaries of Corporación Interamericana de Entretenimiento, S.A.B. de C.V.
SEC	United States Securities and Exchange Commission
Ticketmaster	Our ticketing business

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

LIVE NATION ENTERTAINMENT, INC.  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	September 30, 2022	December 31, 2021
	<i>(in thousands)</i>	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,951,161	\$ 4,884,729
Accounts receivable, less allowance of \$63,761 and \$50,491, respectively	1,989,508	1,066,573
Prepaid expenses	908,895	654,894
Restricted cash	5,030	3,063
Other current assets	72,795	74,834
<b>Total current assets</b>	<b>7,927,389</b>	<b>6,684,093</b>
Property, plant and equipment, net	1,097,931	1,091,929
Operating lease assets	1,615,997	1,538,911
Intangible assets		
Definite-lived intangible assets, net	917,441	1,026,338
Indefinite-lived intangible assets, net	408,988	369,028
Goodwill	2,548,452	2,590,869
Long-term advances	595,642	552,697
Other long-term assets	675,174	548,453
<b>Total assets</b>	<b>\$ 15,787,014</b>	<b>\$ 14,402,318</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable, client accounts	\$ 1,580,498	\$ 1,532,345
Accounts payable	195,327	110,623
Accrued expenses	2,763,630	1,645,906
Deferred revenue	2,269,216	2,774,792
Current portion of long-term debt, net	619,500	585,254
Current portion of operating lease liabilities	141,544	123,715
Other current liabilities	64,772	83,087
<b>Total current liabilities</b>	<b>7,634,487</b>	<b>6,855,722</b>
Long-term debt, net	5,120,197	5,145,484
Long-term operating lease liabilities	1,689,464	1,606,064
Other long-term liabilities	345,329	431,581
Commitments and contingent liabilities		
Redeemable noncontrolling interests	598,981	551,921
Stockholders' equity		
Common stock	2,271	2,220
Additional paid-in capital	2,852,112	2,897,695
Accumulated deficit	(2,768,195)	(3,327,737)
Cost of shares held in treasury	(6,865)	(6,865)
Accumulated other comprehensive loss	(153,883)	(147,964)
<b>Total Live Nation stockholders' equity</b>	<b>(74,560)</b>	<b>(582,651)</b>
Noncontrolling interests	473,116	394,197
<b>Total equity</b>	<b>398,556</b>	<b>(188,454)</b>
<b>Total liabilities and equity</b>	<b>\$ 15,787,014</b>	<b>\$ 14,402,318</b>

See Notes to Consolidated Financial Statements

**LIVE NATION ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	<i>(in thousands except share and per share data)</i>			
Revenue	\$ 6,153,535	\$ 2,698,722	\$ 12,390,517	\$ 3,565,277
Operating expenses:				
Direct operating expenses	4,707,848	1,969,912	9,045,893	2,346,998
Selling, general and administrative expenses	805,910	446,929	2,048,305	1,098,676
Depreciation and amortization	102,093	101,235	318,489	313,758
Gain on disposal of operating assets	(35,285)	(1,148)	(32,555)	(1,038)
Corporate expenses	66,720	44,649	158,377	100,195
Operating income (loss)	506,249	137,145	852,008	(293,312)
Interest expense	70,514	70,407	205,722	210,146
Interest income	(25,809)	(1,333)	(46,565)	(3,953)
Equity in losses (earnings) of nonconsolidated affiliates	14,283	(7,025)	8,040	(4,608)
Gain from sale of investments in nonconsolidated affiliates	—	(30,633)	(448)	(83,580)
Other expense, net	7,960	12,441	22,846	19,903
Income (loss) before income taxes	439,301	93,288	662,413	(431,220)
Income tax expense	41,898	6,421	85,589	15,095
Net income (loss)	397,403	86,867	576,824	(446,315)
Net income attributable to noncontrolling interests	36,001	39,989	77,804	9,665
Net income (loss) attributable to common stockholders of Live Nation	\$ 361,402	\$ 46,878	\$ 499,020	\$ (455,980)
Basic net income (loss) per common share available to common stockholders of Live Nation	\$ 1.47	\$ 0.20	\$ 1.79	\$ (2.13)
Diluted net income (loss) per common share available to common stockholders of Live Nation	\$ 1.39	\$ 0.19	\$ 1.73	\$ (2.13)
Weighted average common shares outstanding:				
Basic	225,761,777	216,888,355	224,123,130	215,716,239
Diluted	243,686,803	223,800,400	239,617,920	215,716,239
Reconciliation to net income (loss) available to common stockholders of Live Nation:				
Net income (loss) attributable to common stockholders of Live Nation	\$ 361,402	\$ 46,878	\$ 499,020	\$ (455,980)
Accretion of redeemable noncontrolling interests	(29,915)	(4,245)	(97,723)	(4,210)
Net income (loss) available to common stockholders of Live Nation—basic	\$ 331,487	\$ 42,633	\$ 401,297	\$ (460,190)
Convertible debt interest, net of tax	6,365	—	12,124	—
Net income (loss) available to common stockholders of Live Nation—diluted	\$ 337,852	\$ 42,633	\$ 413,421	\$ (460,190)

See Notes to Consolidated Financial Statements

**LIVE NATION ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(UNAUDITED)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	<i>(in thousands)</i>			
Net income (loss)	\$ 397,403	\$ 86,867	\$ 576,824	\$ (446,315)
Other comprehensive income (loss), net of tax:				
Unrealized gain on cash flow hedge	18,522	852	50,178	10,160
Realized loss (gain) on cash flow hedge	(515)	1,991	2,634	5,853
Foreign currency translation adjustments	(42,319)	(12,008)	(58,731)	(10,001)
Comprehensive income (loss)	373,091	77,702	570,905	(440,303)
Comprehensive income (loss) attributable to noncontrolling interests	36,001	39,989	77,804	9,665
Comprehensive income (loss) attributable to common stockholders of Live Nation	<u>\$ 337,090</u>	<u>\$ 37,713</u>	<u>\$ 493,101</u>	<u>\$ (449,968)</u>

See Notes to Consolidated Financial Statements

**LIVE NATION ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

	Live Nation Stockholders' Equity							Total Equity	Redeemable Noncontrolling Interests
	Common Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Cost of Shares Held in Treasury	Accumulated Other Comprehensive Loss	Noncontrolling Interests		
	<i>(in thousands, except share data)</i>								<i>(in thousands)</i>
<b>Balances at June 30, 2022</b>	225,581,279	\$ 2,256	\$ 2,853,613	\$ (3,129,597)	\$ (6,865)	\$ (129,571)	\$ 445,162	\$ 34,998	\$ 565,024
Non-cash and stock-based compensation	—	—	23,929	—	—	—	—	23,929	—
Common stock issued under stock plans, net of shares withheld for employee taxes	519,012	5	(5,227)	—	—	—	—	(5,222)	—
Exercise of stock options	1,037,290	10	9,637	—	—	—	—	9,647	—
Acquisitions	—	—	—	—	—	—	—	—	9,729
Purchases of noncontrolling interests	—	—	(2,405)	—	—	—	19	(2,386)	—
Redeemable noncontrolling interests fair value adjustments	—	—	(29,840)	—	—	—	—	(29,840)	30,140
Contributions received	—	—	—	—	—	—	1,317	1,317	—
Cash distributions	—	—	—	—	—	—	(14,712)	(14,712)	(1,026)
Other	—	—	2,405	—	—	—	775	3,180	(181)
Comprehensive income (loss):									
Net income	—	—	—	361,402	—	—	40,555	401,957	(4,554)
Unrealized gain on cash flow hedge	—	—	—	—	—	18,522	—	18,522	—
Realized gain on cash flow hedge	—	—	—	—	—	(515)	—	(515)	—
Foreign currency translation adjustments	—	—	—	—	—	(42,319)	—	(42,319)	(151)
<b>Balances at September 30, 2022</b>	<u>227,137,581</u>	<u>\$ 2,271</u>	<u>\$ 2,852,112</u>	<u>\$ (2,768,195)</u>	<u>\$ (6,865)</u>	<u>\$ (153,883)</u>	<u>\$ 473,116</u>	<u>\$ 398,556</u>	<u>\$ 598,981</u>

See Notes to Consolidated Financial Statements

Live Nation Stockholders' Equity									
	Common Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Cost of Shares Held in Treasury	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
	<i>(in thousands, except share data)</i>								<i>(in thousands)</i>
<b>Balances at December 31, 2021</b>	221,964,734	\$ 2,220	\$ 2,897,695	\$ (3,327,737)	\$ (6,865)	\$ (147,964)	\$ 394,197	\$ (188,454)	\$ 551,921
Cumulative effect of change in accounting principle	—	—	(95,986)	60,522	—	—	—	(35,464)	—
Non-cash and stock-based compensation	—	—	198,740	—	—	—	—	198,740	—
Common stock issued under stock plans, net of shares withheld for employee taxes	1,616,274	16	(46,969)	—	—	—	—	(46,953)	—
Exercise of stock options	3,556,573	35	35,663	—	—	—	—	35,698	—
Acquisitions	—	—	—	—	—	—	5,181	5,181	18,406
Purchases of noncontrolling interests	—	—	(38,492)	—	—	—	(7,653)	(46,145)	(1,457)
Sales of noncontrolling interests	—	—	—	—	—	—	(336)	(336)	—
Redeemable noncontrolling interests fair value adjustments	—	—	(98,574)	—	—	—	—	(98,574)	98,414
Contributions received	—	—	—	—	—	—	16,719	16,719	25
Cash distributions	—	—	—	—	—	—	(64,682)	(64,682)	(17,170)
Other	—	—	35	—	—	—	49,007	49,042	(48,128)
Comprehensive income (loss):									
Net income	—	—	—	499,020	—	—	80,683	579,703	(2,879)
Unrealized gain on cash flow hedge	—	—	—	—	—	50,178	—	50,178	—
Realized loss on cash flow hedge	—	—	—	—	—	2,634	—	2,634	—
Foreign currency translation adjustments	—	—	—	—	—	(58,731)	—	(58,731)	(151)
<b>Balances at September 30, 2022</b>	<u>227,137,581</u>	<u>\$ 2,271</u>	<u>\$ 2,852,112</u>	<u>\$ (2,768,195)</u>	<u>\$ (6,865)</u>	<u>\$ (153,883)</u>	<u>\$ 473,116</u>	<u>\$ 398,556</u>	<u>\$ 598,981</u>

See Notes to Consolidated Financial Statements

Live Nation Stockholders' Equity									
Common Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Cost of Shares Held in Treasury	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests	
<i>(in thousands, except share data)</i>									<i>(in thousands)</i>
<b>Balances at June 30, 2021</b>	216,388,477	\$ 2,164	\$ 2,433,462	\$ (3,179,691)	\$ (6,865)	\$ (161,832)	\$ 333,159	\$ (579,603)	\$ 250,767
Non-cash and stock-based compensation	—	—	27,318	—	—	—	—	27,318	—
Common stock issued under stock plans, net of shares withheld for employee taxes	151,280	1	(4,523)	—	—	—	—	(4,522)	—
Exercise of stock options, net of shares withheld for option cost and employee taxes	70,011	1	2,238	—	—	—	—	2,239	—
Sale of common shares	5,239,259	52	449,363	—	—	—	—	449,415	—
Fair value of convertible debt conversion feature, net of issuance cost	—	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	7,117	7,117	230
Redeemable noncontrolling interests fair value adjustments	—	—	(4,245)	—	—	—	—	(4,245)	4,245
Contributions received	—	—	—	—	—	—	1,329	1,329	—
Cash distributions	—	—	—	—	—	—	(8,341)	(8,341)	(2,749)
Other	—	—	—	—	—	—	(331)	(331)	—
Comprehensive income (loss):									
Net income	—	—	—	46,878	—	—	30,135	77,013	9,854
Unrealized loss on cash flow hedge	—	—	—	—	—	852	—	852	—
Realized loss on cash flow hedge	—	—	—	—	—	1,991	—	1,991	—
Foreign currency translation adjustments	—	—	—	—	—	(12,008)	—	(12,008)	—
<b>Balances at September 30, 2021</b>	<u>221,849,027</u>	<u>\$ 2,218</u>	<u>\$ 2,903,613</u>	<u>\$ (3,132,813)</u>	<u>\$ (6,865)</u>	<u>\$ (170,997)</u>	<u>\$ 363,068</u>	<u>\$ (41,776)</u>	<u>\$ 262,347</u>

