HolidayCheck GROUP

INTERIM REPORT OF HOLIDAYCHECK GROUP AG FOR THE FIRST HALF OF 2021

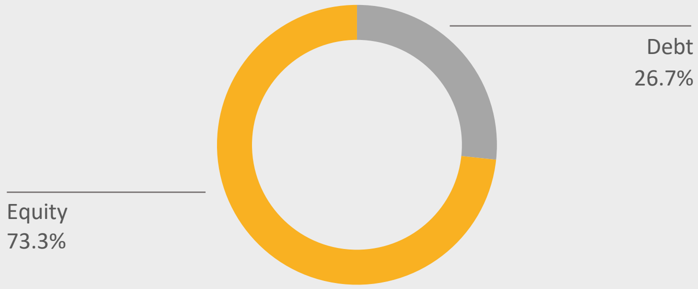
KEY FIGURES

		1 January to 30 June 2021	1 January to 30 June 2020
REVENUE AND EARNINGS			
Revenue	in EUR million	8.9	-1.8
Cost of goods sold	in EUR million	-1.3	-1.6
Gross margin	in EUR million	7.6	-3.4
Marketing expenses	in EUR million	-0.6	-8.1
Personnel expenses	in EUR million	-10.7	-16.1
Net impairment losses on financial assets	in EUR million	-0.2	2.3
Other expenses	in EUR million	-5.2	-9.0
EBITDA	in EUR million	-7.8	-32.3
Operating EBITDA	in EUR million	-8.2	-31.6
EBIT	in EUR million	-10.9	-36.2
Financial result	in EUR million	-0.2	-0.1
EBT	in EUR million	-11.1	-36.3
Consolidated net profit/loss from continuing operations	in EUR million	-10.1	-36.0
Consolidated net profit/loss	in EUR million	-10.1	-66.8
Earnings per share	in EUR	-0.13	-1.16

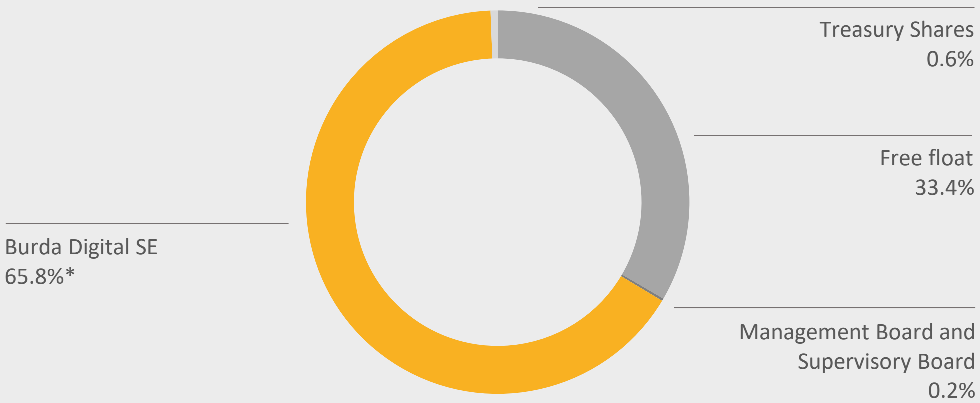
		30 June 2021	31 December 2020
ASSETS AND CAPITAL STRUCTURE			
Total assets	in EUR million	160.6	134.0
Non-current assets	in EUR million	94.2	95.1
Current assets	in EUR million	66.4	38.9
thereof cash and cash equivalents	in EUR million	62.1	33.7
Equity	in EUR million	117.7	80.4
Debt	in EUR million	42.9	53.6

		30 June 2021	31 December 2020
KEY CAPITAL MARKET DATA			
Equity ratio	in percent	73.3	60.0
Debt ratio	in percent	26.7	40.0

RATIO OF EQUITY AND DEBT AS AT 30 JUNE 2021



SHAREHOLDER STRUCTURE AS AT 30 JUNE 2021 (ROUNDED FIGURES)



* as at 20 January 2021; no guarantee of completeness

GROUP MANAGEMENT REPORT OF HOLIDAYCHECK GROUP AG, MUNICH, GERMANY, FOR THE FIRST SIX MONTHS OF 2021

1. GROUP STRUCTURE AND BUSINESS MODEL

The tables and disclosures in the Group management report may contain rounding differences. Unless explicitly stated otherwise, figures shown for the previous year have been adjusted in accordance with IFRS 5 and IAS 1 / IAS 8.

1.1 Organisational structure

HolidayCheck Group AG, a joint-stock company under German law (Aktiengesellschaft, AG), is the parent company of the HolidayCheck Group, a travel group for holidaymakers with operations in Central Europe.

In the first six months of 2021 the Group's average total workforce was 244 full-time equivalents (FTEs without Management Board members) based at four locations in Germany, Poland and Switzerland.

1.2 Description of business operations

The HolidayCheck Group is made up of several operating companies that mainly generate revenue from transaction-based online business models in the field of travel and by organising holidays. The core sales markets are Austria, Germany and Switzerland.

HolidayCheck AG is based in Bottighofen, Switzerland, and operates a range of hotel rating and holiday booking portals that generate revenue in the form of commission from the brokerage of package tour, cruise, hotel and rental car bookings and from website links that take visitors to other booking portals.

HC Touristik GmbH was formed in Munich, Germany, as a tour operator. Its revenue comes from organising hotel and package holidays through HolidayCheck's booking platforms.

Driveboo AG, based in the Swiss town of Bottighofen, operates the rental car comparison portals MietwagenCheck as well as various international car rental portals. It generates revenue in the form of commission for car hire bookings.

The other main components of the HolidayCheck Group are the non-operating company HolidayCheck Group AG (based in Munich, Germany) and the internal service providers HolidayCheck Polska Sp. zo. o. and HolidayCheck Solutions GmbH, which only generate internal revenue.

1.3 1.3 Research and development activities

The subsidiaries Driveboo, HolidayCheck, HolidayCheck Polska, HolidayCheck Solutions and HC Touristik conduct their own decentralised development activities. If the development costs attributable to these employees can be capitalised, they are shown in the balance sheet as internally generated software. The employees' remaining work is recognised as personnel expenses. Whenever subsidiaries make use of externally supplied development services, that work is also capitalised (again where permitted under accounting rules), while the remaining development costs are recognised under other expenses.

Capitalised development costs for the first half of 2021 and the first half of 2020 are shown in the table below.

Own work capitalised

Own work capitalised in the first six months of 2021	EUR 555 thousand
Own work capitalised in the first six months of 2020	EUR 864 thousand

2. ECONOMIC REPORT

2.1 Macro-economic and industry situation

2.1.1 Macro-economic situation

In a report issued on 10 June 2021, Deutsche Bank's Global Market Research unit projects the following picture of economic growth in the HolidayCheck Group's core sales markets over the financial year 2021:

After adjusting for inflation, gross domestic product (GDP) is expected to increase by 4.6 percent in the eurozone and by 4.0 percent in Germany.

2.1.2 Industry situation

According to an assessment by the Management Board, the revenues generated from package holidays and hotels over the first half of 2021 in the core markets targeted by the Group's transaction-based travel portals were roughly on par with the figures for the same period in the prior year due to the Covid-19 pandemic and the resulting global travel warnings. As in the previous year, there was a certain recovery in demand for hotels and package holidays as a result of the gradual easing of travel warnings for Europe. Overall, however, demand remained well below the pre-crisis level of the first half of 2019.

2.2 Business development and performance

Demand for holidays remained extremely subdued over the first six months of 2021 in light of the global spread of Covid-19 and the continued imposition of stringent travel restrictions by many countries in response to the pandemic. There were no real signs of recovering demand until May 2021, when we began to see the positive impact of ongoing vaccination campaigns, falling levels of new infections (both in our source markets and key travel destinations) and the partial lifting of travel restrictions. Demand for bookings shot up from mid-May onwards and in June even exceeded the pre-pandemic level of 2019. We were inundated with bookings for more or less immediate departures and for holidays later in the summer.

Revenue is recognised only if it is highly probable that the holiday will not be cancelled with a consequent loss of revenue or the commission refund. In light of the continued great uncertainty because of this exceptional pandemic situation and the high level of dependence on unforeseeable political decisions affecting the travel sector, it is not possible to provide a reliable estimate of cancellation rates for previously booked holidays with departure dates after 30 June 2021. Accordingly, no revenue was recognised for holidays in this category. This approach was taken in preparing the year-end financial statements for 2020. By contrast, the interim financial statements as at 30 June 2020 included an estimated figure for contingent consideration. At the time, it was felt that Covid-19 would not have a long-term impact and that a reliable estimate was therefore possible (albeit with a modified cancellation rate). As at 30 June 2021, the order book included commission entitlements of around EUR 18.6 million (unvalued, excluding cancellations). For the reasons given above, these have not been shown as revenue. Reimbursement liabilities have been created in respect of any commissions that have already been received.

2.2.1 Business development

Successful capital increase with subscription rights

On 20 January 2021, with the consent of the Supervisory Board, the Management Board of HolidayCheck Group AG passed a resolution to increase the company's share capital out of authorised capital against cash contributions, with shareholder subscription rights.

The new shares were publicly offered on the basis of a prospectus approved on 21 January 2021 by the German Federal Financial Supervisory Authority (BaFin).

All the shares offered were placed. 99.44 percent of subscription rights were exercised. This includes the subscription of the company's majority shareholder, Burda Digital SE, which exercised its subscription rights in full.

Thus 28,747,815 new shares were subscribed at an offer price of EUR 1.65 each.

In total, 29,156,814 new shares were placed, equal to 50 percent of the company's previous share capital, generating gross issue proceeds of EUR 48,109 thousand. The resulting cash inflow was EUR 47,609 thousand. The costs of the corporate action were EUR 1,425 thousand. The net proceeds of the issue were EUR 46,683 thousand. As a result of the transaction, the total number of shares rose from 58,313,628 to 87,470,442.

The capital increase was entered in the commercial register on 10 February 2021. The new shares were admitted to trading on 10 February 2021, and on 11 February 2021 they were included in the company's listing in the Prime Standard of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWB) The Prime Standard is a segment of the Regulated Market with additional follow-up duties. The new shares carry full dividend rights from 1 January 2020.

Repayment and modification of credit facilities

Following the successful capital increase in February 2021, the company repaid, in full and within the stipulated term, all amounts drawn down under existing credit facilities, together with the associated interest, in total EUR 9,895 thousand. At the same time, both credit facilities were reduced from EUR 10,000 thousand to EUR 5,000 thousand.

2021 ordinary general meeting of shareholders
Due to the Covid-19 pandemic, this year's ordinary general meeting of HolidayCheck Group AG on 17 June 2021 was again held online as in the previous year. Those shareholders and proxies who registered for the meeting represented around 82 percent of the company's share capital with voting rights. As in previous years, the level of attendance remained high. All agenda items were approved with clear majorities.

Dr Dirk Altenbeck, Dr Thomas Döring, Holger Eckstein, Alexander Fröstl, Thomas Geitner and Aliz Tepfenhart were all re-elected to their positions on the Supervisory Board.

Following the general meeting of shareholders, the Supervisory Board re-elected Holger Eckstein as Chairperson.

The shareholders and proxies present at the meeting approved proposals to create a new Authorised Capital 2021 and amend the articles of association accordingly.

The general meeting also approved the Management Board and Supervisory Board remuneration systems by substantial majorities.