See Notes to Consolidated Financial Statements



Live Nation Stockholders' Equity									Redeemable Noncontrolling Interests
Common Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Cost of Shares Held in Treasury	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity	(in thousands)	
<i>(in thousands, except share data)</i>									
<b>Balances at December 31, 2020</b>	214,466,988	\$ 2,145	\$ 2,386,790	\$ (2,676,833)	\$ (6,865)	\$ (177,009)	\$ 338,020	\$ (133,752)	\$ 272,449
Non-cash and stock-based compensation	—	—	80,165	—	—	—	—	80,165	—
Common stock issued under stock plans, net of shares withheld for employee taxes	812,829	8	(24,593)	—	—	—	—	(24,585)	—
Exercise of stock options, net of shares withheld for employee taxes	1,329,951	13	12,162	—	—	—	—	12,175	—
Sale of common shares	5,239,259	52	449,363	—	—	—	—	449,415	—
Acquisitions	—	—	—	—	—	—	7,117	7,117	828
Purchases of noncontrolling interests	—	—	3,775	—	—	—	(2,577)	1,198	(1,698)
Sales of noncontrolling interests	—	—	161	—	—	—	8,868	9,029	—
Redeemable noncontrolling interests fair value adjustments	—	—	(4,210)	—	—	—	—	(4,210)	4,210
Contributions received	—	—	—	—	—	—	16,522	16,522	95
Cash distributions	—	—	—	—	—	—	(20,852)	(20,852)	(4,780)
Other	—	—	—	—	—	—	(2,452)	(2,452)	—
Comprehensive income (loss):									
Net income (loss)	—	—	—	(455,980)	—	—	18,422	(437,558)	(8,757)
Unrealized gain on cash flow hedge	—	—	—	—	—	10,160	—	10,160	—
Realized loss on cash flow hedge	—	—	—	—	—	5,853	—	5,853	—
Foreign currency translation adjustments	—	—	—	—	—	(10,001)	—	(10,001)	—
<b>Balances at September 30, 2021</b>	<u>221,849,027</u>	<u>\$ 2,218</u>	<u>\$ 2,903,613</u>	<u>\$ (3,132,813)</u>	<u>\$ (6,865)</u>	<u>\$ (170,997)</u>	<u>\$ 363,068</u>	<u>\$ (41,776)</u>	<u>\$ 262,347</u>

See Notes to Consolidated Financial Statements

**LIVE NATION ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	Nine Months Ended September 30,	
	2022	2021
	<i>(in thousands)</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 576,824	\$ (446,315)
Reconciling items:		
Depreciation	162,943	167,170
Amortization	155,546	146,588
Amortization of non-recoupable ticketing contract advances	56,121	49,214
Amortization of debt issuance costs and discounts	12,333	27,916
Stock-based compensation expense	86,178	80,165
Unrealized changes in fair value of contingent consideration	23,601	(6,998)
Equity in losses of nonconsolidated affiliates, net of distributions	31,420	6,396
Provision for uncollectible accounts receivable	40,736	(14,006)
Gain on sale of investments in nonconsolidated affiliates	(393)	(83,580)
Other, net	(10,596)	6,380
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Increase in accounts receivable	(1,009,472)	(690,105)
Increase in prepaid expenses and other assets	(297,379)	(92,635)
Increase in accounts payable, accrued expenses and other liabilities	1,536,196	1,323,448
Increase (decrease) in deferred revenue	(435,701)	551,059
Net cash provided by operating activities	<u>928,357</u>	<u>1,024,697</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances of notes receivable	(58,307)	(24,476)
Collections of notes receivable	16,473	16,500
Investments made in nonconsolidated affiliates	(73,335)	(55,246)
Purchases of property, plant and equipment	(205,987)	(103,914)
Cash paid for acquisitions, net of cash acquired	(38,770)	(19,594)
Purchases of intangible assets	(6,764)	(6,681)
Proceeds from sale of investments in nonconsolidated affiliates	3,863	80,593
Other, net	3,099	1,059
Net cash used in investing activities	<u>(359,728)</u>	<u>(111,759)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt, net of debt issuance costs	5,750	904,164
Payments on long-term debt	(29,462)	(93,168)
Contributions from noncontrolling interests	14,340	15,985
Distributions to noncontrolling interests	(81,852)	(25,632)
Purchases and sales of noncontrolling interests, net	(27,104)	(3,273)
Proceeds from sale of common stock, net of issuance costs	—	449,415
Proceeds from exercise of stock options	35,698	30,322
Taxes paid for net share settlement of equity awards	(46,953)	(42,731)
Payments for deferred and contingent consideration	(45,164)	(12,845)
Other, net	(472)	84
Net cash provided by (used in) financing activities	<u>(175,219)</u>	<u>1,222,321</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(325,011)</u>	<u>(48,501)</u>
Net increase in cash, cash equivalents, and restricted cash	68,399	2,086,758
Cash, cash equivalents and restricted cash at beginning of period	4,887,792	2,546,439
Cash, cash equivalents and restricted cash at end of period	<u>\$ 4,956,191</u>	<u>\$ 4,633,197</u>

See Notes to Consolidated Financial Statements

**LIVE NATION ENTERTAINMENT, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**NOTE 1—BASIS OF PRESENTATION AND OTHER INFORMATION**

***Preparation of Interim Financial Statements***

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X issued by the SEC. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, they include all normal and recurring accruals and adjustments necessary to present fairly the results of the interim periods shown. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2021 Annual Report on Form 10-K filed with the SEC on February 23, 2022.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes including, but not limited to, legal, tax and insurance accruals, acquisition accounting and impairments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

***Seasonality***

Our Concerts and Sponsorship & Advertising segments typically experience higher revenue and operating income in the second and third quarters as our outdoor venue concerts and festivals primarily occur from May through October in most major markets. Our Ticketing segment revenue is impacted by fluctuations in the availability and timing of events for sale to the public, which vary depending upon scheduling by our clients.

Cash flows from our Concerts segment typically have a slightly different seasonality as payments are often made for artist performance fees and production costs for tours in advance of the date the related event tickets go on sale. These artist fees and production costs are expensed when the event occurs. Once tickets for an event go on sale, we generally begin to receive payments from ticket sales in advance of when the event occurs. In the United States, this cash is largely associated with events in our owned or operated venues, notably amphitheaters, festivals, theaters and clubs. Internationally, this cash is from a combination of both events in our owned or operated venues, as well as events in third-party venues associated with our promoter's share of tickets in allocation markets. We record these ticket sales as revenue when the event occurs. Our seasonality also results in higher balances in cash and cash equivalents, accounts receivable, prepaid expenses, accrued expenses and deferred revenue at different times in the year.

We expect our seasonality trends to evolve as we continue to expand our global operations.

***Cash and Cash Equivalents***

Included in the September 30, 2022 and December 31, 2021 cash and cash equivalents balance is \$1.3 billion of cash received that includes the face value of tickets sold on behalf of our ticketing clients and their share of service charges ("client cash"), which amounts are to be remitted to these clients. We generally do not utilize client cash for our own financing or investing activities as the amounts are payable to our clients on a regular basis. These amounts due to our clients are included in accounts payable, client accounts.

***Income Taxes***

Each reporting period, we evaluate the realizability of our deferred tax assets in each tax jurisdiction. As of September 30, 2022, we continued to maintain a full valuation allowance against our net deferred tax assets in certain jurisdictions due to cumulative pre-tax losses. As a result of the valuation allowances, no tax benefits have been recognized for losses incurred, if any, in those tax jurisdictions for the first nine months of 2022.

In August 2022, the Inflation Reduction Act (IRA) was enacted in the United States, which includes health care, clean energy, and income tax provisions. The income tax provisions amend the Internal Revenue Code to include amongst other things a corporate alternative minimum tax starting in the 2023 tax year. The Company is still assessing the impact due to lack of United States Treasury regulations; however, the IRA is not expected to have a material impact on the Company's financial statements due to net operating losses and full valuation allowances for the United States, which is our most significant jurisdiction. We will continue to monitor to ensure our financial results and related tax disclosures are in compliance with the IRA tax legislation.

***Accounting Pronouncements - Adopted***

In August 2020, the FASB issued guidance that simplifies the accounting for convertible instruments and its application of the derivatives scope exception for contracts in an entity's own equity. The new guidance reduces the number of accounting models that require separating embedded conversion features from convertible instruments. As a result, only conversion features accounted for under the substantial premium model and those that require bifurcation will be accounted for separately. For contracts in an entity's own equity, the new guidance eliminates some of the current requirements for equity classification. The guidance also addresses how convertible instruments are accounted for in the diluted earnings per share calculation and requires enhanced disclosures about the terms of convertible instruments and contracts in an entity's own equity. We adopted this guidance on January 1, 2022, using the modified retrospective method and recorded a cumulative-effect adjustment of \$60.5 million as a reduction to accumulated deficit in the consolidated balance sheets. The impact of adoption also resulted in a reduction of additional paid-in capital of \$96.0 million and increased our current portion of long-term debt, net and long-term debt, net by \$14.7 million and \$20.8 million, respectively, as a result of reversal of the separation of the convertible debt between debt and equity. The adoption did not have a material effect on our consolidated statements of operations or consolidated statements of cash flows.

**NOTE 2—BUSINESS ACQUISITIONS**

During December 2021, we completed the acquisition of an aggregate 51% interest in OCESA. This acquisition was accounted for as a business combination under the acquisition method of accounting. With the exception of OCESA, all other acquisitions were not material on an individual basis or in the aggregate.

**OCESA Acquisition**

***Description of Transaction***

On December 6, 2021, we completed our acquisition of an aggregate 51% of the capital stock of OCESA (the "Acquisition") for \$431.9 million, subject to certain adjustments. Upon closing of the Acquisition, we and Corporación Interamericana de Entretenimiento, S.A.B. de C.V. terminated the then pending International Chamber of Commerce arbitration in connection with the earlier termination of the purchase agreements, and any related litigation was also dismissed.

OCESA is one of the most prominent live event businesses globally with a robust business portfolio in ticketing, sponsorship, concession, merchandise, and venue operation across Mexico and Latin America. We expect the Acquisition to add value and growth to all of our reporting segments.

**Recording of Assets Acquired and Liabilities Assumed**

The following table summarizes the preliminary acquisition-date fair value of the identifiable assets acquired, liabilities assumed and noncontrolling interests including goodwill:

	<b>Initial Allocation</b> <i>(in thousands)</i>
Fair value of consideration transferred	\$ 431,943
Adjustments for working capital	2,269
Fair value of redeemable noncontrolling interests	280,000
Fair value of noncontrolling interests	7,000
Fair value of pre-existing investment in nonconsolidated affiliates	50,000
<b>Less: Preliminary recognized amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	105,118
Accounts receivable	90,575
Prepaid expenses	33,060
Other current assets	658
Property, plant and equipment	25,221
Operating lease assets	67,193
Intangible assets	337,000
Investments in nonconsolidated affiliates	30,000
Other long-term assets	36,525
Accounts payable, client accounts	(12,566)
Accounts payable	(13,344)
Accrued expenses	(71,209)
Deferred revenue	(144,557)
Current portion of operating lease liabilities	(9,209)
Long-term operating lease liabilities	(57,984)
Long-term deferred income taxes	(101,379)
Goodwill	<u>\$ 456,110</u>

Goodwill represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The goodwill arising from the Acquisition consists largely of cost savings and new opportunities expected from combining the operations of Live Nation and OCESA. The anticipated synergies primarily relate to growth in concert promotion, ticketing, and sponsorship opportunities. Of the total amount of preliminary goodwill recognized in connection with the Acquisition, none will be deductible for tax purposes. Preliminary goodwill of \$46.7 million, \$165.0 million and \$244.4 million has been allocated to the Concerts, Ticketing and Sponsorship & Advertising segments, respectively, as a result of the Acquisition.

Below is a summary of the methodologies and significant assumptions used in estimating the fair value of intangible assets and noncontrolling interests.

*Intangible assets* — the preliminary fair value of the acquired intangible assets is currently being evaluated using commonly used valuation techniques. In estimating the fair value of the acquired intangible assets, we utilized the valuation

methodology determined to be most appropriate for the individual intangible asset being valued. The acquired definite-lived intangible assets include the following:

	Preliminary Estimated Fair Value <i>(in thousands)</i>	Preliminary Estimated Useful Lives <sup>(1)</sup> <i>(years)</i>
Client/vendor relationships	\$ 100,000	10
Revenue-generating contracts	90,000	4 to 10
Venue management and leaseholds	107,000	10
Trademarks and naming rights	40,000	10
Total acquired intangible assets	<u>\$ 337,000</u>	

<sup>(1)</sup> Determination of the preliminary estimated useful lives of the individual categories of intangible assets was based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with definite lives is recognized over the shorter of the respective lives of the agreement or the period of time the assets are expected to contribute to future cash flows.

Some of the more significant estimates and assumptions inherent in determining the fair value of the identifiable intangible assets are associated with forecasting cash flows and profitability. The primary assumptions used were generally based upon the present value of anticipated cash flows discounted at rates ranging from 12% to 13%. Estimated years of projected earnings generally follow the range of estimated remaining useful lives for each intangible asset class.

*Noncontrolling interests* — The preliminary fair value of the redeemable noncontrolling interests and noncontrolling interests of \$280.0 million and \$7.0 million, respectively, were estimated by applying the market approach. The fair value estimates are based on fair value of consideration transferred, adjustment of 20% to account for acquisition premium and adjustments of 10% to 20% to account for lack of marketability that market participants would consider when estimating the fair value of the individual noncontrolling interests.