Other events
In January 2021, the company pledged bank credits totalling EUR 300 thousand and in June a further EUR 1,575 thousand as security for a bankruptcy insurance policy for HC Touristik.

The liquidation of Tomorrow Travel B.V. was completed in March 2021. Liquidation and deconsolidation had no impact on the Group.

In March 2021, the company received a letter from Georg Hesse, a former member of the Management Board. In the letter, he asked to be released early from his service contract on 31 March 2021. The contract was originally due to end on 30 June 2023. Based on the resulting cancellation agreement, the company pays Georg Hesse 50 percent of the gross remuneration payable from the date of effective termination to the termination date as a one-off gross settlement. Existing liabilities totalling EUR 391 thousand under the cancellation agreement were reversed.

2.2.2 Performance
Due to the impact of Covid-19 and the associated travel restrictions, holidays were cancelled for a large part of 2020. Accordingly, we had to retroactively change the transaction price to zero for current bookings made in the first half of 2020 and for all holidays booked in financial 2019 with departure dates from mid-March 2020 onwards.

Due to the many and varied impacts on our business in 2020, we decided on a one-off basis to adjust our financial results to exclude significant out-of-period items, i.e. adjustments to revenue (and directly related costs) generated in 2019 in respect of holidays in 2020. The following section outlines the material effects on our key financial figures for the first half of 2020.

There is no longer a transaction basis for services completed and thus commission revenue of EUR 15,161 thousand realised in 2019.

After adjusting for these negative impacts, **revenue** for the first half of 2020 came to EUR 13,348 thousand (compared with the unadjusted figure of minus EUR 1,813 thousand as per consolidated statement of income). Total operating income has been adjusted by the same amount.

The figure for marketing expenses has also been adjusted to exclude income of EUR 4,831 thousand in respect of vouchers linked to holiday bookings made in 2019 with departure dates in 2020 that have since been cancelled as expected on account of the travel restrictions, since the voucher holders were no longer entitled to use them.

After adjusting for these negative impacts, **marketing expenses** for the first half of 2020 came to EUR 12,968 thousand (compared with the unadjusted figure of EUR 8,137 thousand as per consolidated statement of income).

An adjustment has also been made to impairment on financial assets. Out of this figure, income of EUR 445 thousand relates to year-end impairment on trade receivables linked to adjusted commission revenue.

The resulting adjusted **impairment (income) on financial assets** for the first six months of 2020 was EUR 1,852 thousand (compared with the unadjusted figure of EUR 2,297 thousand as per consolidated statement of income).

Several key ratios (**EBITDA**, **EBIT**, **EBT** and **consolidated profit/(loss) from continuing operations**) were adjusted by EUR 9,885 thousand to reflect the one-off impacts described above.

Due to the ongoing Covid-19 pandemic, we are not currently recognising contingent consideration or the directly associated costs in respect of holidays with departure dates after the reporting date. Consequently, there is no need to make a corresponding adjustment for the current period.

All the following comparisons of the Group's income, assets and financial position relate to continuing operations.

2.2.2.1 Income

2.2.2.1.1 Total operating income

For the reasons set out in 1.2.2 above, it is very difficult to draw any useful conclusions based on comparisons between the revenue figures for 2021 and 2020.

Total **revenue** in the first half of 2021 (i.e. commission revenue for holidays with departure before the reporting date) was EUR 8,930 thousand compared with minus EUR 1,813 thousand for the same period in 2020. The corresponding figure for the second quarter was EUR 7,258 compared with EUR 4,936 thousand in 2020. This year-on-year increase in second-quarter revenue was primarily due to increased travel, which boosted our revenue from commissions and from our tour operator business.

Adjusted revenue for the first half of 2020 was EUR 13,348 thousand. At EUR 8,930 thousand, the corresponding figure for 2021 was lower. This was partly due to the fact that travel activity in the first quarter of 2020 remained at normal levels up to mid-March. Furthermore, in 2020, holidays commencing after each reporting date were included in our results as contingent consideration after making an appropriate deduction for cancellations. At present, however, we are not recognising potential revenue for holidays starting after the reporting date as contingent consideration.

Gross margin for the first half of 2021 stood at EUR 7,675 thousand compared with minus EUR 3,417 thousand in the first six months of 2020. The second-quarter figure was EUR 6,241 thousand in 2021 and EUR 4,855 thousand in the prior year.

Adjusted gross margin for the first half of 2020 was EUR 11,744 thousand.

Gross margin is defined as sales revenue less cost of goods sold (COGS), i.e. advance purchases of holiday services (e.g. expenses for hotels, flights and transfer services) by the Group’s in-house tour operator HC Touristik.

Other income for the first half of 2021 stood at EUR 703 thousand compared with EUR 1,165 thousand in the first six months of 2020. The second-quarter figure for other income was EUR 153 thousand in 2021 and EUR 615 thousand in the previous year. In the first half of 2020 the item included government short-time working subsidies. During the period under review, the Group made little use of subsidies.

The figure of **other own work capitalised** for the first half-year declined from EUR 864 thousand in 2020 to EUR 555 thousand in 2021. This was due to a lower volume of own work available to capitalise following the restructuring measures taken in the third quarter of 2020. In the second quarter of 2021, other own work capitalised rose to EUR 249 thousand compared with EUR 186 thousand in the same period of 2020. As many Group employees were covered by short-time working arrangements in the previous year, the volume of planned in-house development work was scaled back.

Against this background, **total operating income** of the HolidayCheck Group for the first half-year stood at EUR 10,188 thousand compared with EUR 216 thousand in the first six months of 2020. Total operating income for the second quarter amounted to EUR 7,660 thousand in 2021 and EUR 5,737 thousand in the previous year.

Adjusted total operating income for the first half of 2020 was EUR 15,377 thousand.

2.2.2.1.2 EBITDA

Cost of goods sold (COGS) for the first half-year declined from EUR 1,604 thousand in 2020 to EUR 1,255 thousand in 2021. Cost of goods sold in the second quarter of 2021 was EUR 1,016 thousand compared with EUR 81 thousand in the same quarter of 2020. This reflects the fact that travel volumes for the first half-year as a whole remained low, but the market began to recover in the second quarter.

Marketing expenses for the first six months of 2021 were EUR 625 thousand compared with EUR 8,137 thousand in the same period of 2020. This decline was mainly due to the almost complete suspension of our marketing activities from mid-March 2020 onwards on account of the pandemic. Second-quarter marketing expenses in 2021 were EUR 539 thousand compared with EUR 510 thousand in the previous year.

Adjusted marketing expenses for the half-year under review were EUR 12,968 thousand.

At EUR 10,662 thousand, **personnel expenses** for the first half of 2021 were down on the corresponding period in 2020 (EUR 16,063 thousand). The main factor here was a reduction in the size of the workforce in the third quarter of 2020 in response to the pandemic. In the second quarter of 2021, personnel expenses were EUR 5,578 thousand, down from EUR 6,854 in the same period of 2020. The figures for 2020 include expenses linked to the cancellation of a Management Board contract. By contrast, the figures for the first half of 2021 include income from the early cancellation of the corresponding service contract.

In the second quarter of 2020, we also received government short-time working subsidies. This amount was almost equal to the reduction in personnel expenses achieved through our restructuring measures (see above).

Impairment on financial assets in the first six months of 2021 produced an expense of EUR 199 thousand compared with income of EUR 2,297 thousand over the same period in 2020. The corresponding figure for the second quarter of 2021 was an expense of EUR 234 thousand compared with impairment income of EUR 1,730 thousand in the same quarter of 2020. In the previous year, specific valuation allowances were reversed once we had a clearer idea of the insurance situation.

Adjusted expenses for impairment on financial assets in the first six months of 2020 came to EUR 1,852 thousand.

At EUR 5,223 thousand, **other expenses** in the first six months of the current year were down from EUR 8,988 thousand in the same period of 2020. The second-quarter figure also declined from EUR 3,325 thousand in 2020 to EUR 2,594 thousand in 2021.

In addition to intensified Group-wide cost management in all areas, service centre costs in particular have been reduced.

As a result, half-year **EBITDA (operating earnings before interest, tax, depreciation and amortisation)** stood at minus EUR 7,776 thousand as at 30 June 2021 compared with the figure of minus EUR 32,279 thousand in the same period of 2020. Second-quarter EBITDA came to minus EUR 2,301thousand in 2021 and EUR 3,304 thousand in 2020.

Adjusted EBITDA for the first six months of 2020 was minus EUR 22,394 thousand.

2.2.2.1.3 Calculation of operating EBITDA from EBITDA

The table below provides additional information on exceptional items that have an impact on EBITDA and therefore on consolidated net profit/(loss). It shows the method of calculating operating EBITDA, which we use as a key performance indicator.

Adjusted operating EBITDA for the first half of 2020 was minus EUR 21,745 thousand.

Calculation of operating EBITDA from EBITDA

	1 January 2021 to 31 December 2021 (EUR thousand)	1 January 2020 to 31 December 2020 (EUR thousand)	1 April 2021 to 30 June 2021 (EUR thousand)	1 April 2020 to 30 June 2020 (EUR thousand)
Group EBITDA	**-7,776**	**-32,279**	**-2,301**	**-3,303**
Minus: other income from the reversal of liabilities linked to share-based payment plans and short-term variable remuneration (due to target adjustments) and to pension provisions Plus: other expenses from personnel obligations linked to share-based payment plans and to personnel restructuring measures involving the termination of employment contracts	-412	649	6	854
Group operating EBITDA	**-8,188**	**-31,630**	**-2,295**	**-2,449**

2.2.2.1.4 Other items in the consolidated statement of income

Depreciation, amortisation and impairment charges stood at EUR 3,123 thousand in the first six months of 2021 compared with EUR 3,918 thousand in the first half of 2020. Depreciation, amortisation and impairment charges reported for the second-quarter 2021 stood at EUR 1,542 thousand and at EUR 1,957 thousand in the same period of 2020.

The year-on-year decline in impairment charges is due to lower investment on account of the Covid-19 pandemic.

EBIT (earnings before interest and tax) for the first half-year of 2021 was minus EUR 10,899 thousand compared with minus EUR 36,197 thousand in the first six months of 2020. Second-quarter EBIT was minus EUR 3,843 thousand in 2021 and minus EUR 5,260 thousand in 2020.

Adjusted EBIT for the first half-year of 2020 was minus EUR 26,312 thousand.

The **financial result** for the first half of 2021 was minus EUR 181 thousand compared with minus EUR 91 thousand in the same period of 2020. The second-quarter financial result for the current year was minus EUR 81 thousand compared with minus EUR 72 thousand in the previous year.

EBT (earnings before taxes) for the first six months stood at minus EUR 11,080 thousand in 2021 and minus EUR 36,288 thousand over the same period of 2020. Second-quarter EBT totalled minus EUR 3,924 thousand in 2021 and minus EUR 5,332 thousand in 2020.

Adjusted EBT for the first half of 2020 was minus EUR 26,403 thousand.

The **tax result** for the first half of 2021 was EUR 948 thousand compared with EUR 315 thousand in the same period of 2020. The corresponding figures for the second quarter were EUR 277 thousand in 2021 and EUR 262 thousand in the previous year. Beginning with the third quarter of 2020, we now recognise intra-year deferred taxes on loss carryforwards if there is a probability of their future use.

Consolidated net profit/(loss) from continuing operations in the first half of 2021 was minus EUR 10,132 thousand compared with minus EUR 35,973 thousand for the same period in 2020. The corresponding figures for the second quarter were minus EUR 3,647 thousand in 2021 and minus EUR 5,070 thousand in the previous year.

Adjusted consolidated net profit/(loss) from continuing operations for the first six months of 2020 was minus EUR 26,088 thousand.

Consolidated net profit/(loss) from discontinued operations in the first half of 2021 was EUR 0 thousand compared with minus EUR 30,785 thousand for the same period in 2020. Second-quarter consolidated net profit/(loss) from discontinued operations was EUR 0 thousand compared with minus EUR 2,797 thousand for the same quarter in 2020.

This figure represents the loss incurred on withdrawal from the Dutch travel market (see Annual Report 2020).

Consolidated net profit/(loss) for the first six months of the current year came to minus EUR 10,132 thousand compared with minus EUR 66,758 thousand in the same period of 2020. The corresponding figures for the second quarter were minus EUR 3,647 thousand in 2021 and minus EUR 7,867 thousand in the previous year.

The figures for **diluted and basic earnings per share from continuing operations** in the first half-year were minus EUR 0.13 in 2021 and minus EUR 0.63 in the previous year. In the second quarter of 2021, diluted and basic earnings per share from continuing operations were minus EUR 0.04 compared with minus EUR 0.09 in the second quarter of 2020.

The figures for **diluted and basic earnings per share from discontinued operations** in the first half-year were EUR 0.00 in 2021 and minus EUR 0.54 in 2020. Second-quarter diluted and basic earnings per share from discontinued operations were EUR 0.00 in the current year and minus EUR 0.05 in 2020.

In the first six months of 2021, **diluted and basic earnings per share** were minus EUR 0.13 compared with minus EUR 1.16 in the first half of 2020. Diluted and basic earnings per share in the second quarter of 2021 were minus EUR 0.04 compared with minus EUR 0.14 in the same quarter of 2020.

Consolidated comprehensive income for the first six months of 2021 was minus EUR 10,131 thousand compared with minus EUR 66,787 thousand in the same period of 2020. The corresponding figures for the second quarter were minus EUR 3,639 thousand in 2021 and minus EUR 7,851 thousand in 2020.

2.2.2.1.5 Asset and financial position

Financial management objectives

The main financial management objective of the HolidayCheck Group is to safeguard liquidity at all times in order to ensure that the Group is able to perform its day-to-day business operations. Another objective is the optimisation of profitability to attain the maximum possible credit rating with a view to obtaining favourable refinancing terms.

2.2.2.1.6 Liquidity

Cash flows

The HolidayCheck Group's **operating cash flow (net cash used for operating activities)** for the first half of 2021 was minus EUR 7,172 thousand (first half 2020: minus EUR 15,499 thousand). This positive change is mainly due to the improved earnings situation. However, the total figure was reduced by the settlement of liabilities built up in 2020 in respect of deferred payments.

Net cash used in investing activities stood at minus EUR 503 thousand in the first half of 2021 compared with minus EUR 1,292 thousand over the same period of the previous year. This is mainly due to reduced investments because of the Covid-19 pandemic.

Net cash used in financing activities totalled EUR 36,071 thousand in the first six months of 2021 and EUR 17,828 thousand in the first half of 2020. The company generated net cash inflows of EUR 46,683 thousand from a cash capital increase. However, EUR 9,728 thousand was used in the first quarter in full settlement of outstanding credit facilities. The full available amount of EUR 19,785 thousand was drawn down for the first time in the corresponding period of 2020.

As at 30 June 2021, cash and cash equivalents stood at EUR 62,058 thousand (31 December 2020: EUR 33,674 thousand). This total is entirely attributable to continuing operations. As at 30 June 2020, cash and cash equivalents of EUR 27,999 thousand were attributable to continuing operations and EUR 457 thousand to discontinued operations.

The main factor in the Group's cash position as at 30 June 2021 was the cash generated by the successful capital increase.

2.2.2.1.7 Asset position

On the assets side of the consolidated balance sheet, **non-current assets** as at 30 June 2021 went down to EUR 94,203 thousand compared with the 2020 year-end figure of EUR 95,086 thousand. This decline, mainly due to amortisation and depreciation, was not offset by new investment on account of the pandemic.

At EUR 66,417 thousand, **current assets** as at 30 June 2021 were up on the year-end 2020 figure of EUR 38,943 thousand. The main factor here was the rise in cash and cash equivalents as a result of inflows generated by the cash capital increase (see 2.2.2.1.6 Liquidity).

On the liabilities side of the consolidated balance sheet, **equity** rose from EUR 80,374 thousand as at 31 December 2020 to EUR 117,727 thousand at the end of the half-year reporting period. The new figure reflects the cash capital increase and the net consolidated loss for the half-year period.

At EUR 22,986 thousand, **non-current liabilities** as at 30 June 2020 were down on the 2020 year-end figure of EUR 24,744 thousand, mainly due to scheduled payments of lease liabilities or their reclassification as current liabilities.

Another factor was the early cancellation of the service contract of a former member of the Management Board and the payment and reversal of the corresponding liability.

As at 30 June 2021, **current liabilities** were valued at EUR 19,907 thousand compared with the year-end figure of EUR 28,911 thousand. This decline was mainly due to repayment of the amounts still outstanding at the end of 2020 under credit facilities. Deferred payments to tour operators were also settled in full, thus reducing the figure for trade payables. By contrast, there was an increase in the figure for contract liabilities, mainly due to payments made by customers to our in-house tour operator HC Touristik.

The figure for **total liabilities** as at 30 June 2021 declined to EUR 42,893 thousand compared with the 2020 year-end figure of EUR 53,655 thousand.

Total assets as at 30 June 2021 increased to EUR 160,620 thousand compared with the 2020 year-end figure of EUR 134,029 thousand.

The relationship between items in the balance sheet shows a shift towards a higher equity ratio. Current liabilities are covered entirely by current assets. At the same time, non-current liabilities are fully covered by equity.

3. EVENTS AFTER THE BALANCE SHEET DATE

In July 2021, HolidayCheck Group AG settled deferred lease liabilities totalling EUR 446 thousand.

No further events of material importance to HolidayCheck Group AG have occurred since the end of the first half-year.

4. REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

4.1 Report on expected developments

4.1.1 Expected macroeconomic developments

Based on the forecast issued by Deutsche Bank's Global Market Research unit, the overall picture of economic activity in the HolidayCheck Group's core sales markets in 2021 is likely to be as follows:

After adjusting for inflation, the gross domestic product (GDP) is expected to increase by 4.6 percent in the eurozone and by 4.0 percent in Germany.

The GDP figures quoted above are based on estimates published by Deutsche Bank AG's Global Market Research unit on 10 June 2021.

4.1.2 Expected industry developments

The future performance of the travel sector in the German-speaking region over the rest of 2021 depends crucially on the Covid-19 pandemic. There are growing signs of a potential fourth wave of the disease across Europe in the autumn. At present, we cannot predict how severe this wave will be and what travel restrictions may be imposed. As in the case of previous waves, any worsening of the situation is likely to bring an immediate response from holidaymakers. This will affect the package holiday sector above all.

The above assessments of expected industry developments are based on the company's own estimates.

4.1.3 HolidayCheck Group

In response to the current situation, we are keeping investment in the further development of our existing products and services to an appropriate level. This also applies to investment in marketing activities, which can be adapted to reflect the current demand situation. Personnel expenses were reduced significantly in the second half of 2020 and are likely to remain largely unchanged for the rest of 2021.

4.1.3.1 Gross margin and operating EBITDA

Given the continued uncertainty in light of the Covid-19 pandemic during the coming months, we are currently unable to provide quantifying forecasts for gross margin and operating EBITDA figures.

Instead, based on our forward plans, we have drawn up two scenarios – one negative and one positive – for the financial year 2021. These stand at each end of the range within which our actual results will probably lie on the basis of the information currently available. These scenarios are both based in turn on a series of assumptions about the impact of Covid-19 in terms of duration and intensity. We are engaged in continuous scenario planning. For each of these scenarios, the Management Board has prepared qualitatively comparative assessments of the likely impact on gross margin and operating EBITDA.

The following Management Board assessment for the financial year 2021 reflects the underlying assumptions set out above and, based on our current knowledge, the two scenarios at each end of the range for the potential impact of Covid-19.

In the positive scenario, the Management Board expects the HolidayCheck Group's gross margin (sales revenue less cost of goods sold) to at least double compared with the figure for 2020. Even so, it is likely that gross margin will remain significantly below the pre-crisis level of 2019.

In the negative scenario, the Management Board expects the HolidayCheck Group's gross margin for financial 2021 to be roughly on a par with the figure for 2020.

In financial 2020, the HolidayCheck Group achieved a gross margin of EUR 7,302 thousand (2019: EUR 131,213 thousand).

With regard to operating EBITDA, the Management Board anticipates a year-on-year improvement whichever of the scenarios proves to be more accurate.

The figure for operating EBITDA in financial 2020 was minus EUR 35,882 thousand.

Given the current factual and information-related uncertainty, we are unable to provide reliable quantifying forecasts of increases in gross margin and operating EBITDA.

4.1.4 Overall assessment of likely developments

Given the continued global outbreaks of Covid-19 from January 2020 onwards, the resulting uncertainty affecting the travel sector in particular and the impact of the pandemic on the wider global economy, we are not in a position to offer reliable forecasts for our key financial ratios, i.e. gross margin and operating EBITDA.

We are continuously reviewing the options available to us as the situation develops and will take prompt action as required to minimise the financial damage caused by the global Covid-19 pandemic.

Changes in the wider economic situation and among competitors in the travel sector are still possible given the current uncertainty affecting mainly tour operators but also other service providers and suppliers. There is also a possibility of change in the political situation in some of the most important holiday countries in the Mediterranean region.

Whether in a positive or negative direction, the actual results of the HolidayCheck Group may deviate from this outlook in response to the opportunities and risks set out in the Group management report (sections 4.3 and 4.2.2) of the 2020 annual report, or if our expectations and assumptions prove to be incorrect.

4.2 Opportunities and risks report

The potential opportunities and risks entailed by the global Covid-19 pandemic are set out in detail in the 2020 annual report (Group management report) of HolidayCheck Group AG. Since then, in the view of the Management Board, there have been no material changes in the classification of the opportunities and risks facing the HolidayCheck Group.

However, the Group's liquidity position could be at risk if the pandemic continues for an extended period. In particular, events and circumstances could give rise to material uncertainty and therefore create significant doubts about the capacity of the Group to continue its business activities. Consequently, the Group may not then be able to realise its assets or settle its debts in the ordinary course of business. For more information, please see our comments in section 4.2.2.2.2.2 'Liquidity risks' in the annual report 2020.

A detailed review of material risks and opportunities can be found starting from page 27 of the annual report for 2020, which can be downloaded from the Internet at www.holidaycheckgroup.com under the heading Investor Relations/Company Reports. Printed copies are also available free of charge from the company on request.

5. EMPLOYEES

The average headcount for the HolidayCheck Group in the first half of 2021 was 244 full-time equivalents (without Management Board members). The corresponding average figure for the first half of 2020 was 382 full-time equivalents (without Management Board members).

This decline was mainly due to a reduction in the size of the workforce in the second half of 2020.

On average, 69 full-time equivalent (FTE) personnel were employed in the discontinued Benelux operation in the first half of 2020.

6. NOTES AND FORWARD-LOOKING STATEMENTS

Definitions

All mentions of 'HolidayCheck Group AG' or 'HolidayCheck Group' in this interim statement relate to the HolidayCheck Group.