#### ***Actual and Pro Forma Impact of Acquisition***

The revenue, loss from continuing operations and net loss of OCESA that are included in our consolidated statements of operations were not material for the year ended December 31, 2021 since the Acquisition closed on December 6, 2021. Pro forma results of operations, assuming that OCESA had been acquired on January 1, 2020, for the years ended December 31, 2021 and 2020 were not material to our consolidated statements of operations.

We incurred a cumulative total of \$13.2 million of acquisition transaction expenses relating to the Acquisition, of which \$0.9 million and \$0.8 million are included in selling, general and administrative expenses within our consolidated statements of operations for the nine months ended September 30, 2022 and 2021, respectively.

We are in the process of completing our purchase accounting in accordance with GAAP, whereby the purchase price is allocated to the assets acquired and liabilities assumed based upon their estimated fair values on the acquisition date. As we completed the Acquisition in the last month of the year ended December 31, 2021 and given the size of the Acquisition, the purchase accounting should be considered preliminary and is subject to revision based on final determinations of fair value and allocations of purchase price to the identifiable assets and liabilities acquired.

**NOTE 3—LONG-LIVED ASSETS**
**Property, Plant and Equipment, Net**

Property, plant and equipment, net, consisted of the following:

	September 30, 2022	December 31, 2021
	<i>(in thousands)</i>	
Land, buildings and improvements	\$ 1,344,611	\$ 1,324,278
Computer equipment and capitalized software	877,210	910,581
Furniture and other equipment	478,341	411,403
Construction in progress	169,327	173,865
	<u>2,869,489</u>	<u>2,820,127</u>
Less: accumulated depreciation	1,771,558	1,728,198
	<u>\$ 1,097,931</u>	<u>\$ 1,091,929</u>

**Definite-lived Intangible Assets**

The following table presents the changes in the gross carrying amount and accumulated amortization of definite-lived intangible assets for the nine months ended September 30, 2022:

	Client / vendor relationships	Revenue- generating contracts	Venue management and leaseholds	Trademarks and naming rights	Technology	Other <sup>(1)</sup>	Total
	<i>(in thousands)</i>						
<b>Balance as of December 31, 2021:</b>							
Gross carrying amount	\$ 576,930	\$ 593,258	\$ 232,856	\$ 180,865	\$ 37,335	\$ 10,414	\$ 1,631,658
Accumulated amortization	(178,725)	(275,909)	(46,929)	(79,349)	(18,375)	(6,033)	(605,320)
Net	<u>398,205</u>	<u>317,349</u>	<u>185,927</u>	<u>101,516</u>	<u>18,960</u>	<u>4,381</u>	<u>1,026,338</u>
Gross carrying amount:							
Acquisitions—current year	24,979	23,313	9,978	—	—	1,728	59,998
Acquisitions—prior year	(2,000)	3,600	—	(1,000)	—	—	600
Foreign exchange	(19,427)	(20,331)	(5,053)	(374)	(26)	(897)	(46,108)
Other <sup>(2)</sup>	(8,716)	(8,097)	(615)	39	(7,489)	(1,211)	(26,089)
Net change	<u>(5,164)</u>	<u>(1,515)</u>	<u>4,310</u>	<u>(1,335)</u>	<u>(7,515)</u>	<u>(380)</u>	<u>(11,599)</u>
Accumulated amortization:							
Amortization	(56,711)	(49,762)	(18,475)	(13,214)	(8,386)	(3,821)	(150,369)
Foreign exchange	8,761	12,326	3,476	860	17	259	25,699
Other <sup>(2)</sup>	8,685	7,719	731	(533)	8,460	2,310	27,372
Net change	<u>(39,265)</u>	<u>(29,717)</u>	<u>(14,268)</u>	<u>(12,887)</u>	<u>91</u>	<u>(1,252)</u>	<u>(97,298)</u>
<b>Balance as of September 30, 2022:</b>							
Gross carrying amount	571,766	591,743	237,166	179,530	29,820	10,034	1,620,059
Accumulated amortization	(217,990)	(305,626)	(61,197)	(92,236)	(18,284)	(7,285)	(702,618)
Net	<u>\$ 353,776</u>	<u>\$ 286,117</u>	<u>\$ 175,969</u>	<u>\$ 87,294</u>	<u>\$ 11,536</u>	<u>\$ 2,749</u>	<u>\$ 917,441</u>

<sup>(1)</sup> Other primarily includes intangible assets for non-compete agreements.

<sup>(2)</sup> Other primarily includes netdowns of fully amortized or impaired assets.

Included in the current year acquisitions amounts above are definite-lived intangible assets primarily associated with the acquisitions of a concert promotion business located in Germany, a ticketing business located in Thailand as well as a sports management business and a venue management business, both located in the United States.

The 2022 additions to definite-lived intangible assets from acquisitions have weighted-average lives as follows:

	Weighted-Average Life (years)
Revenue-generating contracts	5
Client/vendor relationships	5
Venue management and leaseholds	30
All categories	9

Amortization of definite-lived intangible assets for the three months ended September 30, 2022 and 2021 was \$48.1 million and \$46.1 million, and for the nine months ended September 30, 2022 and 2021 was \$150.4 million and \$146.6 million, respectively. As acquisitions and dispositions occur in the future and the valuations of intangible assets for recent acquisitions are completed, amortization will vary.

### Goodwill

The following table presents the changes in the carrying amount of goodwill in each of our reportable segments for the nine months ended September 30, 2022:

	Concerts	Ticketing	Sponsorship & Advertising	Total
	<i>(in thousands)</i>			
<b>Balance as of December 31, 2021:</b>				
Goodwill	\$ 1,390,451	\$ 930,064	\$ 705,717	\$ 3,026,232
Accumulated impairment losses	(435,363)	—	—	(435,363)
Net	955,088	930,064	705,717	2,590,869
Acquisitions—current year	34,256	—	—	34,256
Acquisitions—prior year	(22,339)	12,057	1,898	(8,384)
Dispositions	(1,792)	—	—	(1,792)
Foreign exchange	(33,833)	(13,435)	(19,229)	(66,497)
<b>Balance as of September 30, 2022:</b>				
Goodwill	1,366,743	928,686	688,386	2,983,815
Accumulated impairment losses	(435,363)	—	—	(435,363)
Net	<u>\$ 931,380</u>	<u>\$ 928,686</u>	<u>\$ 688,386</u>	<u>\$ 2,548,452</u>

We are in various stages of finalizing our acquisition accounting for recent acquisitions, which may include the use of external valuation consultants, and the completion of this accounting could result in a change to the associated purchase price allocations, including goodwill and our allocation between segments.

### Investments in Nonconsolidated Affiliates

At September 30, 2022 and December 31, 2021, we had investments in nonconsolidated affiliates of \$355.6 million and \$293.6 million, respectively, included in other long-term assets on our consolidated balance sheets.

During the nine months ended September 30, 2021, we sold certain investments in nonconsolidated affiliates for \$101.1 million in cash and noncash consideration resulting in a gain on sale of investments in nonconsolidated affiliates of \$83.6 million. During the nine months ended September 30, 2022, there were no significant sales of investments in nonconsolidated affiliates.

We entered into certain agreements whereby we received equity in the counterparty to those agreements primarily in exchange for providing sponsorship and marketing programs and support. We recognized \$5.6 million and \$25.0 million of noncash additions to investments in nonconsolidated affiliates for the nine months ended September 30, 2022 and 2021, respectively, which are included in other long-term assets on our consolidated balance sheets associated with these agreements.



**NOTE 4—LEASES**

The significant components of operating lease expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	<i>(in thousands)</i>			
Operating lease expense	\$ 60,003	\$ 56,662	\$ 195,514	\$ 168,538
Variable and short-term lease expense	64,548	44,552	117,441	57,548
Sublease income	(1,627)	(1,346)	(3,901)	(4,864)
Net lease expense	\$ 122,924	\$ 99,868	\$ 309,054	\$ 221,222

Many of our leases contain contingent rent obligations based on revenue, tickets sold or other variables, while others include periodic adjustments to rent obligations based on the prevailing inflationary index or market rental rates. Contingent rent obligations are not included in the initial measurement of the lease asset or liability and are recorded as rent expense in the period that the contingency is resolved.

Supplemental cash flow information for our operating leases is as follows:

	Nine Months Ended September 30,	
	2022	2021
	<i>(in thousands)</i>	
Cash paid for amounts included in the measurement of lease liabilities	\$ 177,847	\$ 142,200
Lease assets obtained in exchange for lease obligations, net of terminations	\$ 289,977	\$ 79,700

Future maturities of our operating lease liabilities at September 30, 2022 are as follows:

	<i>(in thousands)</i>
Remainder of 2022	\$ 56,656
2023	244,468
2024	234,451
2025	222,720
2026	212,689
Thereafter	1,747,809
Total lease payments	2,718,793
Less: Interest	887,785
Present value of lease liabilities	\$ 1,831,008

The weighted average remaining lease term and weighted average discount rate for our operating leases are as follows:

	September 30, 2022	December 31, 2021
Weighted average remaining lease term (in years)	13.6	13.2
Weighted average discount rate	5.96 %	6.10 %

As of September 30, 2022, we have additional operating leases that have not yet commenced, with total lease payments of \$201.8 million. These operating leases, which are not included on our consolidated balance sheets, have commencement dates ranging from October 2022 to June 2030, with lease terms ranging from 2 to 40 years.

**NOTE 5—FAIR VALUE MEASUREMENTS**
**Recurring**

The following table shows the fair value of our significant financial assets that are required to be measured at fair value on a recurring basis, which are classified on the consolidated balance sheets as cash and cash equivalents.

	Estimated Fair Value					
	September 30, 2022			December 31, 2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	<i>(in thousands)</i>					
<b>Assets:</b>						
Cash equivalents	\$ 725,975	\$ —	\$ 725,975	\$ 620,980	\$ —	\$ 620,980
Interest rate swap	—	44,254	44,254	—	—	—
<b>Liabilities:</b>						
Interest rate swap	\$ —	\$ —	\$ —	\$ —	\$ 8,558	\$ 8,558

Cash equivalents consist of money market funds. Fair values for cash equivalents are based on quoted prices in an active market. The fair value for our interest rate swap is based upon inputs corroborated by observable market data with similar tenors.

Our outstanding debt held by third-party financial institutions is carried at cost, adjusted for any discounts or debt issuance costs. Our debt is not publicly traded and the carrying amounts typically approximate fair value for debt that accrues interest at a variable rate, which are considered to be Level 2 inputs as defined in the FASB guidance.

The following table presents the estimated fair values of our senior secured notes, senior notes and convertible senior notes:

	Estimated Fair Value at			
	September 30, 2022		December 31, 2021	
	Level 2			
	<i>(in thousands)</i>			
6.5% Senior Secured Notes due 2027	\$	1,155,336	\$	1,315,284
3.75% Senior Secured Notes due 2028	\$	422,735	\$	498,380
4.75% Senior Notes due 2027	\$	829,768	\$	978,358
4.875% Senior Notes due 2024	\$	554,553	\$	582,952
5.625% Senior Notes due 2026	\$	285,126	\$	310,284
2.5% Convertible Senior Notes due 2023	\$	651,360	\$	996,369
2.0% Convertible Senior Notes due 2025	\$	400,040	\$	531,040

The estimated fair value of our third-party fixed-rate debt is based on quoted market prices in active markets for the same or similar debt, which are considered to be Level 2 inputs.

## NOTE 6—COMMITMENTS AND CONTINGENT LIABILITIES

### Commitments

As of September 30, 2022, we have non-cancelable contracts related to minimum performance payments with various artists, other event-related costs and nonrecoupable ticketing contract advances of approximately \$3.9 billion.

### Litigation

#### *Consumer Class Actions*

The following putative class action lawsuits were filed against Live Nation and/or Ticketmaster in Canada: Thompson-Marcial and Smith v. Ticketmaster Canada Holdings ULC (Ontario Superior Court of Justice, filed September 2018); McPhee v. Live Nation Entertainment, Inc., et al. (Superior Court of Quebec, District of Montreal, filed September 2018); Crystal Watch v. Live Nation Entertainment, Inc., et al. (Court of Queen’s Bench for Saskatchewan, by amendments filed September 2018); and Gomel v. Live Nation Entertainment, Inc., et al. (Supreme Court of British Columbia, Vancouver Registry, filed October 2018). Similar putative class actions were filed in the United States during the same time period, but as of November 2020, each of the lawsuits filed in the United States has been dismissed with prejudice.

The Canadian lawsuits make similar factual allegations that Live Nation and/or Ticketmaster engage in conduct that is intended to encourage the resale of tickets on secondary ticket exchanges at elevated prices. Based on these allegations, each plaintiff asserts violations of different provincial and federal laws. Each plaintiff also seeks to represent a class of individuals who purchased tickets on a secondary ticket exchange, as defined in each plaintiff’s complaint. The Watch complaint also makes claims related to Ticketmaster’s fee display practices on the primary market. The complaints seek a variety of remedies, including unspecified compensatory damages, punitive damages, restitution, injunctive relief and attorneys’ fees and costs.