Forward-looking statements

This interim statement contains statements relating to future business and financial performance and future events or developments concerning the HolidayCheck Group that may constitute forward-looking statements. These statements may be identified by words such as 'expects', 'looks forward to', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'will', 'project' or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in media releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on current expectations and certain assumptions of the HolidayCheck Group management team, and are, therefore, subject to various risks and uncertainties. Numerous factors, many of which are beyond the control of the HolidayCheck Group, nevertheless affect its operations, performance, business strategy and results and could cause the Group's actual results, performance or achievements to be materially different from those expressed or implied in such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in section 4.2 of the annual report 2020 under the heading Risk report. Further information about risks and uncertainties affecting the HolidayCheck Group can be found in the annual report and in our most recent interim statement, both of which are available on our website at www.holidaycheckgroup.com. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, the actual results, performance or achievements of the HolidayCheck Group may vary materially from those described in the corresponding forward-looking statements as being expected, anticipated, intended, planned, believed, sought, estimated or projected. The HolidayCheck Group neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals shown, and percentages may not precisely reflect the absolute figures.

7. RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES IN ACCORDANCE WITH SECTION 37Y, NUMBER 1 OF THE GERMAN SECURITIES TRADING ACT (*WERTPAPIER-HANDELSGESETZ, WPHG*) IN CONJUNCTION WITH SECTION 297, PARAGRAPH 2, SENTENCE 4 AND SECTION 315, PARAGRAPH 1, SENTENCE 6 OF THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH, HBG*)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements as at 30 June 2021 give a true and fair view of the assets and liabilities, financial position and profit or loss of the HolidayCheck Group, and the Group management report includes a fair review of the development and performance of the business and the position of the HolidayCheck Group, together with a description of the principal opportunities and risks associated with the expected development of the HolidayCheck Group.

Munich, Germany, 9 August 2021

Dr Marc Al-Hames
Chairperson of the Management Board (CEO)

Markus Scheuermann
Member of the Management Board (CFO)

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2021

ASSETS	30 June 2021 (EUR '000)	30 June 2020 (EUR '000)	31 December 2020 (EUR '000)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets acquired for valuable consideration	4,693	7,880	4,933
Internally generated intangible assets	4,419	7,989	5,418
Goodwill	69,091	78,920	69,091
	78,203	**94,789**	**79,442**
Right-of-use assets	**7,495**	**7,914**	**8,113**
Property, plant and equipment (tangible assets)			
Land, land right and buildings	12	14	13
Other equipment, operating and office equipment	853	1,673	1,070
Prepayments	0	3	0
	865	**1,690**	**1,083**
Receivables and other assets			
Other financial assets	2,743	2,052	2,477
	2,743	**2,052**	**2,477**
Deferred taxes	**4,896**	**1,147**	**3,971**
TOTAL non-current assets	**94,203**	**107,592**	**95,086**
CURRENT ASSETS			
Receivables and other assets			
Trade receivables	1,322	6,417	2,394
Receivables from affiliated entities	1	29	0
Income tax receivables	11	29	34
Other financial assets	2,287	1,358	989
Other non-financial assets	738	4,774	1,852
	4,359	**12,607**	**5,269**
Cash and cash equivalents	**62,058**	**27,999**	**33,674**
Assets held for sale	**0**	**1,396**	**0**
TOTAL current assets	**66,417**	**42,002**	**38,943**
TOTAL ASSETS	**160,620**	**149,594**	**134,029**

EQUITY AND LIABILITIES	30 June 2021 (EUR '000)	30 June 2020 (EUR '000)	31 December 2020 (EUR '000)
EQUITY			
Shares issued	86,976	57,212	57,819
Capital reserves	101,931	85,097	84,404
Revenue reserves	6,318	2,747	5,518
Other reserves	-2,630	-2,470	-2,631
Consolidated retained earnings	-74,868	-55,963	-64,736
TOTAL equity	**117,727**	**86,623**	**80,374**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions for pensions	2,173	2,251	2,165
Liabilities to banks	12,371	0	12,315
Contract liabilities	1,238	0	1,414
Leasing liabilities	5,965	6,567	6,899
Other financial liabilities	0	200	0
Other non-financial liabilities	751	653	1,463
Deferred taxes	488	2,256	488
TOTAL non-current liabilities	**22,986**	**11,927**	**24,744**
CURRENT LIABILITIES			
Other provisions	139	331	177
Liabilities to banks	178	19,860	10,033
Trade payables	10,726	19,910	12,257
Contract liabilities	3,664	2,517	887
Leasing liabilities	2,591	1,894	2,180
Liabilities to affiliated entities	25	28	55
Income tax liabilities	122	1,091	363
Other financial liabilities	335	2,029	396
Other non-financial liabilities	2,128	2,639	2,563
Liabilities linked to assets held for sale	0	745	0
TOTAL current liabilities	**19,907**	**51,044**	**28,911**
TOTAL liabilities	**42,893**	**62,971**	**53,655**
TOTAL EQUITY AND LIABILITIES	**160,620**	**149,594**	**134,029**

CONSOLIDATED STATEMENT OF INCOME

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

	1 JANUARY TO 30 JUNE 2021 (EUR '000)	1 JANUARY TO 30 JUNE 2020[1] (EUR '000)	1 APRIL TO 30 JUNE 2021 (EUR '000)	1 APRIL TO 30 JUNE 2020[1] (EUR '000)
Revenue	8,930	-1,813	7,258	4,936
Other income	703	1,165	153	615
Other own work capitalised	555	864	249	186
Total operating income	**10,188**	**216**	**7,660**	**5,737**
Cost of goods sold	-1,255	-1,604	-1,016	-81
Marketing expenses	-625	-8,137	-539	-510
Personnel expenses	-10,662	-16,063	-5,578	-6,854
thereof current benefits	*-10,656*	*-16,540*	*-5,574*	*-7,126*
thereof long-term incentive plans and pensions	*-6*	*477*	*-4*	*272*
Net impairment losses on financial assets	-199	2,297	-234	1,730
Other expenses	-5,223	-8,988	-2,594	-3,325
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**-7,776**	**-32,279**	**-2,301**	**-3,303**
Depreciation, amortisation and impairment charges	-3,123	-3,918	-1,542	-1,957
Earnings before interest and taxes (EBIT)	**-10,899**	**-36,197**	**-3,843**	**-5,260**
Financial income	41	1	21	0
Financial expenses	-222	-92	-101	-72
Financial result	**-181**	**-91**	**-81**	**-72**
Earnings before taxes (EBT)	**-11,080**	**-36,288**	**-3,924**	**-5,332**
Actual taxes	24	-1	24	22
Deferred taxes	924	316	253	240
Tax result	**948**	**315**	**277**	**262**
Consolidated net profit/(loss) from continuing operations	**-10,132**	**-35,973**	**-3,647**	**-5,070**
Consolidated net profit/(loss) after tax from discontinued operations	**0**	**-30,785**	**0**	**-2,797**
Consolidated net profit/(loss)	**-10,132**	**-66,758**	**-3,647**	**-7,867**
Consolidated net profit/(loss) attributable to				
equity holders of the parent company	-10,132	-66,758	-3,647	-7,867
	-10,132	**-66,758**	**-3,647**	**-7,867**
	(EUR)	(EUR)	(EUR)	(EUR)
Diluted and basic earnings per share from continuing operations	**-0.13**	**-0.63**	**-0.04**	**-0.09**
Diluted and basic earnings per share from discontinued operations	**0.00**	**-0.54**	**0.00**	**-0.05**
Basic and diluted earnings per share	**-0.13**	**-1.16**	**-0.04**	**-0.14**
Average number of shares outstanding	80.371.268	57.382.711	86.975.850	57.212.727

[1] Adjusted for IAS 1 / IAS 8 effects and IFRS 5 (see information in section 2.3 of the interim report)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

	1 JANUARY TO 30 JUNE 2021 (EUR '000)	1 JANUARY TO 30 JUNE 2020 (EUR '000)	1 APRIL TO 30 JUNE 2021 (EUR '000)	1 APRIL TO 30 JUNE 2020 (EUR '000)
Consolidated net profit/(loss)	**-10,132**	**-66,758**	**-3,647**	**-7,867**
Item subject to possible reclassification into the statement of income in the future	**1**	**-29**	**8**	**16**
Currency translation differences	1	-29	8	16
Other comprehensive income	**1**	**-29**	**8**	**16**
Consolidated comprehensive income	**-10,131**	**-66,787**	**-3,639**	**-7,851**
Consolidated comprehensive income attributable to				
equity holders of the parent company	-10,131	-66,787	-3,639	-7,851
	-10,131	**-66,787**	**-3,639**	**-7,851**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

	Equity attributable to equity holders of the parent company			
	Shares issued			Capital reserves
	Subscribed capital (EUR '000)	Treasury Shares (EUR '000)	TOTAL (EUR '000)	(EUR '000)
1 JANUARY 2020	**58,314**	**-690**	**57,624**	**85,097**
Purchase of treasury shares	0	-412	-412	0
Addition to retained earnings	0	0	0	0
Effects of share-based payment plans	0	0	0	0
Consolidated comprehensive income	0	0	0	0
Net profit/(loss) after taxes according to consolidated statement of income	*0*	*0*	0	*0*
Other comprehensive income according to consolidated statement of comprehensive income	*0*	*0*	0	*0*
30 JUNE 2020	**58,314**	**-1,102**	**57,212**	**85,097**
1 JANUARY 2021	**58,314**	**-495**	**57,819**	**84,404**
Authorised capital increase	29,157	0	29,157	18,952
Netting of capital increase costs against capital reserves	0	0	0	-1,425
Effects of share-based payment plans	0	0	0	0
Consolidated comprehensive income	0	0	0	0
Net profit/(loss) after taxes according to consolidated statement of income	*0*	*0*	*0*	*0*
Other comprehensive income according to consolidated statement of income	*0*	*0*	*0*	*0*
30 JUNE 2021	**87,471**	**-495**	**86,976**	**101,931**

	Equity attributable to equity holders of the parent company				
Revenue reserves	Other reserves				
(EUR ‘000),	for the revaluation- of defined benefit pension plans (EUR ‘000)	For currency- translation differences (EUR ‘000)	TOTAL (EUR ‘000)	Consolidated retained earnings (EUR ‘000)	Total equity (EUR ‘000)
2,300	**-340**	**-2,101**	**-2,441**	**10,795**	**153,375**
0	0	0	0	0	-412
-213	0	0	0	0	-213
660	0	0	0	0	660
0	0	-29	-29	-66,758	-66,787
0	*0*	*0*	*0*	*-66,758*	*-66,758*
0	*0*	*-29*	*-29*	*0*	*-29*
2,747	**-340**	**-2,130**	**-2,470**	**-55,963**	**86,623**
5,518	**-499**	**-2,132**	**-2,631**	**-64,736**	**80,374**
0	0	0	0	0	48,109
0	0	0	0	0	-1,425
800	0	0	0	0	800
0	0	1	1	-10,132	-10,131
0	*0*	*0*	*0*	*-10,132*	*-10,132*
0	*0*	*1*	*1*	*0*	*1*
6,318	**-499**	**-2,131**	**-2,630**	**-74,868**	**117,727**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

	1 JANUARY TO 30 JUNE 2021 (EUR '000)	1 JANUARY TO 30 JUNE 2020 (EUR '000)
CASH FLOW FROM OPERATING ACTIVITIES		
Consolidated net profit/(loss)	-10,132	-66,758
Amortisation, depreciation and write-downs	3,123	35,288
Financial result	181	161
Taxes	-948	-2,236
EBITDA	**-7,776**	**-33,545**
Other non-cash expenses/income	677	573
Increase/decrease in assets not attributable to investing or financing activities	406	11,725
Increase/decrease in liabilities not attributable to investing or financing activities	12	5,803
Interest expenses	-296	-7
Income tax payments/refunds	-195	-48
Net cash used in operating activities	**-7,172**	**-15,499**
CASH FLOW FROM INVESTING ACTIVITIES		
Cash outflow for internally generated intangible assets	-555	-1,216
Cash outflow for tangible and intangible assets acquired for valuable consideration	-38	-164
Cash inflow from disposal of tangible and intangible assets	49	87
Cash inflow from interest	41	1
Net cash used in investing activities	**-503**	**-1,292**
CASH FLOW FROM FINANCING ACTIVITIES		
Cash inflow from capital increases	48,108	0
Payments of expenses in connection with capital increases	-1,425	0
Cash inflow from taking up loans	21	19,785
Cash outflow for purchase of treasury shares	0	-625
Cash outflow for repayment of loans to banks	-9,728	0
Cash outflow for payment of lease liabilities	-1,080	-1,332
Payments in connection with sales/purchases of affiliated companies	175	0
Net cash used in financing activities	**36,071**	**17,828**
Net increase/decrease in cash	**28,396**	**1,037**
Cash and cash equivalents at the beginning of the financial year	**33,674**	**27,457**
Valuation-related changes in cash	-12	-38
Cash at the end of the period	**62,058**	**28,456**
thereof cash and cash equivalents from continuing operations	*62,058*	*27,999*
thereof cash reported as assets held for sale	*0*	*457*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSOF HOLIDAYCHECK GROUP AG, MUNICH, GERMANY, FOR THE FIRST SIX MONTHS OF 2021

1. GENERAL DISCLOSURES

HolidayCheck Group AG, a joint-stock company under German law (Aktiengesellschaft, AG), is the parent company of the HolidayCheck Group, a travel group for holidaymakers with operations in Central Europe.

The HolidayCheck Group is made up of various operating companies that mainly generate revenue from transaction-based online business models in the field of travel and by organising holidays.

Its registered office is in Munich, Germany. HolidayCheck Group AG is listed in the commercial register maintained by the District Court of Munich, Germany, under the reference HRB 133680.

The company is listed in the Prime Standard segment of Deutsche Börse AG, and a total of 87,470,442 shares (ISIN: DE0005495329; ticker symbol: HOC) were admitted to trading on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWG) on the reporting date. The shares are no-par value bearer shares, each representing an accounting par value of EUR 1 of the company's share capital.

HCG can be contacted at the following addresses:

Postal address:	**Visitors' address:**
HolidayCheck Group AG	HolidayCheck Group AG
P.O. Box 81 01 64	Neumarkter Strasse 61
81901 München	81673 München
Germany	Germany

Burda Digital SE, Munich, Germany, a subsidiary of Burda GmbH, Offenburg, Germany, which is in turn a subsidiary of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany, holds more than 50 percent of the share capital of HolidayCheck Group AG.

The company is included in the consolidated financial statements of the sub-group Burda GmbH, Offenburg, Germany (smallest reporting entity) and in the consolidated financial statements of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany (largest reporting entity).

These consolidated financial statements are submitted for publication to the operator of the electronic Federal Gazette (Bundesanzeiger).

2. FINANCIAL STATEMENTS ACCOUNTING BASIS AND STANDARDS

These consolidated interim financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). This also takes account of the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). The consolidated interim financial statements comply with the provisions of International Accounting Standard (IAS) 34 Interim Financial Reporting. Accordingly, certain information and disclosures that are usually contained in IFRS-compliant annual financial statements are shown in a condensed or omitted form.

The interim financial statements of the companies that make up the HolidayCheck Group are based on uniform accounting and valuation policies. With the exception of the following changes due to first-time application, there has been no change from the accounting and valuation policies applied in HCG's consolidated financial statements for 2020. A comprehensive description of the accounting principles used can be found in the Notes to the Consolidated Financial Statements for 2020. The report can also be downloaded at www.holidaycheckgroup.com.

When preparing the consolidated interim financial statements, the Management Board has to make assumptions and estimates that affect the level and recognition of balance-sheet assets and liabilities, income and expenses and contingent liabilities. All such assumptions and estimates are based on premises that were valid on the reporting date. As a general rule, the same methods are used as applied for the 2020 consolidated financial statements. The actual values may differ from these assumptions and estimates if developments subsequently vary from those anticipated on the balance sheet date.

Although some parts of our business are seasonal, this does not affect the comparability of the half-yearly consolidated financial statements as a whole. This year, however, the degree of comparability is significantly reduced due to the impact of the Covid-19 pandemic. Any major effects during the period under review and any impacts on the comparable prior half-year period are noted in the summary of the interim report or in the subsequent explanations. Further details can be found in sections 3 and 4 below.

The consolidated interim financial statements have been drawn up in euros, the Group's reporting currency. Unless stated otherwise, all amounts are shown in EUR thousand (EUR '000). The tables and disclosures in the Notes to the Consolidated Financial Statements may contain rounding differences. Unless explicitly stated otherwise, figures for the previous year have been adjusted in accordance with IFRS 5 and IAS 1 / IAS 8 (see also section 2.3).

2.1 Effect of new or revised standards

The standards shown were revised or newly issued by the IASB and became mandatory for the financial year commencing on 1 January 2021.

Revised or new IASB standards for financial 2021

	Applicable from [1]	Endorsed by EU
Amendments based on IBOR Reform Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021	Yes
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2021	Yes
Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021	No

1) Date first applicable in EU

In May 2020 the IASB issued **amendments to IFRS 16** applicable to reporting periods beginning on or after 1 June 2020. In March 2021 the IASB extended this amendment by one year. The extension applies to reporting periods beginning on or after 1 April 2021. The amendments basically clarify whether a Covid-19-related rental concession represents a modification of the lease. For more details see note 2.1 to the financial statements in the 2020 annual report.

The other standards and interpretations listed above will have no impact or only a minor impact on the Group's income, financial situation and assets.

2.2 New or revised standards and interpretations – not applied

The Group has not yet applied the new financial reporting specifications shown as the relevant provisions were not mandatory in the reporting period or the standards have not yet been formally endorsed by the European Union.

New or revised IASB standards and interpretations – not applied

	Applicable from [1]	Endorsed by EU
Annual Improvements to International Reporting Standards (2018-2020 cycle)	1 January 2022	Yes
Amendments to IAS 16: Clarification of Proceeds before Intended Use	1 January 2022	No
Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022	No
Updated reference to the Framework Concept (IFRS 3)	1 January 2022	No
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2023	No
Amendments to IFRS 17: Clarifications regarding Insurance Contracts	1 January 2023	No

1) Date first applicable in EU

The amendments to IAS 16 clarify the accounting treatment of sale proceeds generated before an item of property, plant and equipment can be used as intended.

The amendments to IAS 37 state which costs can be included towards the fulfilment of a contract that has been classified as onerous.

The amendments updated **IFRS 3** by replacing a reference to an old version of the Conceptual Framework with a reference to the latest version, without making any significant change to the standard.

The amendments to IAS 1 define a generally applicable approach to the classification of liabilities.

The amendments to IFRS 17 are intended to ensure that companies follow uniform rules on the accounting treatment of insurance contracts and the corresponding disclosures.

The current view of HolidayCheck Group AG is that the above standards and interpretations will have no impact or only a minor impact on the Group's income, financial situation and assets.

2.3 IAS 1 / IAS 8 disclosures

Costs of goods sold (COGS) were reported as other expenses in the previous year and have been recognised as a separate item in the statement of income as from the third quarter of 2020. The figure for the prior year has been adjusted accordingly.

In June 2020, an impairment charge of EUR 2,011 thousand on receivables from the bankrupt Thomas Cook Group was partially reversed once we had a clearer idea of the insurance situation. This reversal was recognised under other operating income instead of under impairment from financial assets. This was corrected in the third quarter of 2020. The figures for the second quarter of 2020 were adjusted accordingly.

Change in presentation of IFRS 5 disclosures for the previous year

The consolidated statement of income for the previous year has been adjusted as required under IFRS 5 rules (see 9.3 in the notes to the consolidated financial statements as at 31 December 2020).

3. ADDITIONS AND AMENDMENTS TO ACCOUNTING POLICIES

There has been no change from the accounting and valuation policies set out in the notes to the consolidated financial statements for financial 2020. However, as detailed below, there are a number of changes compared with the half-year reporting period for 2020.

Impairment of intangible assets, rights of use and property, plant and equipment (tangible assets)

In the previous year, the global Covid-19 pandemic was a triggering event for the travel sector, highlighting the need to review the value of intangible assets – especially goodwill, but also other assets allocated on initial consolidation that are not regularly amortised. To this end we conducted ad hoc impairment tests as at 30 June 2020, 30 September 2020 and 31 December 2020. These impairment tests are conducted at the level of the smallest cash-generating unit and cover all assets.

In 2021 we no longer see the ongoing Covid-19 pandemic as a triggering event since the financial impacts are within the anticipated range. Accordingly, we have not conducted ad hoc impairment tests.

Deferred tax assets
Deferred tax assets also include unused tax credits resulting from the expected utilisation of existing tax loss carryforwards in subsequent years and whose realisation is sufficiently certain.

Deferred taxes on loss carryforwards were first recognised on an intra-year basis and tested for impairment at the end of the third quarter of 2020. This policy was maintained in 2021. However, the method used is different, which means that year-on-year comparisons are of limited value.

4. ADDITIONAL NOTES ON ESTIMATES, ASSUMPTIONS AND JUDGMENTS

All assumptions and estimates are based on premises that were valid on the reporting date. As a general rule, the same methods are used as applied for the 2020 consolidated financial statements.

The interim financial statements as at 30 June 2020 were still partly based on other assumptions, making it difficult to draw year-on-year comparisons.

Commission revenue
Commission revenue is recognised only if it is highly probable that the holiday will not be cancelled and that the commission will not have to be refunded. Given the tremendous uncertainty created as a result of the exceptional situation and the high level of dependence on unforeseeable political decisions affecting the travel sector as a whole, it is not possible to provide a reliable estimate of cancellation rates for booked holidays with departure dates after 30 June 2021. This approach was taken in preparing the year-end financial statements for 2020. By contrast, the interim financial statements as at 30 June 2020 included an estimated figure for contingent consideration. At the time, it was felt that Covid-19 would not have a long-term impact and that a reliable estimate was therefore possible (albeit with a modified cancellation rate).

Reimbursement liabilities have been created under the heading trade payables in respect of any commissions that have already been received but that are not included in revenue in line with the above policy.

Provisions for vouchers
Provisions in respect of ‘on-site’ vouchers issued by the Group (shown under trade payables) are based on the same estimates and assumptions as for contingent consideration in the case of commission revenue. As such, the above comments apply accordingly.

Issues of on-site vouchers were discontinued in 2020, and customers lost any voucher entitlements when cancelling holidays due to the Covid-19 pandemic. Accordingly, the assumptions underlying these figures are now relatively minor.

5. PRINCIPLES OF CONSOLIDATION

The principles of consolidation applied in the first half of 2021 were unchanged and therefore match those set out in section 4 of the notes to the consolidated financial statements in the 2020 annual report.