The McPhee matter is stayed pending the outcome of the Watch matter, and the Thompson-Marcial, Watch, and Gomel cases are in the class certification phase. In April 2021, the court in the Gomel lawsuit refused to certify all claims other than those pled under British Columbia’s Business Practices and Consumer Protection Act and claims for punitive damages, but the court did certify a class of British Columbia residents who purchased tickets to an event in Canada on any secondary market exchange from June 30, 2015 through April 15, 2021 that were initially purchased on Ticketmaster.ca. We filed a notice of appeal of the class certification ruling in May 2021, and the plaintiff filed a cross-appeal shortly thereafter.

Based on information presently known to management, we do not believe that a loss is probable of occurring at this time, and we believe that the potential liability, if any, will not have a material adverse effect on our financial position, cash flows or results of operations. Further, we do not currently believe that the claims asserted in these lawsuits have merit, and considerable uncertainty exists regarding any monetary damages that will be asserted against us. We continue to vigorously defend these actions.

#### *Astroworld Litigation*

On November 5, 2021, the Astroworld music festival was held in Houston, Texas. During the course of the festival, ten members of the audience sustained fatal injuries and others suffered non-fatal injuries. Following these events, approximately 450 civil lawsuits have been filed against Live Nation Entertainment, Inc. and related entities, asserting insufficient crowd control and other theories, seeking compensatory and punitive damages. Pursuant to a February 14, 2022 order of the state Multidistrict Litigation Panel, matter 21-1033, the civil cases have been assigned to Judge Kristen Hawkins of the 11th District Court of Harris County, Texas, for oversight of pretrial matters under Texas’s rules governing multidistrict litigation. Discovery is underway. A confidential settlement was reached with the family of one of the deceased plaintiffs, and the family’s case was dismissed with prejudice against all defendants in August 2022.

We are currently unable to reliably predict the developments in, outcome of, and economic costs and other consequences of pending or future litigation related to these matters. We will continue to investigate the factual and legal defenses, and evaluate these matters based on subsequent events, new information and future circumstances. We currently expect that liability insurance can provide sufficient coverage, but at this time there are no assurances of such coverage. Given that these cases are in the early stages and in light of the uncertainties surrounding them, we do not currently possess sufficient information to determine a range of reasonably possible liability. Notwithstanding the foregoing, and without admitting liability or wrongdoing, we may incur material liabilities from the 2021 Astroworld event, which could have a material impact on our business, financial condition, results of operations and/or cash flows.

**NOTE 7—EQUITY**
***Accumulated Other Comprehensive Income (Loss)***

The following table presents changes in the components of AOCI, net of taxes, for the nine months ended September 30, 2022:

	Cash Flow Hedge	Foreign Currency Items	Total
	<i>(in thousands)</i>		
<b>Balance at December 31, 2021</b>	\$ (8,558)	\$ (139,406)	\$ (147,964)
Other comprehensive income before reclassifications	50,178	(58,731)	(8,553)
Amount reclassified from AOCI	2,634	—	2,634
Net other comprehensive income	52,812	(58,731)	(5,919)
<b>Balance at September 30, 2022</b>	<b>\$ 44,254</b>	<b>\$ (198,137)</b>	<b>\$ (153,883)</b>

***Earnings Per Share***

Basic net income (loss) per common share is computed by dividing the net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. The calculation of diluted net income (loss) per common share includes the effects of the assumed exercise of any outstanding stock options, the assumed vesting of shares of restricted and deferred stock awards and the assumed conversion of our convertible senior notes, where dilutive.

The following table sets forth the computation of weighted average common shares outstanding:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Weighted average common shares—basic	225,761,777	216,888,355	224,123,130	215,716,2
Effect of dilutive securities:				
Stock options and restricted stock	6,060,991	6,912,045	7,409,515	
Convertible senior notes	11,864,035	—	8,085,275	
Weighted average common shares—diluted	<u>243,686,803</u>	<u>223,800,400</u>	<u>239,617,920</u>	<u>215,716,2</u>

The following table shows securities excluded from the calculation of diluted net income (loss) per common share because such securities are anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Options to purchase shares of common stock	3,750	3,750	3,750	7,727,0
Restricted stock and deferred stock—unvested	1,340,319	91,275	1,260,701	3,207,1
Conversion shares related to the convertible senior notes	—	11,864,035	3,778,760	11,864,0
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	<u>1,344,069</u>	<u>11,959,060</u>	<u>5,043,211</u>	<u>22,798,2</u>

***Restricted Stock***

On July 1, 2022, we granted 1.1 million shares of market-based awards with a fair value of \$75.3 million, which will vest and be settled in restricted common stock under the Company's stock incentive plan upon attainment of certain stock price targets during the performance period. The actual number of shares of restricted common stock earned will vest within three years if the market criteria are met.

**NOTE 8—REVENUE RECOGNITION**

The global COVID-19 pandemic significantly impacted revenue for our Concerts, Ticketing and Sponsorship & Advertising segments for the nine months ended September 30, 2021. As we moved into 2022, more of our larger markets resumed shows and beginning in the second quarter of 2022, almost all markets had re-opened without restrictions, and we began to see the easing of restrictions in our Asia Pacific markets.

**Concerts**

Concerts revenue, including intersegment revenue, for the three and nine months ended September 30, 2022 and 2021 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	<i>(in thousands)</i>			
<b>Total Concerts Revenue</b>	\$ 5,292,594	\$ 2,151,596	\$ 10,098,180	\$ 2,677,97
Percentage of consolidated revenue	86.0 %	79.7 %	81.5 %	75.

Our Concerts segment generates revenue from the promotion or production of live music events and festivals in our owned or operated venues and in rented third-party venues, artist management commissions and the sale of merchandise for music artists at events. As a promoter and venue operator, we earn revenue primarily from the sale of tickets, concessions, merchandise, parking, ticket rebates or service charges on tickets sold by Ticketmaster or third-party ticketing agreements, and rental of our owned or operated venues. As an artist manager, we earn commissions on the earnings of the artists and other clients we represent, primarily derived from clients' earnings for concert tours. Over 95% of Concerts' revenue, whether related to promotion, venue operations, artist management or artist event merchandising, is recognized on the day of the related event. The majority of consideration for our Concerts segment is collected in advance of, or on the day of, the event. Consideration received in advance of the event is recorded as deferred revenue or in other long-term liabilities if the event is more than twelve months from the balance sheet date. Any consideration not collected by the day of the event is typically received within three months after the event date.

**Ticketing**

Ticketing revenue, including intersegment revenue, for the three and nine months ended September 30, 2022 and 2021 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	<i>(in thousands)</i>			
<b>Total Ticketing Revenue</b>	\$ 531,570	\$ 374,237	\$ 1,587,274	\$ 646,560
Percentage of consolidated revenue	8.6 %	13.9 %	12.8 %	18.1 %

Ticket fee revenue is generated from convenience and order processing fees, or service charges, charged at the time a ticket for an event is sold in either the primary or secondary markets. Our Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients, which include venues, concert promoters, professional sports franchises and leagues, college sports teams, theater producers and museums. Our Ticketing segment records revenue arising from the portion of convenience and order processing fees it retains, regardless of whether these fees are related to tickets sold in the primary or secondary market, and regardless of whether these fees are associated with our concert events or third-party clients' concert events. Our Ticketing segment does not record the face value of the tickets as revenue. Ticket fee revenue is recognized when the ticket is sold for third-party clients and secondary market sales, as we have no further obligation to our client's customers following the sale of the ticket. For our concert events where our concert promoters control ticketing, ticket fee revenue is recognized when the event occurs because we also have the obligation to deliver the event to the fan. The delivery of the ticket to the fan is not considered a distinct performance obligation for our concert events because the fan cannot receive the benefits of the ticket unless we also fulfill our obligation to deliver the event. The majority of ticket fee revenue is collected within the month of the ticket sale. Revenue received from the sale of tickets in advance of our concert events is recorded as deferred revenue or in other long-term liabilities if the date of the event is more than twelve months from the balance sheet date. Reported revenue is net of any refunds made or committed to and also the impact of any cancellations of events that occurred during the period.

Ticketing contract advances, which can be either recoupable or non-recoupable, represent amounts paid in advance to our clients pursuant to ticketing agreements and are reflected in prepaid expenses or in long-term advances if the amount is expected to be recouped or recognized over a period of more than twelve months. Recoupable ticketing contract advances are generally recoupable against future royalties earned by the client, based on the contract terms, over the life of the contract. Royalties are typically earned by the client when tickets are sold. Royalties paid to clients are recorded as a reduction to revenue when the tickets are sold and the corresponding service charge revenue is recognized. Non-recoupable ticketing contract advances, excluding those amounts paid to support clients' advertising costs, are fixed additional incentives occasionally paid by us to certain clients to secure the contract and are typically amortized over the life of the contract on a straight-line basis as a reduction to revenue.

At September 30, 2022 and December 31, 2021, we had ticketing contract advances of \$110.1 million and \$90.5 million, respectively, recorded in prepaid expenses and \$85.5 million and \$86.5 million, respectively, recorded in long-term advances on the consolidated balance sheets. We amortized \$15.7 million and \$20.5 million for the three months ended September 30, 2022 and 2021, respectively, and \$56.1 million and \$49.2 million for the nine months ended September 30, 2022 and 2021, respectively, related to non-recoupable ticketing contract advances.

### ***Sponsorship & Advertising***

Sponsorship & Advertising revenue, including intersegment revenue, for the three and nine months ended September 30, 2022 and 2021 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	<i>(in thousands)</i>			
<b>Total Sponsorship &amp; Advertising Revenue</b>	\$ 343,029	\$ 174,449	\$ 722,504	\$ 241,657
Percentage of consolidated revenue	5.6 %	6.5 %	5.8 %	6.8 %

Our Sponsorship & Advertising segment generates revenue from sponsorship and marketing programs that provide its sponsors with strategic, international, national and local opportunities to reach customers through our venue, concert and ticketing assets, including advertising on our websites. These programs can also include custom events or programs for the sponsors' specific brands, which are typically experienced exclusively by the sponsors' customers. Sponsorship agreements may contain multiple elements, which provide several distinct benefits to the sponsor over the term of the agreement, and can be for a single or multi-year term. We also earn revenue from exclusive access rights provided to sponsors in various categories such as ticket pre-sales, beverage pouring rights, venue naming rights, media campaigns, signage within our venues, and advertising on our websites. Revenue from sponsorship agreements is allocated to the multiple elements based on the relative stand-alone selling price of each separate element, which are determined using vendor-specific evidence, third-party evidence or our best estimate of the fair value. Revenue is recognized over the term of the agreement or operating season as the benefits are provided to the sponsor unless the revenue is associated with a specific event, in which case it is recognized when the event occurs. Revenue is collected in installment payments during the year, typically in advance of providing the benefit or the event. Revenue received in advance of the event or the sponsor receiving the benefit is recorded as deferred revenue or in other long-term liabilities if the date of the event is more than twelve months from the balance sheet date.

At September 30, 2022, we had contracted sponsorship agreements with terms greater than one year that had approximately \$1.3 billion of revenue related to future benefits to be provided by us. We expect to recognize, based on current projections, approximately 10%, 36%, 23% and 31% of this revenue in the remainder of 2022, 2023, 2024 and thereafter, respectively.

### ***Deferred Revenue***

The majority of our deferred revenue is typically classified as current and is shown as a separate line item on the consolidated balance sheets. Deferred revenue that is not expected to be recognized within the next twelve months is classified as long-term and reflected in other long-term liabilities on the consolidated balance sheets. We had current deferred revenue of \$2.8 billion and \$1.8 billion at December 31, 2021 and 2020, respectively.

The table below summarizes the amount of the preceding December 31 current deferred revenue recognized during the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	<i>(in thousands)</i>			
Concerts	\$ 825,573	\$ 278,557	\$ 2,135,814	\$ 330,852
Ticketing	40,803	24,159	120,543	31,950
Sponsorship & Advertising	36,703	43,437	128,035	58,070
	<u>\$ 903,079</u>	<u>\$ 346,153</u>	<u>\$ 2,384,392</u>	<u>\$ 420,872</u>

#### NOTE 9—SEGMENT DATA

Our reportable segments are Concerts, Ticketing and Sponsorship & Advertising. Our Concerts segment involves the promotion of live music events globally in our owned or operated venues and in rented third-party venues, the production of music festivals, the operation and management of music venues, the creation or streaming of associated content and the provision of management and other services to artists. Our Ticketing segment involves the management of our global ticketing operations, including providing ticketing software and services to clients, and consumers with a marketplace, both online and mobile, for tickets and event information, and is responsible for our primary ticketing website, [www.ticketmaster.com](http://www.ticketmaster.com). Our Sponsorship & Advertising segment manages the development of strategic sponsorship programs in addition to the sale of international, national and local sponsorships and placement of advertising such as signage, promotional programs, rich media offerings, including advertising associated with live streaming and music-related content, and ads across our distribution network of venues, events and websites.

Revenue and expenses earned and charged between segments are eliminated in consolidation.

We use AOI to evaluate the performance of our operating segments and define AOI as operating income (loss) before certain stock-based compensation expense, loss (gain) on disposal of operating assets, depreciation and amortization (including goodwill impairment), amortization of non-recoupable ticketing contract advances and acquisition expenses (including transaction costs, changes in the fair value of accrued acquisition-related contingent consideration obligations, and acquisition-related severance and compensation). AOI assists investors by allowing them to evaluate changes in the operating results of our portfolio of businesses separate from non-operational factors that affect net income (loss), thus providing insights into both operations and the other factors that affect reported results.