6. SEGMENT REPORTING

Business segment reporting is laid out in such a way as to conform to the method of in-house reporting to the principal decision-making body. The latter is responsible for decisions on the allocation of resources to business segments and for the evaluation of their profitability. The Management Board of HCG constitutes the principal decision-making body.

As from financial 2016, the Management Board has therefore managed the Group on the basis of key ratios for the entire business rather than on a segment basis. For now, this arrangement remains unchanged, despite the expansion of the Group’s travel portfolio to include its own in-house tour operator. Accordingly, this interim report does not contain a separate segment report.

In the first half of 2021, as in financial 2020, the main focus of the Management Board’s steering activities was on maintaining the Group as a going concern and on its strategic realignment for the time after Covid-19.

7. DISCLOSURES RELATING TO SUBSIDIARIES

7.1 Composition of the Group
Apart from the parent company HolidayCheck Group AG, which is based in Munich, Germany, the Group’s year-end financial statements include 6 other fully consolidated companies in respect of which HolidayCheck Group AG directly or indirectly holds a majority of the voting rights and therefore control. As such, these consolidated financial statements include the single-entity financial statements of all the significant subsidiaries over which HolidayCheck Group AG has legal and/or de facto control.

As at 30 June 2021, HCG held shares in the entities shown in the following table.

Reporting entity as at 30 June 2021

COMPANY	PRINCIPLE PLACE OF BUSINESS	SHAREHOLDING (percent)
HolidayCheck AG	Bottighofen, Switzerland	100.00
HolidayCheck Polska Sp. z o.o. [1]	Warsaw, Poland	100.00
HolidayCheck Solutions GmbH	Munich, Germany	100.00
HC Touristik GmbH	Munich, Germany	100.00
Driveboo AG	Bottighofen, Switzerland	100.00
WebAssets B.V.	Amsterdam, Netherlands	100.00
Zoover GmbH i.L. [2) 3)]	Munich, Germany	100.00

[1] Indirect shareholding via HolidayCheck AG
[2] Indirect shareholding via WebAssets B.V.
[3] Company is in liquidation

7.2 Changes in the reporting entity Deconsolidation of Tomorrow Travel B.V., Amsterdam, Netherlands

Tomorrow Travel B.V., a wholly-owned subsidiary of HolidayCheck Group AG, was liquidated on 24 March 2021 and deconsolidated on 31 March 2021. The liquidation and subsequent deconsolidation had no impact on the consolidated financial statements since the company had no assets or liabilities.

7.3 Discontinued operations under IFRS 5

7.3.1 Withdrawal from the Dutch market

In response to the Covid-19 pandemic, HolidayCheck Group AG decided in 2020 to withdraw from the Dutch travel market (BENELUX).

On 20 July 2020, following the disposal of Zoover Media B.V. on 1 July 2020, the Supervisory Board approved a resolution to classify the sub-division Weeronline as held for sale. As a result, the entire WebAssets Group (CGU), which had no other operating units, was run as a discontinued operation (excluding pure liquidation costs).

Tomorrow Travel B.V. (Tjingo), which was a separate cash-generating unit (CGU), was also allocated to the geographical segment BENELUX. The liquidation process and corresponding deconsolidation were completed in March 2021 (see 7.2 below).

7.3.2 Impacts on the consolidated financial statements

To summarise, IFRS 5 disclosures concern the following discontinued operations:

- WebAssets B.V. (only costs linked to discontinued operations and transaction costs);
- Zoover Media B.V. (deconsolidated on 1 July 2020);
- Meteovista International B.V. (formerly Zoover International B.V., deconsolidated on 10 August 2020);
- Meteovista B.V. (deconsolidated on 10 August 2020).

7.3.2.1 IFRS 5 disclosures in the consolidated balance sheet

In accordance with IFRS 5, the Group's former BENELUX activities constitute a discontinued operation given their importance to the income, asset and financial position of the HCG Group. Accordingly, their respective contributions to earnings are combined and recognised separately in consolidated net profit/(loss) after tax from discontinued operations. The corresponding 2020 figures for the first six months in the consolidated statement of income have been adjusted accordingly.

The following table shows a breakdown of consolidated net profit/(loss) after tax from discontinued operations.

Consolidated net profit/(loss) after tax of discontinued operations

	1 January to 30 June 2021 (EUR '000)	1 January to 30 June 2020 (EUR '000)
Revenue	0	2,654
Other income	0	896
Other own work capitalised	0	348
Total operating income	**0**	**3,898**
Expenses	0	-34,937
EBT	**0**	**-31,039**
Attributable income tax expense	0	1,921
Earnings after tax	**0**	**-29,118**
IFRS 5 impairment	0	-1,667
Result from discontinued operations	**0**	**-30,785**
Earnings per share (EUR)	**0.00**	**-0.54**

The IFRS 5 valuation conducted following classification as business operations held for sale led to an impairment expense of EUR 1,667 thousand and a corresponding reduction in the figure for self-generated intangible assets for Zoover before deconsolidation.

Ad hoc impairment tests were conducted before classification as a discontinued operation. As a result, the goodwill of the CGU WebAssets B.V. was written down by EUR 21,262 thousand and of the 'Zoover' brand and internet domain by EUR 7,510 thousand. This impairment expense is included under expenses in the result from discontinued operations (EBT). It is partly offset by the reversal of deferred tax liabilities totalling EUR 1,878 thousand (created on initial consolidation) in respect of the Zoover brand and domain. In the previous year, this tax income is included in the attributable income tax expenses in in the result after tax of discontinued operations.

No expenses or income were created by the Group's discontinued operations in the first half-year reporting period for 2021.

The 2021 figure for consolidated comprehensive income from continuing operations for the period from 1 January to 30 June 2021, including comprehensive income of minus EUR 1 thousand (previous year: minus EUR 29 thousand), was minus EUR 10,131 thousand (previous year: minus EUR 36,002 thousand). Consolidated comprehensive income from discontinued operations was EUR 0 thousand (previous year: minus EUR 30,785 thousand).

7.3.2.2 Presentation of consolidated cash flows under IFRS 5

There is no change in the presentation of cash flows attributable to the operating, investing or financing activities of discontinued operations and the comparative period in the statement of cash flows. The required presentation of cash flows from discontinued operations is provided in the notes. The cash flows from discontinued operations are as follows:

Net cash flow from discontinued operations

	1 January to 30 June 2021 (EUR '000)	1 January to 30 June 2020 (EUR '000)
Net cash flow from operating activities	0	-1,673
Net cash flow from investing activities	0	-359
Net cash flow from financing activities	0	-265
Net cash flow from discontinued operations	**0**	**-2,297**

In the financial year 2020, the net cash flow from investing activities linked to discontinued operations mainly consists of cash outflows from investments in internally generated intangible assets. In the previous year, the net cash flow from financing activities linked to discontinued operations consists of payments of lease liabilities.

No cash flows were attributable to the Group's discontinued operations in the period under review.

8. NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8.1 Notes to the consolidated balance sheet

Intangible assets

Intangible assets acquired from third parties totalled EUR 4,693 thousand compared with the 2020 year-end figure of EUR 4,933 thousand. This item consists mainly of brand names and internet domains acquired through business combinations, including 'HolidayCheck' valued at EUR 3,386 thousand and other internet domains and websites valued at EUR 509 thousand. These figures have not changed since the end of 2020.

Furthermore, the principal assets of *Beach-Inspector.com* (internet portal, brand, domain and ratings database) were acquired in 2018 under the terms of an asset deal. The ratings database is written down according to the declining-balance method. The internet portal, brand and domain are amortised on a straight-line basis over their useful life. The residual carrying value of these assets was EUR 567 thousand as at 30 June 2021 (31 December 2020: EUR 707 thousand).

Self-generated intangible assets totalled EUR 4,419 thousand compared with the year-end figure of EUR 5,418 thousand. This item consists mainly of software developed in-house, e.g. website programs and mobile applications.

Goodwill at the end of the period totalled EUR 69,091 thousand and was therefore unchanged from the year-end figure. This item consists of goodwill from the following acquisition (see table). In each case, the corresponding company has been defined as the goodwill-holding, cash generating unit.

Goodwill from acquisitions

	30 June 2021 (EUR '000)	31 December 2020 (EUR '000)
HolidayCheck AG	69,091	69,091
Goodwill	**69,091**	**69,091**

Right-of-use assets

Right-of-use assets are divided into three categories: land and buildings; vehicles; and operating and office equipment.

As at 30 June 2021, rights of use were valued at EUR 7,495 thousand compared with the year-end figure of EUR 8,113 thousand.

In addition to scheduled amortisation, HolidayCheck AG's rent agreement in Bottighofen was revalued. HC Poland's rent agreement in Poznan expires in the fourth quarter of 2021. We are currently looking for alternative rental premises.

Deferred taxes

At EUR 4,896 thousand, deferred tax assets as at 30 June 2021 were higher compared with the 2020 year-end figure of EUR 3,971 thousand. This increase is mainly due to capitalised deferred taxes on loss carryforwards at HolidayCheck AG, which rose from EUR 3,290 thousand to EUR 4,208 thousand. The figure for deferred taxes on loss carryforwards at HolidayCheck AG is based on a tax rate of 12.53 percent. In Switzerland, tax loss carryforwards must be used within six years of the date on which the losses are incurred.

Trade receivables

Trade receivables fell from the 2020 year-end figure of EUR 2,394 thousand to EUR 1,322 thousand as at 30 June 2021. This is mainly due to travel cancellations in consequence of the Covid-19 pandemic and the subdued demand.

Appropriate loss allowances are formed if there are expected credit losses. Total gross trade receivables and total net trade receivables are shown in the following table.

Total gross trade receivables and total net trade receivables

	30 June 2021 (EUR '000)	31 December 2020 (EUR '000)
Total gross receivables	2,704	4,135
Loss allowances	–1,382	–1,741
Total net receivables	**1,322**	**2,394**

The following table reconciles the figures for loss allowances in respect of trade receivables as at 1 January 2021 and 30 June 2021 (respectively 31 December 2020).

Reconciliation of loss allowances for trade receivables

	2021 (EUR '000)	2020 (EUR '000)
Impairment as at 1 January	1,741	5,051
Used	–160	–745
Reversed	–356	–2,546
Added	157	0
No longer part of reporting entity	0	–19
Impairment as at 30 June / 31 December	**1,382**	**1,741**

The year-on-year decline in reversals is mainly due to the acknowledgement by the Thomas Cook Group's administrator in 2020 of receivables totalling EUR 2,011 thousand.

In financial 2020, as part of a wider series of adjustments to revenue figures for 2019 made necessary by Covid-19 (see 8.2 Sales revenue), the corresponding receivables (and impairment expenses) as at 31 December 2019 were also adjusted. Income of EUR 445 thousand for the first six months of 2020 comes from the reversal of impairment on trade receivables included in the 2019 year-end balance sheet that were linked to adjusted commission revenue.

All impairment changes are shown under expenses from the impairment of financial assets.

Trade receivables do not bear interest and in most cases fall due within a short period.

Receivables from and liabilities to affiliated entities

Receivables from affiliated entities (carrying value as at 30 June 2021: EUR 1 thousand; 31 December 2020: EUR 0 thousand) and liabilities to affiliated entities (carrying value as at 30 June 2021: EUR 25 thousand; 31 December 2020: EUR 55 thousand) are shown at amortised cost and are mainly due to trade relationships with Burda Group companies. They do not bear interest and in most cases fall due within a short period.