We manage our working capital on a consolidated basis. Accordingly, segment assets are not reported to, or used by, our management to allocate resources to or assess performance of our segments, and therefore, total segment assets and related depreciation and amortization have not been presented.

The following table presents the results of operations for our reportable segments for the three and nine months ended September 30, 2022 and 2021:

	Concerts	Ticketing	Sponsorship & Advertising	Other & Eliminations	Corporate	Consolidated
	<i>(in thousands)</i>					
<b>Three Months Ended September 30, 2022</b>						
Revenue	\$ 5,292,594	\$ 531,570	\$ 343,029	\$ (13,658)	\$ —	\$ 6,153,535
Intersegment revenue	\$ 4,408	\$ 9,748	\$ —	\$ (14,156)	\$ —	\$ —
AOI	\$ 280,809	\$ 163,176	\$ 226,234	\$ (3,420)	\$ (46,081)	\$ 620,718
<b>Three Months Ended September 30, 2021</b>						
Revenue	\$ 2,151,596	\$ 374,237	\$ 174,449	\$ (1,560)	\$ —	\$ 2,698,722
Intersegment revenue	\$ 1,473	\$ 630	\$ —	\$ (2,103)	\$ —	\$ —
AOI	\$ 59,578	\$ 171,754	\$ 111,211	\$ (1,179)	\$ (35,684)	\$ 305,680
<b>Nine Months Ended September 30, 2022</b>						
Revenue	\$ 10,098,180	\$ 1,587,274	\$ 722,504	\$ (17,441)	\$ —	\$ 12,390,517
Intersegment revenue	\$ 6,635	\$ 12,660	\$ —	\$ (19,295)	\$ —	\$ —
AOI	\$ 354,587	\$ 600,155	\$ 474,238	\$ (9,827)	\$ (109,797)	\$ 1,309,356
<b>Nine Months Ended September 30, 2021</b>						
Revenue	\$ 2,677,970	\$ 646,560	\$ 241,657	\$ (910)	\$ —	\$ 3,565,277
Intersegment revenue	\$ 1,473	\$ 1,610	\$ —	\$ (3,083)	\$ —	\$ —
AOI	\$ (99,010)	\$ 208,418	\$ 127,755	\$ (4,624)	\$ (68,951)	\$ 163,588

The following table sets forth the reconciliation of consolidated AOI to operating income (loss) for the three and nine months ended September 30, 2022 and 2021:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>			
AOI	\$ 620,718	\$ 305,680	\$ 1,309,356	\$ 163,588
Acquisition expenses	7,495	20,644	29,115	14,801
Amortization of non-recoupable ticketing contract advance	15,729	20,486	56,121	49,214
Depreciation and amortization	102,093	101,235	318,489	313,758
Gain on sale of operating assets	(35,285)	(1,148)	(32,555)	(1,038)
Stock-based compensation expense	24,437	27,318	86,178	80,165
Operating income (loss)	\$ 506,249	\$ 137,145	\$ 852,008	\$ (293,312)



## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*“Live Nation” (which may be referred to as the “Company,” “we,” “us” or “our”) means Live Nation Entertainment, Inc. and its subsidiaries, or one of our segments or subsidiaries, as the context requires. You should read the following discussion of our financial condition and results of operations together with the unaudited consolidated financial statements and notes to the financial statements included elsewhere in this quarterly report.*

### Special Note About Forward-Looking Statements

Certain statements contained in this quarterly report (or otherwise made by us or on our behalf from time to time in other reports, filings with the SEC, news releases, conferences, internet postings or otherwise) that are not statements of historical fact constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, notwithstanding that such statements are not specifically identified. Forward-looking statements include, but are not limited to, statements about our financial position, business strategy, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition, the effects of future legislation or regulations and plans and objectives of our management for future operations. We have based our forward-looking statements on our beliefs and assumptions considering the information available to us at the time the statements are made. Use of the words “may,” “should,” “continue,” “plan,” “potential,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “outlook,” “could,” “target,” “project,” “seek,” “predict,” or variations of such words and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those set forth below under Part II—Other Information—Item 1A.—Risk Factors, in Part I—Item 1A.—Risk Factors of our 2021 Annual Report on Form 10-K as well as other factors described herein or in our annual, quarterly and other reports we file with the SEC (collectively, “cautionary statements”). Based upon changing conditions, should any risk or uncertainty that has already materialized, such as, for example, the risks and uncertainties posed by the global COVID-19 pandemic, worsen in scope, impact or duration, or should one or more of the currently unrealized risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described in any forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not intend to update these forward-looking statements, except as required by applicable law.

### Executive Overview

The third quarter of 2022 continued our record year performance. Fan demand showed no signs of weakening, as almost all our major markets played to our highest quarterly fan count and ticket sales, leading to a milestone third quarter for the Company, reinforcing the health of all three of our segments and live entertainment. Even with inflationary pressures and other macroeconomic headwinds, the supply and demand dynamic with artists and fans continues to be strong. This was our second consecutive record quarter for AOI fueled by more fans attending our shows, selling more tickets on the Ticketmaster platform, and collaborating with world class sponsorship partners. Our show count, ticket sales, and sponsor contract pacing this year signals the power of our flywheel to deliver results not just through the remainder of this year, but also heading into 2023.

Almost all of our markets and venues were fully open in the third quarter of 2022 and we saw the continued easing of restrictions in our Asia Pacific markets and expect those territories to have a full touring schedule heading into 2023. There were limited instances of tours being interrupted or rescheduled in the third quarter due to COVID-19. We have seen our show cancellation rate return to near historical levels and our attendance rates have also bounced back to pre-pandemic levels, returning to more traditional attendance to tickets sold ratios.

For the three months ended September 30, 2022, consolidated revenue increased by \$3.5 billion, from \$2.7 billion in 2021 to \$6.2 billion this year. The increase as compared to the same period of the prior year was \$3.7 billion without the impact of changes in foreign exchange rates. All three of our segments had revenue growth in the quarter with the largest increase coming from our Concerts segment as discussed below. We had consolidated operating income of \$506 million in the third quarter of 2022, compared to \$137 million in the third quarter of 2021, an improvement of \$369 million, resulting from fans returning to our shows at levels far exceeding one year ago when show activity was largely limited to the United States. Consolidated AOI for the third quarter increased by \$315 million, from \$306 million in 2021 to \$621 million this year. The increase as compared to the same period of the prior year was \$339 million without the impact of changes in foreign exchange rates. With the United States dollar notably strengthening over the past six months, it has adversely impacted both our revenues and adjusted operating income from international operations. We expect this trend to continue through the remainder of the year.

For the first nine months of 2022, our consolidated revenue grew \$8.8 billion, from \$3.6 billion in 2021 to \$12.4 billion this year. The increase as compared to the same period of the prior year was \$9.3 billion without the impact of changes in foreign currency exchange rates. We had consolidated operating income of \$852 million for the first nine months of 2022, compared to an operating loss of \$293 million for the first nine months of 2021, an improvement of \$1.1 billion, resulting from the re-opening of all our major markets this year. Consolidated AOI for the first nine months increased by \$1.1 billion, from \$164 million in 2021 to \$1.3 billion this year. The increase as compared to the same period of the prior year was \$1.2 billion without the impact of changes in foreign exchange rates.

Having provided the foreign currency exchange impacts for the organization overall and in light of their relative materiality, all of the segment financial comments to follow are based on reported foreign currency exchange rates.

Our Concerts segment revenue grew by \$3.1 billion, from \$2.2 billion in the third quarter of 2021 to \$5.3 billion in the third quarter of 2022. The revenue growth was a result of more shows and fans coming back to venues to enjoy their favorite artists. The number of events for the quarter was approximately 11,200 compared to 5,579 in the third quarter of 2021. The number of fans for the quarter was approximately 44.3 million compared to approximately 16.9 million last year. This was our highest fan count for a quarter ever, powered by growth across our major divisions as well as the addition of the OCESA business in Mexico. Our outdoor venue types had double-digit attendance growth this quarter compared to the third quarter of 2019. In particular, stadium fan count more than tripled to nearly 9 million fans globally. Some of the top acts in the quarter included Coldplay, The Weeknd, Bad Bunny and Red Hot Chili Peppers. Lollapalooza in the United States, Reading in the United Kingdom, Rock Werchter in Belgium and Rock in Rio Brazil played to an aggregate of nearly two million fans, reaching passionate fans on a global scale. Concerts AOI for the quarter increased by \$221 million, from \$60 million in 2021 to \$281 million in 2022.

For the first nine months of 2022, Concerts revenue grew \$7.4 billion, from \$2.7 billion in 2021 to \$10.1 billion in 2022. Concerts AOI for the first nine months increased by \$454 million, from a loss of \$99 million in 2021 to an income of \$355 million in 2022. Along with the increased number of fans, we are seeing very strong APF across all of our venue types. Since 2019, our last full year of operations prior to the global COVID-19 pandemic, APF has increased by nearly 30% at our owned and operated amphitheaters, driven by higher food and beverage spending and the shift to cashless transactions. In our Theaters and Clubs across the United States and the United Kingdom, we are also seeing double-digit percentage growth in APF. Lastly, at our festivals, we have also seen growth in APF, with concessions, camping, and, in particular, VIP sales up substantially at our marquee events. The increases to APF, along with ticket price increases for those seats highest in demand, have outpaced higher labor and materials costs at our venues and festivals this year.

Our Ticketing segment revenue grew by \$157 million, from \$374 million in the third quarter of 2021 to \$532 million in the third quarter of 2022. Ticketing AOI for the quarter decreased slightly by \$9 million, from \$172 million in 2021 to \$163 million in 2022. Along with an increase in ticket sales and upward pricing momentum due to higher fan demand, direct costs rose to support higher operations and enterprise growth. Our fee-bearing ticket sales for the quarter were 73 million, 30 million higher than in the third quarter of last year. This was a record quarter for reported ticket sales, exceeding our last record set just last quarter by over 1 million tickets. Our resale business continued to grow, with over \$1.1 billion dollars in GTV for the third quarter of 2022, more than doubling resale GTV in the third quarter of 2019. It was our highest resale quarter ever, powered by both Concerts and all the major sporting leagues.

For the first nine months of 2022, our Ticketing revenue grew by \$941 million, from \$647 million in 2021 to \$1.6 billion in 2022. Ticketing AOI for the first nine months increased by \$392 million, from \$208 million in 2021 to \$600 million in 2022. Through the end of September, our fee-bearing ticket sales are 197 million tickets, 121 million ahead of 2021 and, notably, 38 million ahead of 2019 when all markets were fully open. Resale GTV through the end of September 2022 was nearly \$3.0 billion which is almost 150% of our full-year resale GTV in 2019. Overall pricing on our fee-bearing tickets for the first nine months of the year is up 20% compared to 2019 as consumer demand for premium seats and VIP experiences has continued. Lastly, we have signed nearly 19 million net new tickets so far this year, which gives us confidence that the Ticketmaster features and functionality will continue to fuel growth going forward.

Our Sponsorship & Advertising segment revenue grew by \$169 million, from \$174 million in the third quarter of 2021 to \$343 million in the third quarter of 2022. The improvement was due to additional revenues from purchase path integration with various new partners, our biggest ever festival season and the addition of the Mexico market to our portfolio. Sponsorship & Advertising AOI for the quarter increased by \$115 million, from \$111 million in 2021 to \$226 million in 2022. For the first nine months of 2022, our Sponsorship & Advertising revenue grew \$481 million, from \$242 million in 2021 to \$723 million in 2022 for the same reasons as for the three months ended September 30, 2022. Sponsorship & Advertising AOI for the first nine months increased by \$346 million, from \$128 million in 2021 to \$474 million in 2022.

We are optimistic about the long-term potential of our Company and are focused on the key elements of our business model: expanding our concerts platform and improving the on-site experience for our fans, driving conversion of ticket sales

through development of innovative products to sell more tickets, and developing unique marketing and content programs for top brands.

## Consolidated Results of Operations

### Three Months

	Three Months Ended September 30,				% Change	
	2022			2021	As Reported	At Constant Currency**
	As Reported	Currency Impacts	At Constant Currency**	As Reported		
	(in thousands)					
Revenue	\$ 6,153,535	\$ 248,713	\$ 6,402,248	\$ 2,698,722	*	*
Operating expenses:						
Direct operating expenses	4,707,848	199,359	4,907,207	1,969,912	*	*
Selling, general and administrative expenses	805,910	27,877	833,787	446,929	80%	87%
Depreciation and amortization	102,093	3,249	105,342	101,235	1%	4%
Gain on disposal of operating assets	(35,285)	8	(35,277)	(1,148)	*	*
Corporate expenses	66,720	31	66,751	44,649	49%	50%
Operating income	506,249	\$ 18,189	\$ 524,438	137,145	*	*
Operating margin	8.2%		8.2%	5.1%		
Interest expense	70,514			70,407		
Interest income	(25,809)			(1,333)		
Equity in losses (earnings) of nonconsolidated affiliates	14,283			(7,025)		
Gain from sale of investments in nonconsolidated affiliates	—			(30,633)		
Other expense, net	7,960			12,441		
Income before income taxes	439,301			93,288		
Income tax expense	41,898			6,421		
Net income	397,403			86,867		
Net income attributable to noncontrolling interests	36,001			39,989		
Net income attributable to common stockholders of Live Nation	\$ 361,402			\$ 46,878		

\* Percentages are not meaningful.