Current and non-current other financial and non-financial assets

The carrying value of **non-current other financial assets** was EUR 2,743 as at 30 June 2021 and EUR 2,477 thousand as at 31 December 2020. These amounts consist mainly of restricted cash deposits at banks with indefinite maturities. As at 30 June 2021, the Group held bank deposits totalling EUR 1,893 thousand with Commerzbank (31 December 2020: EUR 1,921 thousand) and EUR 517 thousand with Thurgauer Kantonalbank (31 December 2020: EUR 523 thousand) as security for bank guarantees or, in the case of Commerzbank, as security for the Covid-19-Plus loan granted to HolidayCheck AG. Since access to these deposits is subject to restrictions, the cash is not available for general use.

The carrying value of **current other financial assets** as at 30 June 2021 rose from the 2020 year-end figure of EUR 989 thousand to EUR 2,287 thousand. This item consists mainly of restricted short-term cash deposits at banks totalling EUR 1,875 thousand and refundable security deposits linked to the sale of Meteovista B.V. As at 30 June 2021, the Group held bank deposits totalling EUR 1,875 thousand with Commerzbank (31 December 2020: 0) and EUR 0 thousand with ING Diba (31 December 2020: EUR 149 thousand) as security for bank guarantees. Since access to these deposits is subject to restrictions, the cash is not available for general use. In the opposite direction, the company received EUR 175 thousand in the form of earn-out payments for 2020 following the sale of Meteovista B.V.

Current other financial assets do not bear interest and in most cases fall due within a short period.

The carrying value of **current other non-financial assets** as at 30 June 2021 declined from the 2020 year-end figure of EUR 1,852 thousand to EUR 738 thousand. This was mainly due to out-of-period costs for the capital increase, which were then offset against the capital reserves.

Cash and cash equivalents

The figure for cash and cash equivalents includes current cash holdings and current financial investments for which the original remaining term does not exceed three months. Cash at banks earns interest at a variable rate and can be withdrawn without notice.

Further details of the changes in the Group's cash position can be found in the consolidated statement of cash flows.

Equity

Shares issued

As at 30 June 2021, following the capital increase, the nominal value of shares issued by the company amounted to EUR 87,470,442 compared with the 2020 year-end figure of EUR 58,313,628. This total is divided into 87,470,442 no-par value shares, each with an accounting par value of EUR 1. All shares in the company are fully paid up.

As at 30 June 2021, the number of treasury shares held by the company was 494,592 (31 December 2020: 494,592). This corresponds to around 0.6 percent of the share capital (previous year: 0.8 percent).

Capital reserves

As at 30 June 2021, the capital reserves of HCG stood at EUR 101,931 thousand (31 December 2020: EUR 84,404 thousand), an increase of EUR 17,527 thousand following the cash capital increase in 2021.

The capital reserves are made up of payments into the reserve from capital increases. They may only be utilised as prescribed by German stock corporation law.

Revenue reserves

An amount of EUR 800 thousand was recognised as the increase in retained earnings in connection with the share-based payment plan. The retained earnings of HCG as at 30 June 2021 stood at EUR 6,318 thousand compared with the 2020 year-end figure of EUR 5,518 thousand.

Authorised capital

On 17 June 2021, the general meeting of shareholders passed a resolution authorising the Management Board, subject to Supervisory Board approval, to undertake one or more increases in the company's share capital until 16 June 2026 of up to EUR 43,735,221 through the issuance of up to 43,735,221 new no-par value shares in exchange for cash and/or non-cash contributions (Authorised Capital 2021).

The Management Board is authorised to exclude shareholders' statutory subscription rights.

Contingent capital

The general meeting of shareholders held on 23 June 2020 adopted a resolution to create new contingent capital of EUR 14,578,407 (contingent capital 2020/I). This contingent capital is used to grant shares to the holders of convertible bonds and/or bonds with warrants. The authorisation is valid up to 22 June 2025.

Cash capital increase

On 20 January 2021, with the consent of the Supervisory Board, the Management Board of HolidayCheck Group AG passed a resolution to increase the company's share capital out of authorised capital against cash contributions, with shareholder subscription rights.

The increase used up all the available authorised capital 2018, increasing the figure for shares issued by the company from EUR 58,314 thousand to EUR 87,471 thousand through the issue of 29,156,814 new, no-par value bearer shares in exchange for cash contributions at a subscription price of EUR 1.65 per share. Out of the total subscription price, EUR 1.00 per share was allocated to the figure for shares issued. The remaining EUR 0.65 per share was allocated to the capital reserve after deducting the costs of the capital increase (EUR 1,425 thousand).

The capital increase generated a net cash inflow of EUR 46,683 thousand.

Purchase of treasury shares

The general meeting of shareholders on 23 June 2020 authorised the Management Board to purchase own shares in the company equal to a proportion of up to 10.0 percent of the company's share capital. This authorisation expires on 22 June 2025.

Provision for pensions

The provisions for pensions as at 30 June 2021 stood at EUR 2,173 thousand compared with the year-end figure of EUR 2,165 thousand.

Current and non-current liabilities to banks

In the first quarter of 2021, following the successful capital increase in February, the company repaid, in full and within the stipulated term, all amounts drawn down under existing credit facilities, together with the interest due, in total EUR 9,895 thousand. At the same time, both credit facilities were reduced from EUR 10,000 thousand to EUR 5,000 thousand. In April, HolidayCheck Group AG cancelled its EUR 5,000 thousand loan facility with Baden-Württembergische Bank (BW Bank).

As at 30 June 2021, the company had undrawn credit facilities of EUR 5,000 thousand compared with the 2020 year-end figure of EUR 10,000 thousand.

The Covid-19-Plus loans are guaranteed up to EUR 10,754 thousand by the Swiss Confederation (under the Swiss Covid-19 Regulation on Joint and Several Guarantees). HCG secured the rest of the Covid-19-Plus loans by means of a pledged bank deposit totalling EUR 1,795 thousand. No other types of security were provided for liabilities to banks.

As at 30 June 2021, the figure for other liabilities to banks does not include any deferred interest (as at 31 December 2020: EUR 144 thousand).

Liabilities to banks

	30 June 2021		31 December 2020	
Carrying value in EUR '000	Current	Non-current	Current	Non-current
Money market credit drawdowns (EUR)	0	0	9,728	0
Covid-19-Plus loans (CHF)	178	12,371	161	12,315
Other liabilities to banks	0	0	144	0
	178	**12,371**	**10,033**	**12,315**

Contract liabilities

As at 30 June 2021, there were non-current contract liabilities of EUR 1,238 thousand (31 December 2020: EUR 1,414 thousand) in respect of the non-current portion of brokerage services paid in advance in the financial year 2020 that are to be provided by HCG over the next five years.

The carrying value of current contract liabilities as at 31 December 2020 was EUR 3,664 thousand, up EUR 2,777 thousand compared with the year-end figure of 2020. This item mainly consists of advance payments received for holidays booked through our in-house tour operator with departures in the near future.

Current and non-current lease liabilities

At EUR 8,556 thousand, the carrying value of current and non-current lease liabilities as at 30 June 2021 was down by EUR 523 thousand compared with the 2020 year-end figure. In addition to scheduled payments, HolidayCheck AG's rent agreement in Bottighofen is revalued on a rolling basis. HC Poland's rent agreement in Poznan expires in the fourth quarter of 2021. We are currently looking for alternative rental premises.

Deferred lease payments totalled EUR 446 thousand and are shown under non-current lease liabilities. They increase the figure for cash flow from financing activities. At the end of 2020, these were shown with maturities of 'more than one and up to four years'. As at 30 June 2021, they were shown with maturities of 'up to one year' since the deferral agreement was cancelled at HCG's request in June 2021 and the payment is now anticipated in July 2021 (see section 11).

Lease liabilities

The following table shows a breakdown of lease liabilities.

As at 30 June 2021 (EUR '000)	Up to 1 year	More than 1 to 4 years	More than 4 years
Lease liabilities	**2,591**	**4,184**	**1,781**

As at 31 December 2020 (EUR '000)	Up to 1 year	More than 1 to 4 years	More than 4 years
Lease liabilities	**2,180**	**5,701**	**1,198**

Current and non-current other financial and non-financial assets

The carrying value of **non-current and current other financial liabilities** as at 30 June 2021 was EUR 335 thousand, down from the 2020 year-end figure of EUR 396 thousand. This was mainly due to the settlement of liabilities to the Supervisory Board less the increase in the negative market value of the cross-currency SWAP.

Non-current and current other non-financial liabilities declined from the 2020 year-end of figure of EUR 4,026 thousand to EUR 2,879 thousand as at 30 June 2021. This was mainly due to the reversal or payment of outstanding obligations in fulfilment of the service contract of a former member of the Management Board and to a general decline in personnel-related liabilities following the staff restructuring measures undertaken in response to the Covid-19 pandemic in financial 2020.

Other provisions

The decline in other provisions from the 2020 year-end figure of EUR 177 thousand to EUR 139 thousand as at 30 June 2021 is mainly due to a reduction in provisions for process costs.

Trade payables

The carrying value of trade payables as at 30 June 2021 was EUR 10,726 thousand compared with the 2020 year-end figure of EUR 12,257 thousand. Since financial 2020, on account of the pandemic, we have created liabilities in respect of potential refunds to tour operators and holidaymakers (IFRS 15). These relate primarily to amounts received from tour operators in respect of holidays brokered by the HolidayCheck Group for which the departure date is after the reporting period and where no contingent consideration has been recognised (IFRS 15). As at 30 June 2021, the total figure for refund liabilities had fallen to EUR 7,691 thousand compared with the year-end figure of EUR 9,400 thousand. This was partly due to the fact that many more holidays were able to proceed than was the case in December 2020, with the result that amounts not recognised as contingent consideration could be shown as revenue. Another factor was that bookings remained very subdued until the end of May before heading back up in June. In many cases, however, payments for bookings made in June were not received until July 2021. We also settled all deferred payments owed to tour operators.
Trade payables have a remaining term of less than one year.

8.2 Notes to the consolidated statement of income

Sales revenue

Sales revenue is subdivided into the following categories: type of service and timing of revenue recognition. Due to the impact of Covid-19 and the associated travel restrictions, holidays have been cancelled for a large part of 2020. Accordingly, we had to change the transaction price in 2020 to zero for current bookings and for all holidays booked in 2019 with departure dates from mid-March 2020 onwards. As such, there is no longer a transaction basis for commission revenue of EUR 15,161 thousand realised in 2019.

Due to the ongoing COVID-19 pandemic, we are still not currently recognising contingent consideration or the directly associated costs in respect of holidays with departure dates after the reporting date. For commission revenue of EUR 396 thousand realised in 2021, the corresponding brokerage services were provided in 2020. However, contingent consideration was not recognised for the reasons set out above.

To reflect this, in accordance with IFRS 15, 116 c, we have added new columns ('Fulfilment 2020' and 'Fulfilment 2019') to the following table. This provides additional information in the form of revenue recognised in the reporting period but linked to deliverables that were fulfilled in previous periods.