\*\* Constant currency is a non-GAAP financial measure. We calculate currency impacts as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior period's currency exchange rates. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations.

### Revenue

Revenue increased \$3.5 billion during the three months ended September 30, 2022 as compared to the same period of the prior year due to increased revenue in our Concerts segment of \$3.1 billion, Ticketing segment of \$157.3 million and Sponsorship & Advertising of \$168.6 million as further discussed within each segment's operating results.

### Gain on disposal of operating assets

Gain on disposal of operating assets increased \$34.1 million during the three months ended September 30, 2022 as compared to the same period of the prior year primarily driven by sales of artist catalog rights in 2022.

### Corporate expenses

Corporate expenses increased \$22.1 million during the three months ended September 30, 2022 as compared to the same period of the prior year primarily due to increased compensation expense driven by headcount growth and incentive compensation as a result of the increased operating results in 2022.

***Operating income***

Operating income increased \$369.1 million during the three months ended September 30, 2022 as compared to the same period of the prior year primarily driven by increased operating income in our Concerts segment of \$276.1 million, Ticketing segment of \$2.1 million and Sponsorship & Advertising of \$114.3 million as further discussed within each segment's operating results partially offset by higher Corporate expenses as discussed above.

***Interest income***

Interest income increased \$24.5 million during the three months ended September 30, 2022 as compared to the same period of the prior year primarily attributed to higher rate of return on our cash and cash equivalents in 2022.

***Gain from sale of investments in nonconsolidated affiliates***

Gain from sale of investments in nonconsolidated affiliates during the three months ended September 30, 2021 was \$30.6 million due to the sale of certain investments in 2021 of which there were none in the current year.

## Consolidated Results of Operations

### Nine Months

	Nine Months Ended September 30,				% Change	
	2022			2021		
	As Reported	Currency Impacts	At Constant Currency**	As Reported		
	<i>(in thousands)</i>					
Revenue	\$ 12,390,517	\$ 437,042	\$ 12,827,559	\$ 3,565,277	*	*
Operating expenses:						
Direct operating expenses	9,045,893	341,617	9,387,510	2,346,998	*	*
Selling, general and administrative expenses	2,048,305	52,811	2,101,116	1,098,676	86%	91%
Depreciation and amortization	318,489	6,482	324,971	313,758	2%	4%
Gain on disposal of operating assets	(32,555)	8	(32,547)	(1,038)	*	*
Corporate expenses	158,377	71	158,448	100,195	58%	58%
Operating income (loss)	852,008	\$ 36,053	\$ 888,061	(293,312)	*	*
Operating margin	6.9%		6.9 %	(8.2)%		
Interest expense	205,722			210,146		
Interest income	(46,565)			(3,953)		
Equity in losses (earnings) of nonconsolidated affiliates	8,040			(4,608)		
Gain from sale of investments in nonconsolidated affiliates	(448)			(83,580)		
Other expense, net	22,846			19,903		
Income (loss) before income taxes	662,413			(431,220)		
Income tax expense	85,589			15,095		
Net income (loss)	576,824			(446,315)		
Net income attributable to noncontrolling interests	77,804			9,665		
Net income (loss) attributable to common stockholders of Live Nation	\$ 499,020			\$ (455,980)		

\* Percentages are not meaningful.

\*\* Constant currency is a non-GAAP financial measure. We calculate currency impacts as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior period's currency exchange rates. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations.

### Revenue

Revenue increased \$8.8 billion during the nine months ended September 30, 2022 as compared to the same period of the prior year driven by increased revenue in our Concerts segment of \$7.4 billion, Ticketing segment of \$940.7 million and Sponsorship & Advertising of \$480.8 million as further discussed within each segment's operating results.

### Gain on disposal of operating assets

Gain on disposal of operating assets increased \$31.5 million during the nine months ended September 30, 2022 as compared to the same period of the prior year primarily driven by sales of artist catalog rights in 2022.

### Corporate expenses

Corporate expenses increased \$58.2 million during the nine months ended September 30, 2022 as compared to the same period of the prior year primarily due to increased compensation expense driven by headcount growth and incentive compensation as a result of the increased operating results in 2022.

***Operating income (loss)***

Operating income during the nine months ended September 30, 2022 was \$852.0 million as compared to an operating loss of \$293.3 million for the same period of the prior year primarily driven by increased operating income in our Concerts segment of \$456.0 million, Ticketing segment of \$412.8 million and Sponsorship & Advertising of \$343.3 million as further discussed within each segment's operating results partially offset by higher Corporate expenses as discussed above.

***Interest income***

Interest income increased \$42.6 million during the nine months ended September 30, 2022 as compared to the same period of the prior year primarily attributed to higher rate of return on our cash and cash equivalents in 2022.

***Gain from sale of investments in nonconsolidated affiliates***

Gain from sale of investments in nonconsolidated affiliates during the nine months ended September 30, 2022 was \$0.4 million as compared to \$83.6 million during the same period of the prior year primarily due to the sale of certain investments during the first nine months of 2021.

***Income tax expense***

For the nine months ended September 30, 2022, we had a net tax expense of \$85.6 million on income before income taxes of \$662.4 million compared to a net tax expense of \$15.1 million on a loss before income taxes of \$431.2 million for the nine months ended September 30, 2021. For the nine months ended September 30, 2022, the income tax expense consisted of \$76.0 million related to foreign entities, \$6.1 million related to United States federal taxes, and \$3.5 million related to state and local income taxes. The net increase in tax expense of \$70.5 million was primarily due to profits in certain non-United States jurisdictions.

***Net income attributable to noncontrolling interests***

Net income attributable to noncontrolling interests increased \$68.1 million during the nine months ended September 30, 2022 as compared to the same period of the prior year primarily due to higher operating results from certain concert and festival promotion businesses during the first nine months of 2022 as compared to the resumption of events late in the second quarter of 2021.

## Segment Overview

Our reportable segments are Concerts, Ticketing and Sponsorship & Advertising.

### *Concerts*

Revenue and related costs for events are generally deferred and recognized when the event occurs. All advertising costs incurred during the year for shows in future years are expensed at the end of the year. If a current year event is rescheduled into a future year, all advertising costs incurred to date are expensed in the period when the event is rescheduled.

Concerts direct operating expenses include artist fees, event production costs, show-related marketing and advertising expenses, along with other costs.

To judge the health of our Concerts segment, we primarily monitor the number of confirmed events and fan attendance in our network of owned or operated and third-party venues, talent fees, average paid attendance, market ticket pricing, advance ticket sales and the number of major artist clients under management. In addition, at our owned or operated venues and festivals, we monitor APF and premium ticket sales. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

### *Ticketing*

Revenue related to ticketing service charges is recognized when the ticket is sold for our third-party clients. For our own events, where our concert promoters control ticketing, revenue is deferred and recognized when the event occurs. GTV represents the total amount of the transaction related to a ticket sale and includes the face value of the ticket as well as the service charge. We use GTV to evaluate changes in ticket fee revenue that are driven by the pricing of our service charges.

Ticketing direct operating expenses include call center costs and credit card fees, along with other costs.

To judge the health of our Ticketing segment, we primarily review the GTV and the number of tickets sold through our ticketing operations, the number of clients renewed or added and the average royalty rate paid to clients who use our ticketing services. In addition, we review the number of visits to our websites, cost of customer acquisition, the purchase conversion rate, and the per ticket non-service fee revenue streams. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

### *Sponsorship & Advertising*

Revenue related to sponsorship and advertising programs is recognized over the term of the agreement or operating season as the benefits are provided to the sponsor unless the revenue is associated with a specific event, in which case it is recognized when the event occurs.

Sponsorship & Advertising direct operating expenses include fulfillment costs related to our sponsorship programs, along with other costs.

To judge the health of our Sponsorship & Advertising segment, we primarily review the revenue generated through sponsorship arrangements and online advertising, the percentage of expected revenue under contract, and what portion of our sponsorship business is driven by large multi-element, multi-year relationships. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

## Non-GAAP Measure

### *AOI Margin*

AOI margin is a non-GAAP financial measure that we calculate by dividing AOI by revenue. We use AOI margin to evaluate the performance of our operating segments. We believe that information about AOI margin assists investors by allowing them to evaluate changes in the operating results of our portfolio of businesses separate from non-operational factors that affect net income (loss), thus providing insights into both operations and the other factors that affect reported results. AOI margin is not calculated or presented in accordance with GAAP. A limitation of the use of AOI margin as a performance measure is that it does not reflect the periodic costs of certain amortizing assets used in generating revenue in our business. Accordingly, AOI margin should be considered in addition to, and not as a substitute for, operating income (loss) margin, and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, AOI margin as presented herein may not be comparable to similarly titled measures of other companies.

**Key Operating Metrics**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<i>(in thousands except estimated events)</i>				
<b>Concerts <sup>(1)</sup></b>				
Estimated events:				
North America	8,261	4,251	21,091	5,715
International	2,958	1,328	9,414	2,254
Total estimated events	11,219	5,579	30,505	7,969
Estimated fans:				
North America	29,089	13,490	53,373	14,217
International	15,202	3,427	35,614	4,598
Total estimated fans	44,291	16,917	88,987	18,815
<b>Ticketing <sup>(2)</sup></b>				
Estimated number of fee-bearing tickets sold	73,434	43,296	197,007	76,235
Estimated number of non-fee-bearing tickets sold	61,933	39,798	189,664	72,571
Total estimated tickets sold	135,367	83,094	386,671	148,806

(1) Events generally represent a single performance by an artist. Fans generally represent the number of people who attend an event. Festivals are counted as one event in the quarter in which the festival begins, but the number of fans is based on the days the fans were present at the festival and thus can be reported across multiple quarters. Events and fan attendance metrics are estimated each quarter.

(2) The fee-bearing tickets estimated above include primary and secondary tickets that are sold using our Ticketmaster systems or that we issue through affiliates. This includes primary tickets sold during the year regardless of event timing, except for our own events where our concert promoters control ticketing which are reported when the events occur. The non-fee-bearing tickets estimated above include primary tickets sold using our Ticketmaster systems, through season seat packages and our venue clients' box offices, along with tickets sold on our "do it yourself" platform. These metrics are net of any refunds requested and any cancellations that occurred during the period, which may result in a negative number. Fee-bearing tickets sold above are net of refunds of 4.6 million and 5.9 million tickets for the three months ended September 30, 2022 and 2021, respectively, and 15.0 million and 13.0 million for nine months ended September 30, 2022 and 2021, respectively.



## Segment Operating Results

### Concerts

Our Concerts segment operating results were, and discussions of significant variances are, as follows:

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2022	2021		2022	2021	
	<i>(in thousands)</i>			<i>(in thousands)</i>		
Revenue	\$ 5,292,594	\$ 2,151,596	*	\$ 10,098,180	\$ 2,677,970	*
Direct operating expenses	4,452,949	1,822,537	*	8,381,689	2,108,617	*
Selling, general and administrative expenses	568,481	303,378	87%	1,420,488	713,922	99%
Depreciation and amortization	61,770	59,541	4%	195,528	180,877	8%
Gain on disposal of operating assets	(33,983)	(1,098)	*	(31,057)	(988)	*
Operating income (loss)	\$ 243,377	\$ (32,762)	*	\$ 131,532	\$ (324,458)	*
Operating margin	4.6 %	(1.5)%		1.3 %	(12.1)%	
AOI	\$ 280,809	\$ 59,578	*	\$ 354,587	\$ (99,010)	*
AOI margin **	5.3 %	2.8 %		3.5 %	(3.7)%	

\* Percentages are not meaningful.

\*\* See “—Non-GAAP Measure” above for the definition of AOI margin.

### Three Months

#### Revenue

Concerts revenue increased \$3.1 billion during the three months ended September 30, 2022 as compared to the same period of the prior year, primarily due to more shows and festivals in major markets including North America and Europe. In addition, Concerts had incremental revenue of \$136.6 million during the three months ended September 30, 2022 from acquisitions and new venues.

#### Operating results

Concerts AOI increased \$221.2 million and operating income increased \$276.1 million for the three months ended September 30, 2022 as compared to the same period of the prior year. The increase in AOI was primarily driven by increases in revenue associated with the higher number of shows and festivals discussed above. These increases were partially offset by related costs, including increased compensation expenses due to increased headcount. The increase in operating income outside of AOI of \$54.9 million is primarily associated to gains on disposals of operating assets of \$32.9 million during the third quarter of 2022, lower acquisition expense of \$13.5 million for costs incurred related to acquisitions and contingent considerations changes, and lower stock-based compensation of \$10.7 million due to timing of grants.

### Nine Months

#### Revenue

Concerts revenue increased \$7.4 billion during the nine months ended September 30, 2022 as compared to the same period of the prior year, primarily due to more shows and festivals in all of our major markets in 2022. During the first nine months of 2021, shows did not meaningfully resume until pandemic restrictions were lifted late in Q2 and only then in the United States and the United Kingdom. In addition, Concerts had incremental revenue of \$410.9 million during the nine months ended September 30, 2022 from acquisitions and new venues.

#### Operating results

Concerts AOI increased \$453.6 million and operating income increased \$456.0 million for the nine months ended September 30, 2022 as compared to the same period of the prior year. The increase in AOI was primarily driven by increases in revenue associated with the higher number of shows and festivals discussed above. These increases were partially offset by higher compensation expenses due to increased headcount in our existing business along with acquisitions and new venues of \$34.3 million. The increase in operating income outside of AOI of \$2.4 million is attributable to gains on disposals of operating assets of \$30.1 million during 2022, which was partially offset by higher accretion of contingent payments due to improved results of \$14.9 million and depreciation and amortization expenses of \$14.7 million due to recent acquisitions for the nine months ended September 30, 2022.

## Ticketing

Our Ticketing segment operating results were, and discussions of significant variances are, as follows:

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2022	2021		2022	2021	
	<i>(in thousands)</i>			<i>(in thousands)</i>		
Revenue	\$ 531,570	\$ 374,237	42%	\$ 1,587,274	\$ 646,560	*
Direct operating expenses	196,879	111,197	77%	541,056	188,330	*
Selling, general and administrative expenses	192,398	116,796	65%	513,601	317,451	62%
Depreciation and amortization	25,900	32,040	(19)%	82,557	103,406	(20)%
Gain on disposal of operating assets	—	(66)	*	(196)	(66)	*
Operating income	\$ 116,393	\$ 114,270	2%	\$ 450,256	\$ 37,439	*
Operating margin	21.9 %	30.5 %		28.4 %	5.8 %	
AOI	\$ 163,176	\$ 171,754	(5)%	\$ 600,155	\$ 208,418	*
AOI margin **	30.7 %	45.9 %		37.8 %	32.2 %	

\* Percentages are not meaningful.

\*\* See “—Non-GAAP Measure” above for the definition of AOI margin.

### Three Months

#### Revenue

Ticketing revenue increased \$157.3 million during the three months ended September 30, 2022 as compared to the same period of the prior year. This increase is primarily due to an increase in North America primary and secondary ticket fees driven by more events on sale and upward pricing momentum due to higher fan demand in 2022 as compared to 2021. In addition, Ticketing had incremental revenue of \$23.9 million during three months ended September 30, 2022 due to acquisitions.

#### Operating results

Ticketing AOI decreased by \$8.6 million and operating income increased \$2.1 million during the three months ended September 30, 2022 as compared to the same period of the prior year. The decrease in AOI was primarily driven by the associated increases in direct costs to support higher operations and enterprise growth, as well as higher selling, general and administrative expenses attributable to increased compensation expenses from increased headcount for resumed operations. Operating income outside of AOI increased \$10.7 million as a result of a decrease in depreciation and amortization expense of \$6.1 million primarily due to the retirement of certain office locations during the third quarter of 2021.

### Nine Months

#### Revenue

Ticketing revenue increased \$940.7 million during the nine months ended September 30, 2022 as compared to the same period of the prior year, primarily due to an increase in North America primary and secondary ticket fees driven by more events on sale and upward pricing momentum due to higher fan demand in 2022 as compared to the resumption of concerts and sporting events starting late in the second quarter of 2021. Ticketing had incremental revenue of \$77.6 million during nine months ended September 30, 2022 due to acquisitions.

#### Operating results

Ticketing AOI increased \$391.7 million and operating income increased \$412.8 million during the nine months ended September 30, 2022 as compared to the same period of the prior year. The increase in AOI was primarily driven by increased ticketing activity discussed above as well as incremental operating income from acquisitions of \$37.7 million. These increases were partially offset by higher direct operating expenses to support the increased operations and enterprise growth as well as higher selling, general and administrative expenses attributable to increased compensation expenses from increased headcount as operations have resumed. Operating income outside of AOI increased \$21.1 million as a result of a decrease in depreciation and amortization expense of \$20.8 million primarily due to the retirement of certain office locations during 2021.

## Sponsorship & Advertising

Our Sponsorship & Advertising segment operating results were, and discussions of significant variances are, as follows:

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2022	2021		2022	2021	
	<i>(in thousands)</i>			<i>(in thousands)</i>		
Revenue	\$ 343,029	\$ 174,449	97%	\$ 722,504	\$ 241,657	*
Direct operating expenses	72,176	38,281	89%	142,443	53,134	*
Selling, general and administrative expenses	45,342	26,247	73%	109,692	65,046	69%
Depreciation and amortization	8,505	7,166	19%	25,442	21,837	17%
Operating income	\$ 217,006	\$ 102,755	*	\$ 444,927	\$ 101,640	*
Operating margin	63.3 %	58.9 %		61.6 %	42.1 %	
AOI	\$ 226,234	\$ 111,211	*	\$ 474,238	\$ 127,755	*
AOI margin **	66.0 %	63.7 %		65.6 %	52.9 %	

\* Percentages are not meaningful.

\*\* See “—Non-GAAP Measure” above for the definition of AOI margin.

### Three Months

#### Revenue

Sponsorship & Advertising revenue increased \$168.6 million during the three months ended September 30, 2022 as compared to the same period of the prior year primarily driven by increased activity in national and local sponsorship programs, festival sponsorships and purchase path integration largely in the United States. Sponsorship & Advertising had incremental revenue of \$21.0 million during three months ended September 30, 2022 from acquisitions.

#### Operating results

Sponsorship & Advertising AOI increased \$115.0 million and operating income increased \$114.3 million for the three months ended September 30, 2022 as compared to the same period of the prior year. These increases were primarily due to increased revenues from higher sponsorship activity discussed above and incremental operating income from acquisitions. The increases were partially offset by increases in direct operating expenses to support higher activity levels as operations resumed during the period.

### Nine Months

#### Revenue

Sponsorship & Advertising revenue increased \$480.8 million during the nine months ended September 30, 2022 as compared to the same period of the prior year, primarily due to increased activity in national and local sponsorship programs, festival sponsorships and purchase path integration largely in the United States as a result of the resumption of concert events and festivals starting late in the second quarter of 2021. Sponsorship & Advertising had incremental revenue of \$73.6 million during nine months ended September 30, 2022 from acquisitions.

#### Operating results

Sponsorship & Advertising AOI increased \$346.5 million and operating income increased \$343.3 million for the nine months ended September 30, 2022 as compared to the same period of the prior year. These increases were primarily due to higher sponsorship activity revenues discussed above as well as incremental operating income of \$28.4 million from acquisitions, and were offset by increases in direct costs and selling, general and administrative expenses to support higher activity levels as operations resumed during the period.

## Liquidity and Capital Resources

Our cash is centrally managed on a worldwide basis. Our primary short-term liquidity needs are to fund general working capital requirements, capital expenditures and debt service requirements while our long-term liquidity needs are primarily related to acquisitions and debt repayment. Our primary sources of funds for our short-term liquidity needs will be cash flows from operations and borrowings under our amended senior secured credit facility, while our long-term sources of funds will be from cash flows from operations, long-term bank borrowings and other debt or equity financings. We may from time to time engage in open market purchases of our outstanding debt securities or redeem or otherwise repay such debt.

Our balance sheet reflects cash and cash equivalents of \$5.0 billion at September 30, 2022 and \$4.9 billion at December 31, 2021. Included in the September 30, 2022 and December 31, 2021 cash and cash equivalents balances are \$1.3 billion of cash received that includes the face value of tickets sold on behalf of our ticketing clients and their share of service charges, which we refer to as client cash. We generally do not utilize client cash for our own financing or investing activities as the amounts are payable to clients on a regular basis. Our foreign subsidiaries held approximately \$1.7 billion in cash and cash equivalents, excluding client cash, at September 30, 2022. We generally do not repatriate these funds, but if we did, we would need to accrue and pay United States state income taxes as well as any applicable foreign withholding or transaction taxes on future repatriations. We may from time to time enter into borrowings under our revolving credit facility. If the original maturity of these borrowings is 90 days or less, we present the borrowings and subsequent repayments on a net basis in the statement of cash flows to better represent our financing activities. Our balance sheet reflects total net debt of \$5.7 billion at September 30, 2022 and December 31, 2021. Our weighted-average cost of debt, excluding unamortized debt discounts and debt issuance costs on our term loans and notes, was 4.5% at September 30, 2022, with approximately 87% of our debt at a fixed rate.

Our cash and cash equivalents are held in accounts managed by third-party financial institutions and consist of cash in our operating accounts and invested cash. Cash held in non-interest-bearing and interest-bearing operating accounts in many cases exceeds the Federal Deposit Insurance Corporation insurance limits. The invested cash is in interest-bearing funds consisting primarily of bank deposits and money market funds. While we monitor cash and cash equivalents balances in our operating accounts on a regular basis and adjust the balances as appropriate, these balances could be impacted if the underlying financial institutions fail. To date, we have experienced no loss or lack of access to our cash and cash equivalents; however, we can provide no assurances that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets, including those resulting from the global COVID-19 pandemic.

For our Concerts segment, we often receive cash related to ticket revenue in advance of the event, which is recorded in deferred revenue until the event occurs. In the United States, this cash is largely associated with events in our owned or operated venues, notably amphitheatres, festivals, theaters and clubs. Internationally, this cash is from a combination of both events in our owned or operated venues, as well as events in third-party venues associated with our promoter's share of tickets in allocation markets. With the exception of some upfront costs and artist advances, which are recorded in prepaid expenses until the event occurs, we pay the majority of event-related expenses at or after the event. Artists are paid when the event occurs under one of several different formulas, which may include fixed guarantees and/or a percentage of ticket sales or event profits, net of any advance they have received. When an event is cancelled, any cash held in deferred revenue is reclassified to accrued expenses as those funds are typically refunded to the fan within 30 days of event cancellation. When a show is rescheduled, fans have the ability to request a refund if they do not want to attend the event on the new date, although historically we have had low levels of refund requests for rescheduled events.

We view our available cash as cash and cash equivalents, less ticketing-related client cash, less event-related deferred revenue, less accrued expenses due to artists and cash collected on behalf of others, plus event-related prepaid expenses. This is essentially our cash available to, among other things, repay debt balances, make acquisitions, and finance capital expenditures.

Our intra-year cash fluctuations are impacted by the seasonality of our various businesses. Examples of seasonal effects include our Concerts segment, which reports the majority of its revenue in the second and third quarters. Cash inflows and outflows depend on the timing of event-related payments but the majority of the inflows generally occur prior to the event. See "—Seasonality" below. We believe that we have sufficient financial flexibility to fund these fluctuations and to access the global capital markets on satisfactory terms and in adequate amounts, although there can be no assurance that this will be the case, and capital could be less accessible and/or more costly given current economic conditions, including those resulting from the global COVID-19 pandemic. We expect cash flows from operations and borrowings under our amended senior secured credit facility, along with other financing alternatives, to satisfy working capital requirements, capital expenditures and debt service requirements for at least the succeeding year.

We may need to incur additional debt or issue equity to make other strategic acquisitions or investments. There can be no assurance that such financing will be available to us on acceptable terms or at all. We may make significant acquisitions in the near term, subject to limitations imposed by our financing agreements and market conditions.

The lenders under our revolving loans and counterparty to our interest rate hedge agreement consists of banks and other third-party financial institutions. While we currently have no indications or expectations that such lenders will be unable to fund their commitments as required, we can provide no assurances that future funding availability will not be impacted by adverse conditions in the financial markets, including those resulting from the global COVID-19 pandemic. Should an individual lender default on its obligations, the remaining lenders would not be required to fund the shortfall, resulting in a reduction in the total amount available to us for future borrowings, but would remain obligated to fund their own commitments. Should the counterparty to our interest rate hedge agreement default on its obligation, we could experience higher interest rate volatility during the period of any such default.

#### **Sources of Cash**

In January 2021, we issued \$500 million principal amount of 3.75% senior secured notes due 2028. The proceeds were used to pay fees of \$7.7 million and repay \$75.0 million aggregate principal amount of our senior secured term loan B facility, leaving approximately \$417.3 million for general corporate purposes, including acquisitions and organic investment opportunities.

In September 2021, we elected to draw down the \$400 million term loan A under the amended senior secured credit facility prior to expiration of the drawdown period on October 17, 2021. We also completed the public offering of 5,239,259 shares of common stock. A portion of the gross proceeds of \$455.3 million were used to pay fees of \$5.7 million, leaving \$449.6 million of net proceeds. We used the net proceeds to fund the acquisition of 51% of the capital stock of OCESA and any remaining proceeds for general corporate purposes.