Sales revenue from contracts with customers

	1 January – 30 June 2021 (EUR '000)			1 January – 30 June 2020 (EUR '000)		
	Total revenue	Fulfilment in 2020	**Fulfilment in 2021**	Total revenue	Fulfilment in 2019	**Fulfilment in 2020**
Type of service						
Brokerage services	6,424	396	6,028	-5,887	-15,161	9,274
Advertising	1,061	0	1,061	2,170	0	2,170
Tour operator commissions	1,343	0	1,343	1,872	0	1,872
Other services	102	0	102	32	0	32
Timing of revenue recognition						
Over time	2,779	0	2,779	4,184	0	4,184
At a point in time	6,151	396	5,755	-5,997	-15,161	9,164
Total	**8,930**	**396**	**8,534**	**-1,813**	**-15,161**	**13,348**

Other income

Other operating income recognised for the first six months of 2021 stood at EUR 703 thousand (EUR 1,165 thousand in the previous year). The year-on-year decline is due to the reduction in short-time working. The 2020 first half-year figure for other income includes government social security subsidies of EUR 358 thousand under short-time working arrangements.

Cost of goods sold

The item 'Cost of goods sold' consists of advance purchases of holiday services (e.g. expenses for hotels, flights and transfer services) by the Group's in-house tour operator HC Touristik. In the first six months of 2021, these came to EUR 1,255 thousand compared with EUR 1,604 thousand in the same period of 2020. This reflects the fact that travel volumes for the first half-year of 2021 as a whole remained low, although the market began to recover in the second quarter.

Marketing expenses

At EUR 625 thousand, marketing expenses for the first six months of 2021 were much lower compared with the figure of EUR 8,137 thousand for the same period in 2020. This decline was mainly due to the almost complete suspension of our marketing activities from mid-March 2020 onwards on account of the pandemic.

The figure for marketing expenses also includes income of EUR 4,831 thousand in respect of vouchers linked to holiday bookings made in 2019 with departure dates in 2020 that have since been cancelled on account of the travel restrictions, since the voucher holders are no longer entitled to use them.

Personnel expenses

Ongoing personnel expenses for the first half of 2021 were EUR 10,662 thousand, down from EUR 16,063 thousand in the same period of 2020. The main factor here was a reduction in the size of the workforce in the third quarter of 2020 in response to the pandemic. The figures for 2020 include expenses linked to the cancellation of a management board contract. By contrast, the figures for the first half of 2021 include income from the early cancellation of the corresponding service contract.

Share-based payments

Share-based payments were awarded under the restricted stock plan (RSP) and in the previous year additionally under the long-term incentive plans LTIP 2011-2016 and LTIP 2017-2020. These plans are described in our 2020 annual report.

The following table details the personnel expenses recognised in the consolidated interim financial statements for the first six months as a result of the company's share-based payment obligations.

Personnel expenses for share-based payments

	1 January to 30 June 2021 (EUR '000)	1.January to 30 June 2020 (EUR '000)
of which from plans with settlement in cash (LTIP 2011-2016)	0	-233
of which from plans with settlement in equity instruments (LTIP 2017-2020)	0	-134
of which from plans with settlement in equity instruments (RSP)	800	794
Total	**800**	**427**

In accordance with IFRS 2, personnel expenses for plans with settlement in equity instruments initially increased the figure for retained earnings as at 30 June 2021 by EUR 800 thousand. The shares were allocated to employees (RSP) in July 2021. Their nominal value as part of the company's share capital (i.e. the number of shares allocated at an accounting par value of EUR 1 each) was then recognised under shares issued.

Net impairment losses on financial assets

Impairment on financial assets in the first six months of 2021 produced a net expense of EUR 199 thousand compared with net income of EUR 2,297 thousand over the same period in 2020. In 2020, specific valuation allowances totalling EUR 2,011 thousand were reversed once we had a clearer idea of the insurance situation. These reversals in 2020 were shown as other operating income. In line with the policy adopted from the third quarter of 2020, they have now been recognised under impairment expenses (see 2.3 above).

The 2020 figure for net impairment losses on financial assets also contained income of EUR 445 thousand attributable to retrospective pandemic-related impairment on trade receivables (commission revenue) with fulfilment dates in 2019.

Other expenses

In the first six months of 2021, other expenses fell by EUR 3,765 thousand year on year and stood at EUR 5,223 thousand. This reduction was mainly achieved through general cost-saving measures and lower external service centre costs due to the Covid-19 pandemic.

Financial income

Total financial income of EUR 41 thousand (previous year: EUR 1 thousand) was made up of interest and similar income.

Financial expenses

In the first half of 2021, the financial expenses of EUR 222 thousand (2020: EUR 92 thousand) result from interest expenses. The total figure for interest expenses includes EUR 67 thousand (2020:

EUR 66 thousand) for lease liabilities and EUR 155 thousand (2020: EUR 26 thousand) for loan interest.

Tax result

The tax result for the first six months of 2021 was EUR 948 thousand compared with EUR 315 thousand in the same period of 2020. The main factor here was income from deferred tax on loss carryforwards. Beginning with the third quarter of 2020, we now recognise intra-year deferred taxes on loss carryforwards if there is a probability of their future use. As such, the corresponding figure for 2020 is only partly comparable.

8.3 Additional disclosures to financial instruments

As a guide to the reliability of the input factors used to calculate their fair value, financial instruments are allocated to one of the three levels prescribed by the reporting principles.

- Level 1: In the case of level 1 financial instruments, the fair value is determined using (unadjusted) prices for identical assets or liabilities found in active markets that are accessible to the company on the measurement date.
- Level 2: In the case of level 2 financial instruments, the fair value is determined using input factors (other than the quoted market prices used for level 1) that are directly or indirectly observable for that asset or liability.
- Level 3: In the case of level 3 financial instruments, the fair value is determined using input factors that are not observable for that asset or liability.

The table below shows the fair values of financial liabilities and the financial liabilities measured at amortised cost for which a fair value was required. It contains no information on financial assets and financial liabilities that were not measured at fair value if the carrying amount constitutes a reasonable approximation of the fair value.

Level 2 financial assets and financial liabilities

	Carrying amount 30 June 2021 (EUR '000)	Fair value 30 June 2021 (EUR '000)
Non-current liabilities		
Liabilities to banks	12,371	12,377
Current liabilities		
Current other financial liabilities	**335**	
Derivative instruments (cross currency SWAP)	335	335

Valuations for financial assets measured at fair value were calculated using recognised actuarial models. Only observable input parameters were used.

The fair values of the cross-currency swap and the non-current portion of the COVID-19 Plus loan are based on the present value of all discounted payment flows. Discounting is based on interpolated interest rates with matching maturities (zero rates) for the corresponding currency, hence the allocation to level 2 of the fair value hierarchy.

The interim financial statements as at 30 June 2021 do not include a fair value for current financial assets and financial liabilities. Given their short-term nature, the carrying amounts constitute a reasonable approximation of their fair value.

Where necessary, changes between fair value levels are implemented at the end of the reporting period. There were no switches between fair value levels in the period under review.

9. BUSINESS RELATIONS WITH AFFILIATED ENTITIES AND PARTIES

The members of the Management Board and Supervisory Board are classed as related persons within the meaning of IAS 24. In the year under review, the following business relationships existed between the Management Board, the Supervisory Board and the entities included in the consolidated financial statements:

As at 30 June 2021, provisions for Supervisory Board remuneration in the reporting year totalled EUR 125 thousand (31 December 2020: EUR 135 thousand). In the first six months of 2021, the company incurred travel expenses for members of the Supervisory Board totalling EUR 3 thousand compared with EUR 0 thousand for the same period in 2020.

Updated service contracts were concluded with members of the Management Board in June 2021 following approval of the new remuneration system at the annual general meeting of shareholders on 17 June 2021.

As at 30 June 2021, total remuneration for members of the Management Board in respect of short-term benefits came to EUR 339 thousand compared with EUR 468 thousand in the same period of 2020.

Following the departure of a member of the Management Board in the first six months of 2020, the company incurred expenses totalling EUR 1,062 thousand under a cancellation agreement (2021: none). This was partly offset by income of EUR 73 thousand from the reversal of performance-related remuneration (2021: none). In March 2021, the company received a letter from Georg Hesse, a former member of the Management Board. In the letter, he asked to be released early from his service contract on 31 March 2021. The contract was originally due to end on 30 June 2023. Based on the resulting cancellation agreement, the company will pay Georg Hesse 50 percent of the gross remuneration payable from the date of effective termination to the termination date as a one-off gross settlement. Existing liabilities totalling EUR 391 thousand under the cancellation agreement were reversed.

As at 30 June 2021 there were no liabilities to the Management Board under long-term remuneration agreements since the new programme was only adopted in June and individual targets had not yet been agreed. The 2020 year-end figure was also zero. For this reason there were no expenses during the first half of 2021 in the form of additions to the LTIP (first half of 2020: EUR 71 thousand).

The figures for the corresponding period in 2020 include income totalling EUR 415 thousand from the reversal of various LTIP tranches (first half 2021: none). With regard to income from LTIP 2020, EUR 183 thousand was due to the departure of a former member of the Management Board. LTIP 2019 produced income of EUR 142 thousand linked to performance targets, while income of EUR 89 thousand from LTIP 2016 was due to a change in the share price. The 2016 tranche only concerned former members of the Management Board.

As at 30 June 2021, there were no liabilities to currently serving members of the Management Board for ongoing salary payments (31 December 2020: EUR 50 thousand).

At the end of the reporting period, there were no liabilities to former members of the Management Board in respect of cancellation agreements or ongoing salary payments (31 December 2020: EUR 829 thousand).

There were no amounts receivable from members of the Management Board.

In the first six months of 2021, as in the previous year, HCG and the enterprises under its control exchanged services with Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany, and its affiliated enterprises.

Transactions with related entities primarily involved services as defined by IAS 24.21c. All such transactions were concluded on arm’s length basis.

In total, transactions with related parties in the first six months of the financial year involved trade receivables valued at EUR 6 thousand (2020: EUR 32 thousand) and trade payables valued at EUR 121 thousand (2020: EUR 251 thousand).

As at 30 June 2021, receivables and payables from current transactions with related parties amounted to EUR 1 thousand (31 December 2020: EUR 0 thousand) and EUR 25 thousand (31 December 2020: EUR 55 thousand) respectively.

10. RISKS TO CONTINUED EXISTENCE WITHIN THE MEANING OF SECTION 322 PARAGRAPH 2 SENTENCE 3 OF THE GERMAN COMMERCIAL CODE

The Management Board believes it is highly probable that the Group will remain solvent during the period under consideration despite the impact of Covid-19. It has therefore prepared the accounts on a going concern basis. If the pandemic situation continues for a lengthy period alongside government measures such as lockdowns and/or travel restrictions, the Group could face liquidity risks (see also section 4.2.2.2.2.2 ‘Liquidity risks’ and section 4.2.2.3 ‘Overall assessment of risks’ of the 2020 Group management report), thus creating material uncertainty in relation to events and circumstances that could give rise to significant doubts about the capacity of the Group to continue its business activities. Consequently, the Group might not then be able to realise its assets or settle its debts in the ordinary course of business.

11. EVENTS AFTER THE BALANCE SHEET DATE

In July 2021 HolidayCheck Group AG settled deferred lease liabilities totalling EUR 446 thousand.

No further events of material importance to HolidayCheck Group AG have occurred since the end of the first half-year.

Munich, Germany, 9 August 2021

Dr Marc Al-Hames
Chairperson of the Management Board (CEO)

Markus Scheuermann
Member of the Management Board (CFO)

DISCLAIMER
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FINANCIAL CALENDAR 2021*

23 September 2021
Berenberg & Goldman Sachs 10th German Corporate Conference

8 November 2021
Publication of the nine months 2021 Interim Statement

November 2021
Analysts' meeting at the German Equity Forum 2021 in Frankfurt am Main, Germany

***scheduled dates**

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LEGAL NOTICE

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