#### ***Amended Senior Secured Credit Facility***

Our senior secured credit facility consists of (i) a \$400 million term loan A facility, (ii) a \$950 million term loan B facility, (iii) a \$500 million revolving credit facility and (iv) a \$130 million incremental revolving credit facility. In addition, subject to certain conditions, we have the right to increase such facilities by an amount equal to the sum of (x) \$855 million, (y) the aggregate principal amount of voluntary prepayments of the term loan A and term loan B and permanent reductions of the revolving credit facility commitments, in each case, other than from proceeds of long-term indebtedness, and (z) additional amounts so long as the senior secured leverage ratio calculated on a pro-forma basis (as defined in the agreement) is no greater than 3.75x. The combined revolving credit facilities provide for borrowings up to \$630 million with sublimits of up to (i) \$150 million for the issuance of letters of credit, (ii) \$50 million for swingline loans, (iii) \$300 million for borrowings in Dollars, Euros or British Pounds and (iv) \$100 million for borrowings in those or one or more other approved currencies. The amended senior secured credit facility is secured by a first priority lien on substantially all of the tangible and intangible personal property of LNE and LNE's domestic subsidiaries that are guarantors, and by a pledge of substantially all of the shares of stock, partnership interests and limited liability company interests of our direct and indirect domestic subsidiaries and 65% of each class of capital stock of any first-tier foreign subsidiaries, subject to certain exceptions.

The interest rates per annum applicable to revolving credit facility loans and term loan A under the amended senior secured credit facility are, at our option, equal to either Eurodollar plus 2.25% or a base rate plus 1.25%. The interest rates per annum applicable to the term loan B are, at our option, equal to either Eurodollar plus 1.75% or a base rate plus 0.75%. We have an interest rate swap agreement that ensures the interest rate on \$500.0 million principal amount of our outstanding term loan B does not exceed 3.397% through October 2026. The interest rates per annum applicable to the incremental revolving credit facility are, at our option, equal to either Eurodollar plus 2.5% or a base rate plus 1.5%. We are required to pay a commitment fee of 0.5% per year on the undrawn portion available under the revolving credit facility and delayed draw term loan A, 1.75% per year on the undrawn portion available under the incremental revolving credit facility and variable fees on outstanding letters of credit.

For the term loan A, we are required to make quarterly payments increasing over time from \$2.5 million to \$5.0 million with the balance due at maturity in October 2024. For the term loan B, we are required to make quarterly payments of \$2.4 million with the balance due at maturity in October 2026. Both the existing and incremental revolving credit facilities mature in October 2024. We are also required to make mandatory prepayments of the loans under the amended credit agreement, subject to specified exceptions, from excess cash flow and with the proceeds of asset sales, debt issuances and specified other events. As of September 30, 2022, the outstanding principal amount of our term loan A facility is \$387.5 million and term loan B facility is \$847.8 million.

There were no borrowings under the revolving credit facilities as of September 30, 2022. Based on our outstanding letters of credit of \$64.1 million, \$565.9 million was available for future borrowings from revolving credit facilities.

### **Debt Covenants**

As of September 30, 2022, we believe we were in compliance with all of our debt covenants related to our senior secured credit facility and our corporate senior secured notes, senior notes and convertible senior notes. We expect to remain in compliance with all of these covenants throughout 2022.

### **Uses of Cash**

#### **Acquisitions**

When we make acquisitions, the acquired entity may have cash on its balance sheet at the time of acquisition. All amounts related to the use of cash for acquisitions discussed in this section are presented net of any cash acquired. During the nine months ended September 30, 2022, we used \$38.8 million of cash primarily for the acquisition of a concert promotion business located in Germany, a ticketing business located in Thailand as well as a sports management business and a venue management business, both located in the United States.

During the nine months ended September 30, 2021, we used \$19.6 million of cash primarily for the acquisition of a venue in the United Kingdom and an artist management business in the United States.

#### **Capital Expenditures**

Venue and ticketing operations are capital intensive businesses, requiring continual investment in our existing venues and ticketing systems in order to address fan and artist expectations, technological industry advances and various federal, state and/or local regulations.

We categorize capital outlays between maintenance capital expenditures and revenue generating capital expenditures. Maintenance capital expenditures are associated with the renewal and improvement of existing venues and technology systems, web development and administrative offices. Revenue generating capital expenditures generally relate to the construction of new venues, major renovations to existing buildings or buildings that are being added to our venue network, the development of new ticketing tools and technology enhancements. Revenue generating capital expenditures can also include smaller projects whose purpose is to increase revenue and/or improve operating income. Capital expenditures typically increase during periods when our venues are not in operation since that is the time that such improvements can be completed.

Our capital expenditures, including accruals for amounts incurred but not yet paid for, but net of expenditures funded by outside parties such as landlords and noncontrolling interest partners or expenditures funded by insurance proceeds, consisted of the following:

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
Revenue generating	\$ 119,620	\$ 67,417
Maintenance	56,755	37,181
<b>Total capital expenditures</b>	<b>\$ 176,375</b>	<b>\$ 104,598</b>

Revenue generating capital expenditures during the first nine months of 2022 increased from the same period of the prior year primarily due to enhancements at our venues and higher investments in technology-related projects.

Maintenance capital expenditures during the first nine months of 2022 increased from the same period of the prior year primarily due to venue-related and technology-related projects.

We currently expect capital expenditures to be approximately \$300 million for the full year of 2022.

**Cash Flows**

	Nine Months Ended September 30,	
	2022	2021
<i>(in thousands)</i>		
Cash provided by (used in):		
Operating activities	\$ 928,357	\$ 1,024,697
Investing activities	\$ (359,728)	\$ (111,759)
Financing activities	\$ (175,219)	\$ 1,222,321

***Operating Activities***

Cash provided by operating activities decreased by \$96.3 million for the nine months ended September 30, 2022 as compared to the same period of the prior year primarily due to a decrease in deferred revenue during 2022 from the timing of events compared to the buildup of events in 2021 due to the COVID-19 pandemic as well as increase in accounts receivable and prepaid expenses due to the timing of collections and payment of event-related costs. These changes in working capital were partially offset by an increase in operating results, resulting from the resumption of events in certain markets starting late in the second quarter of 2021 and continuing into the first nine months of 2022.

***Investing Activities***

Cash used in investing activities increased by \$248.0 million for the nine months ended September 30, 2022 as compared to the same period of the prior year primarily due to more cash paid for capital expenditures during the current period, and the same period prior year being impacted by higher proceeds from the sale of investments in nonconsolidated affiliates. See “—Uses of Cash - Capital Expenditures” above for further discussion.

***Financing Activities***

Cash used in financing activities was \$175.2 million for the nine months ended September 30, 2022 as compared to cash provided by financing activities of \$1.2 billion for the same period of the prior year primarily due to higher net proceeds in 2021 from debt and equity issuances. See “—Sources of Cash” above for further discussion.

**Seasonality**

Information regarding the seasonality of our business can be found in Part I—Financial Information—Item 1.—Financial Statements—Note 1—Basis of Presentation and Other Information.

**Market Risk**

We are exposed to market risks arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates.

***Foreign Currency Risk***

We have operations in countries throughout the world. The financial results of our foreign operations are measured in their local currencies. Our foreign subsidiaries also carry certain net assets or liabilities that are denominated in a currency other than that subsidiary’s functional currency. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we have operations. Currently, we do not have significant operations in hyper-inflationary countries. Our foreign operations reported an operating income of \$277.2 million for the nine months ended September 30, 2022. We estimate that a 10% change in the value of the United States dollar relative to foreign currencies would change our operating income for the nine months ended September 30, 2022 by \$27.7 million. As of September 30, 2022, our most significant foreign exchange exposure included the Euro, British Pound, Australian Dollar, Canadian Dollar and Mexican Peso. This analysis does not consider the implication such currency fluctuations could have on the overall economic conditions of the United States or other foreign countries in which we operate or on the results of operations of our foreign entities. In addition, the reported carrying value of our assets and liabilities, including the total cash and cash equivalents held by our foreign operations, will also be affected by changes in foreign currency exchange rates.

We primarily use forward currency contracts, in addition to options, to reduce our exposure to foreign currency risk associated with short-term artist fee commitments. At September 30, 2022, we had forward currency contracts outstanding with a notional amount of \$65.9 million.

### ***Interest Rate Risk***

Our market risk is also affected by changes in interest rates. We had \$5.8 billion of total debt, excluding unamortized debt discounts and issuance costs, outstanding as of September 30, 2022. Of the total amount, we had \$5.0 billion of fixed-rate debt and \$0.8 billion of floating-rate debt.

Based on the amount of our floating-rate debt as of September 30, 2022, each 25-basis point increase or decrease in interest rates would increase or decrease our annual interest expense and cash outlay by approximately \$1.9 million. This potential increase or decrease is based on the simplified assumption that the level of floating-rate debt remains constant with an immediate across-the-board increase or decrease as of September 30, 2022 with no subsequent change in rates for the remainder of the period.

In January 2020, we entered into an interest rate swap agreement that is designated as a cash flow hedge for accounting purposes to effectively convert a portion of our floating-rate debt to a fixed-rate basis. The swap agreement expires in October 2026, has a notional amount of \$500.0 million and ensures that a portion of our floating-rate debt does not exceed 3.397%.

### **Accounting Pronouncements**

Information regarding recently issued and adopted accounting pronouncements can be found in Part I — Financial Information—Item 1.—Financial Statements—Note 1—Basis of Presentation and Other Information.

### **Critical Accounting Policies and Estimates**

The preparation of our financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. On an ongoing basis, we evaluate our estimates that are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of revenue and expenses that are not readily apparent from other sources. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such difference could be material.

Management believes that the accounting estimates involved in business combinations, impairment of long-lived assets and goodwill, revenue recognition, and income taxes are the most critical to aid in fully understanding and evaluating our reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. These critical accounting estimates, the judgments and assumptions and the effect if actual results differ from these assumptions are described in Part II—Financial Information—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our 2021 Annual Report on Form 10-K filed with the SEC on February 23, 2022.

There have been no changes to our critical accounting policies during the nine months ended September 30, 2022.



**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Required information is within Part I — Financial Information—Item 2.—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Market Risk.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

We have established disclosure controls and procedures to ensure that material information relating to our company, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and our board of directors.

Based on their evaluation as of September 30, 2022, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are effective to ensure that (1) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (2) the information we are required to disclose in such reports is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal controls will prevent all possible errors and fraud. Our disclosure controls and procedures are, however, designed to provide reasonable assurance of achieving their objectives, and our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at that reasonable assurance level.

**Changes in Internal Control Over Financial Reporting**

We are in the process of integrating OCESA, which was acquired in December 2021, into our overall internal control over financial reporting process. Other than this integration, there have been no changes in our internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting resulting from the fact that employees are working remotely due to the global COVID-19 pandemic.

**PART II—OTHER INFORMATION****Item 1. Legal Proceedings**

Information regarding our legal proceedings can be found in Part I—Financial Information—Item 1. Financial Statements—Note 6—Commitments and Contingent Liabilities.

**Item 1A. Risk Factors**

While we attempt to identify, manage and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. Part I—Item 1A.—Risk Factors of our 2021 Annual Report on Form 10-K filed with the SEC on February 23, 2022, describes some of the risks and uncertainties associated with our business which could materially and adversely affect our business, financial condition, cash flows and results of operations, and the trading price of our common stock could decline as a result. We do not believe that there have been any material changes to the risk factors previously disclosed in our 2021 Annual Report on Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Purchase of Equity Securities**

The following table provides information regarding repurchases of our common stock during the three months ended September 30, 2022:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(2)</sup>	Maximum Fair Value of Shares that May Yet Be Purchased Under the Program <sup>(2)</sup>
July 2022	6,266	\$89.78		
August 2022	42,877	\$98.85		
September 2022	4,551	\$92.54		
	<u>53,694</u>			

<sup>(1)</sup> Represents shares of common stock that employees surrendered as part of the default option to satisfy withholding taxes in connection with the vesting of restricted stock awards under our stock incentive plan. Pursuant to the terms of our stock plan, such shares revert to available shares under the plan.

<sup>(2)</sup> We do not have a publicly announced program to purchase shares of our common stock. Accordingly, there were no shares purchased as part of a publicly announced program.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit No.	Filing Date	
31.1	<a href="#">Certification of Chief Executive Officer.</a>					X
31.2	<a href="#">Certification of Chief Financial Officer.</a>					X
32.1	<a href="#">Section 1350 Certification of Chief Executive Officer.</a>					X
32.2	<a href="#">Section 1350 Certification of Chief Financial Officer.</a>					X
101.INS	XBRL Instance Document - this instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	XBRL Taxonomy Schema Document.					X
101.CAL	XBRL Taxonomy Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (Formatted as Inline XBRL and contained in Exhibit 101)					X

§ Management contract or compensatory plan or arrangement.







SECTION 1350 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

In connection with this Quarterly Report of Live Nation Entertainment, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Rapino, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2022

By: /s/ Michael Rapino  
Michael Rapino  
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

SECTION 1350 CERTIFICATION OF CHIEF FINANCIAL OFFICER

In connection with this Quarterly Report of Live Nation Entertainment, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joe Berchtold, President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2022

By: /s/ Joe Berchtold  
Joe Berchtold  
President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.